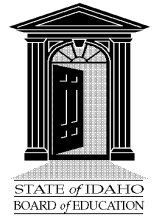


**STATE BOARD OF EDUCATION MEETING**  
**October 9-10, 2008**  
**Lewis-Clark State College**  
**Williams Conference Center**  
**Lewiston, Idaho**



**Wednesday, October 8th, 2008, 5:00 pm, Red Lion Inn, 621 21<sup>st</sup> St, Lewiston**  
**EXECUTIVE SESSION (Closed to the Public)**

University of Idaho

TAB 1. Pursuant to Idaho Code Sections 67-2345(d) and (f) for the purpose of considering evaluation, dismissal or disciplining of, a public employee and personnel records exempt from public disclosure.

University of Idaho

TAB 2. Pursuant to Idaho Code Sections 67-2345(d) and (f) for the purpose of considering evaluation, dismissal or disciplining of, a public employee and personnel records exempt from public disclosure.

University of Idaho

TAB 3. Pursuant to Idaho Code Sections 67-2345(d) and (f) for the purpose of considering evaluation, dismissal or disciplining of, a public employee and personnel records exempt from public disclosure.

University of Idaho

TAB 4. Pursuant to Idaho Code Section 67-2345 (f) to consider and advise the Boards' legal representatives in a matter of litigation.

Lewis-Clark State College

TAB 5. Pursuant to Idaho Code Section 67-2345(c) for the purpose of conducting deliberations regarding acquisition by Lewis-Clark State College of an interest in real property that is currently owned by private parties.

**EXECUTIVE SESSION ITEMS MAY BE DISCUSSED AND ACTED UPON, IF APPROPRIATE, IN OPEN SESSION.**

**Thursday and Friday, October 9-10, 2008, 8:00 a.m., Lewis-Clark State College.  
Williams Conference Center (4th Street and 9<sup>th</sup> Avenue)**

## **BOARDWORK**

1. Agenda Review / Approval
2. Minutes Review / Approval
3. Rolling Calendar
4. Presentations/Awards

## **OPEN FORUM**

## **PERFORMANCE MEASURE PRESENTATION**

## **CONSENT AGENDA**

### **BAHR – SECTION I – HR**

1. Boise State University – New Positions, Changes to Positions, Deletions of Positions
2. Idaho State University – New Positions
3. University of Idaho – New Positions & Reactivations of Positions

### **BAHR – SECTION II – Finance**

4. FY 2009 Sources & Uses Report

### **IRSA**

5. Quarterly Report: Program changes approved by Executive Director

### **PPGAC**

6. Alcohol Permits Issued by University Presidents

## **PLANNING, POLICY & GOVERNMENTAL AFFAIRS**

1. Presidents' Council Report
2. Lewis-Clark State College Report
3. Idaho State Historical Society
4. Board Policy Section I.M. Annual Planning and Reporting – Second Reading
5. Board Policy Section III.P. Students – First Reading
6. 2009 Legislation Language

## **INSTRUCTION, RESEARCH & STUDENT AFFAIRS**

### **Higher Education**

1. Nursing Workforce Advisory Council Presentation
2. English Placement Taskforce
3. Approval of Notice of Intent to Replace a Master of Arts in English, English Education degree with a Master of Arts in Teaching English Language Arts degree – Boise State University
4. Approval of Notice of Intent to Suspend Admission to the Associates of Arts in Nursing Program – Boise State University

### **K-12**

5. Recommendations for the Education of Students who are Blind/Visually Impaired or Deaf/Hard of Hearing

## **AUDIT – Rod Lewis**

1. Foundation Agreements

## **BUSINESS AFFAIRS & HUMAN RESOURCES**

### **Section I – Human Resources**

1. Boise State University – Employment Contract Addendum – Director of Athletics
2. University of Idaho – Employment Contract – Co-Head Track & Field Coach

### **Section II – Finance**

1. FY 2008 Carry Over Funds
2. Amendment to Board Policy – Sections V.I, Real & Personal Property and V.K., Construction Projects - First Reading
3. Amendment to Board Policy – Section V.W., Litigation, Second Reading
4. Proposed Amendment to Board Policy – Section V.R. Fees
5. Boise State University – Park Center Boulevard Lease
6. University of Idaho – Lionel Hampton School Renovation
7. University of Idaho – Nancy Cummings Research Center Project
8. University of Idaho – Status of Family & Graduate Student Housing & Potential Development Option
9. University of Idaho – Settlement Agreement 1
10. University of Idaho – Settlement Agreement 2
11. University of Idaho – Settlement Agreement 3

12. University of Idaho – Litigation Collection Agreement
13. Lewis-Clark State College – Property Purchase – Clearwater Hall
14. Gear Up – Evaluation – Request for Proposal
15. Grant Application Approval – Millennium Fund
16. College of Western Idaho – FY 2010 Budget Request – Occupancy Costs

## **DEPARTMENT OF EDUCATION**

1. Superintendents Update
2. Middle School Task Force Update
3. Presentation of the FY2010 Public School Budget Request
4. Idaho Council for Technology In Learning K-20 Technology Plan Revised 2008
5. Elementary Schools with Less than 10 Average Daily attendance
6. Annual Report – Hardship status for Albion elementary School

### **Thursday and Friday, October 9-10, 2008, 8:00 a.m., Lewis-Clark State College, Williams Conference Center (4th Street and 9<sup>th</sup> Avenue)**

Items not completed on Thursday, October 9, 2008 will be carried over to Friday, October 10, 2008.

If auxiliary aids or services are needed for individuals with disabilities, or if you wish to speak during the Open Forum, please contact the Board office at 334-2270 no later than two days before the meeting. While the Board attempts to address items in the listed order, some items may be addressed by the Board prior to or after the order listed.



1. Agenda Approval

Changes or additions to the agenda

2. Minutes Approval

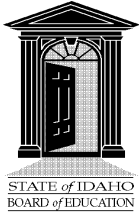
**BOARD ACTION**

**To approve the minutes from the August 21-22, 2008 Board meeting as submitted.**

3. Rolling Calendar

**BOARD ACTION**

**To approve October 15-16, 2009 as the date and Lewis-Clark State College as the location for the October 2009 regularly scheduled Board meeting.**



STATE BOARD OF EDUCATION  
TRUSTEES OF BOISE STATE UNIVERSITY  
TRUSTEES OF IDAHO STATE UNIVERSITY  
TRUSTEES OF LEWIS-CLARK STATE COLLEGE  
BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO  
STATE BOARD FOR PROFESSIONAL-TECHNICAL EDUCATION  
TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND

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**DRAFT MINUTES**  
**STATE BOARD OF EDUCATION**  
**August 20-22, 2008**  
**Idaho State University**  
**Rendezvous Complex**  
**Pocatello, Idaho**

A regular meeting of the State Board of Education was held August 20-22, 2008 at Idaho State University in Pocatello, Idaho

**Present:**

Milford Terrell, President	Paul Agidius, Vice President
Sue Thilo, Secretary	Blake Hall
Richard Westerberg	Tom Luna, State Superintendent
Kenneth Edmunds	Rod Lewis

The Board met at 5:00 p.m. on Wednesday, August 20, 2008, at Idaho State University in the Rendezvous Complex. A roll call of members was taken. Member Lewis and State Superintendent Luna were absent.

**EXECUTIVE SESSION**

**M/S (Agidius/Thilo): To move into Executive Session pursuant to Idaho Code on Wednesday, August 20, 2008 at 5:00 p.m. to discuss the following:**

1. A motion to hold an executive session pursuant to Idaho Code Section 67-2345 (c) for the purpose of conducting deliberations regarding acquisition by Boise State University of an interest in real property that is currently owned by private parties.
2. A motion to hold an executive session pursuant to Idaho Code Section 67-2345 (f) to consider and advise the Boards' legal representatives in a matter of litigation.
3. A motion to hold an executive session pursuant to Idaho Code Section 67-2345 (f) to consider and advise the Boards' legal representatives in a matter of litigation.
4. A motion to hold an executive session pursuant to Idaho Code Section 67-2345 (f) to consider and advise the Boards' legal representatives in a matter of litigation.
5. A motion to hold an executive session pursuant to Idaho Code Section 67-2345 (c) for the purpose of conducting deliberations regarding acquisition by Lewis-Clark State College of an interest in real property that is currently owned by private parties. A roll call vote was taken; Board member Lewis and

State Superintendent Luna were absent. All others present voted in favor of the motion.

During Executive Session, the Board discussed and considered: (1) as Trustees of Boise State University, the potential acquisition by Boise State University of an interest in real property that is currently owned by private parties; (2) as Regents of the University of Idaho, issues related to these separate matters of litigation; and, (3) as Trustees of Lewis-Clark State College, the potential acquisition by Lewis-Clark State College of an interest in real property that is currently owned by private parties.

**M/S (Agidius/Westerberg): To go out of Executive Session at 7:00 p.m..** Motion carried unanimously.

The regular meeting of the Board convened on Thursday, August 21, 2008 at 8:20 a.m. at Idaho State University in the Rendezvous Complex. Board President Terrell presided and started with opening remarks. Mr. Terrell recognized noteworthy educational achievements, events, and activities that have taken place at the institutions in the past year. He indicated that the Board will be looking at how the Presidents' Council is structured and its function.

## OPEN FORUM

Matt Spencer, Idaho State University Associated Student Body President, welcomed the Board to ISU. He noted that the students are looking to make some changes in the function of the student government at ISU. He offered to host a tour of the campus for any Board member that is interested.

Jerry Peterson, Executive Secretary of Southwest Idaho Building and Construction Trades Council, spoke briefly about the current status of the construction industry. He noted that one of the challenges the construction industry faces is a shortage of skilled workers to fill vacant positions. He explained that the skilled trades require additional education, up to four years and/or including apprenticeship. The wages earned by the people in the skilled trades are equal to, and even greater than a number of professions that require academic degrees. He reminded the Board that construction will always be an essential profession. He urged the Board to be aware that the field is in desperate need of educated workers who have been provided opportunities for coursework, degrees, and apprenticeship programs beyond high school. Students need classes in higher level math, science, and technology.

State Superintendent Luna invited Mr. Peterson to a meeting that will take place shortly to discuss professional-technical education (PTE) and also current credit courses. Board member Hall indicated that when the Board was discussing high school reform, there was discussion about PTE courses that would be accepted as math credit. Ann Stephens, State Administrator for the Division of Professional-Technical Education, was invited to comment. She discussed the math courses and pilot projects being offered by the the Lewiston school district, Lewis-Clark State College, and the Meridian School district. She reported that a school-to-apprenticeship program is starting and that a number of other efforts are being looked at. Mr. Hall indicated he was hopeful that a math course would be developed for people in the trades and encouraged PTE to work with the Department of Education to develop a senior level math course that would address the needs of the students going into the trades.

At this time Mr. Terrell greeted Senator Denton Darrington who was in the audience.

**BOARDWORK**1. Agenda Approval

**M/S (Hall/Thilo):** To approve the agenda as submitted, with the exception of pulling item 14 of the Business Affairs and Human Resources – Section II agenda, and item 2 of the Instruction, Research, and Student Affairs agenda from the agenda. Motion carried unanimously.

2. Minutes Approval

**M/S (Hall/Agidius):** To approve the minutes from the June 19-20, 2008 Board meeting as submitted. Motion carried unanimously.

3. Rolling Calendar

**M/S (Hall/Westerberg):** To approve August 20-21, 2009 as the date and Idaho State University as the location for the August 2009 regularly scheduled Board meeting. Motion carried unanimously. Motion carried unanimously.

**CONSENT AGENDA**

**M/S (Hall/Agidius):** To approve the Consent Agenda as submitted. Motion carried unanimously.

1. BAHR – Section I – Boise State University – New Positions, Changes to Positions, and Deletion of Positions

By unanimous consent, the Board approved the request by Boise State University for twenty (20) new positions (19.13 FTE): term; salary, FTE change to five (5) positions (3.91 FTE); and deletion of one (1) position (1.0 FTE), supported by appropriated and local funds.

2. BAHR – Section I – Idaho State University – New Positions and Changes to Positions

By unanimous consent, the Board approved the request by Idaho State University for six (6) new positions (6.0 FTE); to reactivate one (1) position (1.0 FTE), and to increase the FTE on one position (1.0 FTE).

3. BAHR – Section I – University of Idaho – New Positions

By unanimous consent, the Board approved the request by University of Idaho to establish eight (8) new positions (8.0 FTE) and reactivate four (4) positions (4.0 FTE) supported by appropriated and non-appropriated funds.

4. BAHR – Section I – Eastern Idaho Technical College – New Positions

By unanimous consent, the Board approved the request by Eastern Idaho Technical College for two (2) new positions (2.0 FTE) supported by local funds.

5. IRSA – Program Discontinuance: Design Drafting Technology Program – Idaho State University

**By unanimous consent, the Board approved the request by Idaho State University to discontinue the Design Drafting Technology program.**

6. IRSA – Program Discontinuance: AAS Degree in Human Resources Assistant – North Idaho College

**By unanimous consent, the Board approved the request by North Idaho College to discontinue the A.A.S. degree in Human Resources Assistant program.**

7. IRSA – Program Discontinuance: Technical Certificate in Landscape Technology – North Idaho College

**By unanimous consent, the Board approved the request by North Idaho College to discontinue the Technical Certificate in Landscape Technology program.**

8. PPGAC – Alcohol Permits Issued By University Presidents

This is an information item only.

At this time Board President Terrell welcomed the newest Board member, Ken Edmunds.

**PLANNING, POLICY, AND GOVERNMENTAL AFFAIRS**

1. Presidents' Council Report

Dr. Jerry Beck of the College of Southern Idaho reported to the Board as the Chair of the Presidents' Council. He indicated that at the August 11, 2008 meeting of the Presidents' Council a report was presented by the Idaho Digital Learning Academy (IDLA). The Council acknowledged a need to improve the cooperative efforts between the colleges and universities in terms of IDLA delivery. The Council plans to forward the IDLA report to CAAP to pursue the issues and concerns brought forth. Dr. Beck also reported that the Presidents' Council was updated by the Governor's Nursing Task Force about the needs of the state in that regard.

Board member Hall discussed inquiries and frustrations that have been expressed to him from students regarding the transfer of credits; specifically that institutions are not abiding by Board policy to transfer credits between institutions and, in some cases, between programs. Mr. Hall mentioned that he had been contacted by a legislator with concerns about the same subject. Mr. Hall declared that this issue must be addressed and resolved.

Board member Agidius reported that he also had received a complaint from an individual who earned a two-year degree at a technical institution, only to be told by a four-year institution that the degree wasn't going to be accepted, and that student would be required to register as a sophomore.

State Superintendent Luna indicated he wanted to see a time-frame set for addressing this issue. Mr. Hall noted it is broader than the lower division courses; it applies to the upper level courses as well.

Sona Andrews from Boise State University reported that the Presidents' Council had charged CAAP to look at this issue and that CAAP had involved the registrars in the process. The Presidents' Council expects to have a report for the Board soon.

Board member Hall discussed the need to have a uniform numbering system for courses. Dene Thomas, President of Lewis-Clark State College, indicated that the Presidents' Council had looked at common course numbers and found several that weren't in line. Mr. Hall asked that the common course numbering apply to upper level courses as well.

**By unanimous consent the Board charged the Presidents' Council to bring a full report on the credit transfer subject to the Board in December, 2008.**

## 2. Idaho State University Annual Report

Dr. Art Vailas, President of Idaho State University delivered ISU's progress report. He noted that ISU is looking at interdisciplinary research efforts. He discussed how ISU is working to make strategic decisions based on the limited resources. One limiting factor is the shortage of qualified faculty to teach the new and upcoming students in health care professions as well as in related disciplines such as biology.

Dr. Vailas discussed medical and health education. He indicated that ISU is working to address issues related to programs, clinical faculty, and affiliation agreements with a number of other sites locally, statewide, and nationally. He pointed out that ISU is restricted in what they can do because of the faculty/student ratios mandated by accreditation requirements.

Board President Terrell mentioned the accelerator and asked if it was being used for proton therapy related to cancer research and treatment. Dr. Vailas reported that ISU is doing a tremendous amount of work in that area and explained it requires a huge amount of venture capital in order to build the kind of facility necessary to deploy proton therapy. He indicated that ISU is working with a venture capital firm to bring such a unit to this part of the country. ISU is also partnering with the federal government in that area.

Dr. Vailas offered to provide follow up information to the Board. Board President Terrell said that would be helpful. Board member Hall asked that a future report be presented on the various efforts and activities related to the health professions accelerator as well as things taking place at the INEL and CAES.

Before moving onto the next item, Board President Terrell noted that the Department of Administration wants all of the institutions to determine why they aren't able to tie into a single data base. Board member Hall suggested it would be helpful to have written clarification from the Department of Administration so it is clear what kind of information or response it wants to have. When that is received, it will be forwarded to the Presidents' Council.

## 3. Commission for Libraries Annual Report

Ann Joslin reported to the Board. She noted that the Commission is guided by its vision for the year 2020. Its mission is to assist libraries to build their capacity to better serve their clientele by embracing change. She explained that in today's environment, libraries are more relevant than ever because young adults are the most likely users.

Ms. Joslin discussed the Commission's strategic issues which included how Idaho libraries

position themselves to embrace the future; preparing students for jobs that don't yet exist; professional development opportunities for teacher-librarians; defining the library's identity; and how to sustain an infrastructure that provides services in an atmosphere of change.

Ms. Joslin reported that Idaho has moved to a digital repository requirement that replaces the hard-copy repository. This allows for easy access for the public and eliminates the need for more space for hard copies.

At this time Board President Terrell introduced Representative Donna Boe in the audience.

**By unanimous consent, the Board agreed to modify the agenda in order to move item number five of the Instruction, Research, and Student Affairs (IRSA) agenda ahead of item number one on the IRSA agenda.**

#### 4. Family Medicine Residency of Idaho Presentation

Dr. Ted Epperly Chair and Program Director of Family Medicine Residency of Idaho addressed the Board. He introduced Dr. Jonathan Cree from Idaho State University's Family Medicine program.

Dr. Epperly is a physician in Boise, Idaho. He reported that Idaho has a crisis in the production of family care physicians. In terms of workforce generation, 90% of all Idaho counties are short on primary care. Currently Idaho ranks 47<sup>th</sup> in the U.S. for the number of primary care physicians. He mentioned the programs in Boise and Pocatello rank 8<sup>th</sup> in the nation in terms of retention of residents in the state.

Dr. Epperly explained that over the past six years the program has grown, and it continues to build out. A carry-over funding request is in place to use the Governor's millennial funds to help address the need. He referred the Board to the Business Affairs and Human Resources agenda materials for the exact numbers. He thanked the Board for the support of their programs in the past.

Dr. Jonathan Cree described the two different approaches that Idaho has. He said that Boise's program is community-based while the program at ISU is university-based. He indicated that efforts are underway by ISU to put a rural health program into place. ISU is currently working to establish a site, but additional faculty will be needed to get that going. Dr. Cree explained that the expansion plans in eastern Idaho are smaller than in the Boise area.

Board member Thilo asked how federal funding applies to residency programs. Dr. Epperly indicated that the federal funding of residency programs comes through Medicare. For Idaho that means that about 27% comes from Medicare, 50% comes from patient care, and 8% of the current funding comes from state funds through the Board of Education. They are looking to increase the state funds to 12% in order to increase the size of the program. Dr. Epperly reported that federal funding of the program is fairly stagnant right now and the government appears ready to cut those monies in the future. This will have a very negative impact on medical programs nationally.

Dr. Cree reported that the two programs have appeared before the Board a number of times since 1996 to provide progress reports and to request funding. In response to a question from Board member Hall, Dr. Epperly pointed out that he and Dr. Cree last appeared before the Board at its meeting in Twin Falls. In terms of coordination with ISU, Dr. Cree reiterated that he

heads up the program at ISU.

Dr. Epperly clarified that this effort is a state-related mission and that the Governor asked them to expand, so in good faith they are working towards that end. The two programs do collaborate and coordinate in a number of areas. In addition, both programs are partners with the University of Washington.

5. Idaho State University – Alcohol Waiver Request for 2008 Home Games

**M/S (Hall/Thilo): To approve the request by Idaho State University to establish secure areas under the conditions set forth in this request for the purpose of allowing pre-game activities for the 2008 home football season. The conditions are as follows:**

- 1. A secured area surrounded by a fence to control access to and from the area.**
- 2. Three-hour duration, ending at kick-off.**
- 3. Alcohol making or distributing companies will not be allowed to sponsor the activities or tents.**
- 4. A color-coded wrist band or pass admission system will identify attendees and invited guests.**
- 5. Companies involved in the pre-game location will be sent a letter outlining the pre-game location and the SBOE alcohol policy. The letter will state the minimum drinking age in Idaho is 21 and that at no time should they allow any underage drinking and/or serving of alcohol to visibly intoxicated persons.**
- 6. One entry/exit point will be manned by security personnel.**
- 7. Security personnel located throughout the controlled area will be monitoring the alcohol wristband policy and patron behavior.**
- 8. Security personnel will not allow patrons to exit the area with alcoholic beverages.**
- 9. Tent sponsors will be required to insure and indemnify the State of Idaho, the State Board of Education and Idaho State University for a minimum of \$2,000,000 and to make sure that the proper permits and licenses are obtained.**
- 10. The area is for sponsors to entertain clients/guests for the fall 2008 home football games, including the sales and service of alcohol.**
- 11. A review of the 2008 events will be brought back after the conclusion of the season before consideration will be given to any future requests for similar activities on home football game days.**

Motion carried unanimously.

Board member Lewis referred to a diagram on Tab 5, page 6 and noted it didn't appear that there were separate access entrances/exits into the area. Board member Agidius indicated that it was his understanding that an adult could take a child into the area, but that a minor could not come in on his own. Mr. Lewis explained that there were instances where that was allowed, but it was an exception to the policy, and not to be considered as the rule.

ISU explained there is a fence around the area where alcohol sales will take place and that alcohol must be consumed prior to leaving the area. Board member Hall asked ISU draw in the fence on the diagram, and have that revised diagram attached to the minutes to attest to its presence.

6. Boise State University – Alcohol Waiver Request for 2008 Home Games

**M/S (Hall/Thilo): To approve the request by Boise State University to establish secure**



areas under the conditions set forth in this request for the purpose of allowing pre-game activities for the 2008 home football season. The conditions are as follows:

1. The patio will be secured (outside patio, surrounded by a fence) to control access to and from the area.
2. Three-hour duration, ending at kick-off.
3. The Boise State University campus food provider (Aramark) will carry the alcohol license and insurance and will provide TIPS trained personnel to monitor the sale and consumption of all alcohol to those of legal drinking age only.
4. No alcohol making or distributing companies may be allowed to sponsor the activities or tents.
5. A color-coded wrist band or pass admission system that would identify attendees and invited guests.
6. Companies involved in the tent village would be sent a letter outlining the tent village/SBOE alcohol policy. The letter will state the minimum drinking age in Idaho is 21 and that at no time should they allow any underage drinking and/or serving of alcohol to visibly intoxicated patrons.
7. Two entry points manned by security personnel.
8. Security personnel located throughout the controlled area will be monitoring the alcohol wristband policy and patron behavior.
9. Security personnel will not allow patrons to exit the area with alcoholic beverages.
10. Tent sponsors will be required to insure and indemnify the State of Idaho, the State Board of Education and Boise State University for a minimum of \$2,000,000 and to make sure that the proper permits and licenses are obtained.
11. The area is for sponsors to entertain clients/guests for the fall of 2008 home football games, including the sales and service of alcohol.
12. A request will be brought back after the conclusion of the 2008 football season to the Board for reconsideration for 2009.
13. BSU will abide by all terms and conditions of the Board's existing alcohol policy.
14. Provide the Board with a drawing to demonstrate that what they have requested is in compliance with Board policy.

Motion carried unanimously.

BSU reported that there were no violations last year.

#### 7. Boise State University – Alcohol Waiver Request – Sky Suites

**M/S (Hall/Agidius):** To approve the request by Boise State University to allow the sale of alcohol in the Sky Club during home games and the Humanitarian Bowl on an ongoing basis and under the following conditions:

1. The Sky Club is enclosed and totally separate from the general seating areas and alcohol service will only be available to patrons with tickets in the Sky Club.
2. There is no access from the general seating area into the Sky Club. Further, only patrons who hold tickets to seats in the Sky Club will be allowed into the Sky Club during games.
3. The sale of alcohol will begin no sooner than three hours prior to kick off and will end at start of the 4th quarter.
4. Two entry points at the North and South Elevator Towers will be manned by security personnel.
5. Security personnel will be located throughout the Sky Club area on each of the four floors monitoring all alcohol policies and patron behavior.

6. Security personnel will not allow patrons to exit or enter the area with any food or beverages.
7. The Boise State University campus food provider (Aramark) will carry the alcohol license and insurance and will provide TIPS trained personnel to monitor the sale and consumption of all alcohol to those of legal drinking age only.
8. BSU will abide by all terms and conditions of the Board's existing alcohol policy.

**Substitute M/S (Lewis/Hall):** To approve the request by Boise State University to allow the sale of alcohol in the Sky Club during home games and the Humanitarian Bowl on an ongoing basis and under the conditions set forth in the original motion, number 1 – 8, and to include the following:

1. The Sky Club is enclosed and totally separate from the general seating areas and alcohol service will only be available to patrons with tickets in the Sky Club.
2. There is no access from the general seating area into the Sky Club. Further, only patrons who hold tickets to seats in the Sky Club will be allowed into the Sky Club during games.
3. The sale of alcohol will begin no sooner than three hours prior to kick off and will end at start of the 4th quarter.
4. Two entry points at the North and South Elevator Towers will be manned by security personnel.
5. Security personnel will be located throughout the Sky Club area on each of the four floors monitoring all alcohol policies and patron behavior.
6. Security personnel will not allow patrons to exit or enter the area with any food or beverages.
7. The Boise State University campus food provider (Aramark) will carry the alcohol license and insurance and will provide TIPS trained personnel to monitor the sale and consumption of all alcohol to those of legal drinking age only.
8. BSU will abide by all terms and conditions of the Board's existing alcohol policy.
9. The official food sponsor will be required to insure and indemnify the State of Idaho, the State Board of Education, and Boise State University for a minimum of \$2,000,000, and to make sure the proper permits and licenses are obtained.
10. No alcohol making or distributing companies may be allowed to sponsor the activities or tents.
11. Boise State University consider further measures to assure underage drinking does not take place in the Sky Boxes, and to define how the Sky Boxes are monitored and secured to that end.
12. Boise State University will bring this back to the Board in 2009 for review.

Motion carried 7-1 (Lewis voted nay).

There was a discussion following the original motion related to concerns about serving alcohol during the game and in the stadium. Board member Lewis noted that when the request for Sky Boxes came before the Board previously, similar concerns were expressed. He indicated that as future waivers come forward it may be more difficult to keep what happens in the Sky Boxes separate from what happens in the stadium.

Board member Hall referred back to the minutes from March 2005 and the discussion at that time about the sale of alcohol in the Sky Boxes. He noted that the minutes of March 2005 did approve the sale of alcohol sales in some fashion in the Sky Box suites. Mr. Lewis asked if alcohol consumption was critical to the sales of the suites. Gene Bleyemeier of BSU indicated it was because it was a factor in how the Sky Boxes were promoted and sold.

Mr. Lewis made a substitute motion.

8. University of Idaho – Alcohol Waiver Request for ASUI Pre-Game Activities for 2008 Football Season

**M/S (Hall/Thilo):** To approve the request by the University of Idaho to establish an additional secure area for the purpose of allowing the above specified pre-game activities (ASUI Student Pre-Game) for the 2008 home football season, such events to be in compliance with Board policy section I.J. and the following conditions:

1. The service area shall be secure, surrounded by a fence to control access to and from the area.
2. The pre-game events shall be limited to three hours, ending at kick-off.
3. Alcohol making or distributing companies may not sponsor the activities or tents.
4. UI shall use a color-coded wrist band or pass admission system to identify attendees and invited guests.
5. UI shall send companies sponsoring a corporate tent a letter outlining the Board alcohol policy and further conditions set by the Board. The letter will state that the minimum drinking age in Idaho is 21 and that at no time may they allow any underage drinking and/or serving of alcohol to visibly intoxicated patrons.
6. There must be no more than two entry points, each manned by security personnel, for the secure area.
7. Security personnel shall be located throughout the secure service area to monitor use of wristbands, patron behavior, and entrance and exit.
8. No person may exit the secure area with alcoholic beverages.
9. Tent sponsors shall insure and indemnify the State of Idaho, the State Board of Education and Board of Regents of the University of Idaho and the University of Idaho for a minimum of \$2,000,000, and shall obtain the proper permits and licenses.
10. The area is for sponsors to entertain clients/guests for the fall of 2008 home football games, including the sales and service of alcohol.
11. This exception is only for the 2008 football season; the University shall bring the matter back to the Board after the conclusion of the 2008 football season for reconsideration for 2009.
12. Be required to provide a drawing that outlines the University's intent.

Motion FAILED unanimously.

Board member Hall asked about the difference between UI's request for 3 hours rather than 4 hours. UI agreed to change it to 3 hours. Mr. Hall and Ms. Thilo agreed to that change in their motion.

Garrett Albrecht ASBUI President presented this request from the students to have a separate area on campus for those over the age of 21 to purchase and consume alcohol prior to the games. Several Board members voiced a concern that it promotes alcohol use among the students. State Superintendent Luna indicated that his biggest concern is that the student body association is getting into the business of creating and sponsoring events where alcohol is served.

9. Board Policy Section I.M – Annual Planning and Reporting – First Reading

**M/S (Hall/Agidius):** To approve the first reading of the Idaho State Board of Education

**Governing Policies & Procedures, Section I.M.** Motion carried unanimously.

10. College of Western Idaho (CWI) and College of Southern Idaho (CSI) – Accreditation Agreement

**M/S (Hall/Agidius): To approve the request by the College of Western Idaho to approve the Accreditation Agreement between the College of Western Idaho and the College of Southern Idaho as submitted.** Motion carried unanimously.

It was noted that representatives from the College of Western Idaho were not available to discuss this request.

Dr. Jerry Beck indicated that this effort is a cost-recovery factor, not a revenue generating activity for the College of Southern Idaho. He noted that transcripts, degrees, and student aid will be in the name of the College of Southern Idaho until the College of Western Idaho is able to operate on its own.

Board members agreed it would be helpful to have more detailed financial information including fiscal impact statements from both institutions. Board President Terrell asked that the Board be able to see that information before it votes on an MOU.

**M/S (Terrell/Lewis): To postpone this item to time certain, which will be at the next Board meeting, with the necessary financial information.** Motion failed unanimously.

Dr. Beck noted that there are two separate issues. One has to do with financial aid and the other has to do with accreditation. This MOU relates to the financial aid piece. If this item is postponed it will make it impossible for CWI to award financial aid for the spring semester. Dr. Beck emphasized that this request is from CWI not from CSI. CSI is not in possession of the financial statements of CWI.

Board member Lewis noted that there is a community interest in the College of Western Idaho being successful. The transition path related to CWI's independence would be helpful. Board member Hall noted that in the past the Board hasn't interfered with the agreements between institutions with independent boards and it doesn't appear that the Board should do that now. The Board does not have any real governance over either CSI or CWI.

Mr. Lewis noted that this request puts the Board in an awkward position. He suggested that CWI should be asked to come back to present their budget and to answer questions by the Board in the future.

## **INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS**

5. Update and Recommendations on Deaf/Hard-of-Hearing and Blind/Visually Impaired Service Delivery Model

Board member Thilo introduced this information item. Aylee Schaefer from the Board office reported to the Board.

Ms. Thilo encouraged the Board members to review the considerable information provided to them in the Board material. She discussed the Summit which took place and noted that a number of recommendations were suggested. Final recommendations have not been compiled

as yet, however several themes were identified. Ms. Schaefer briefly highlighted those themes: personnel preparation; family and mentor involvement; full continuum of services for children and youth; separation/differentiation of services in the delivery system; the need for a residential school and where it should be located; the best system for collaborating and networking of resources; and the overall administration of services including the structure for how to network.

Ms. Schaefer indicated she had received consistent and daily comments from participants thanking the Board for allowing them this opportunity to be involved in the discussion and for being allowed to be heard. She noted that the representation on the advisory board(s) will include the voices of those who will be impacted and that they will be equally weighted in terms of importance.

1. Approval of the University of Idaho's Law School Implementation Plan for the Two-Location Concept and Legislative Appropriation in FY 2010 Budget Request

Steven Daley Laursen, Interim President of the University of Idaho introduced the panel of presenters. He discussed the proposal for a two-location concept noting that the proposal fits with the University's role as a land-grant institution. Mr. Laursen assured the Board that the law school's primary location will always be in Moscow. He suggested that this is a time of urgency in terms of making a decision. He indicated that the University's Foundation enthusiastically endorsed the proposal.

Dean Don Burnett addressed the Board. He provided details as he reviewed information provided in the Board materials. He suggested that if the two-location concept is approved, the University's law school will be stronger academically, able to serve a bigger population, and will add value to the existing programs. He discussed a detailed year-to-year operating and capital budget which goes through FY 2017. He noted that there would be phased-growth with additional operating costs supported by appropriations, fees, private giving, and grants. To counter claims that the intent is to permanently move the law school to Boise, Dean Burnett pointed out that the Attorney General's ruling makes it clear that the law school cannot move out of Moscow.

Chief Justice Schroeder spoke on behalf of Chief Justice Eismann. He read a letter from Chief Justice Eismann. Chief Justice Schroeder noted that this cooperative effort of the Supreme Court and the law school was presented to the Legislature in 2007 so it could receive extensive public comment and scrutiny. One driver of this effort is that the role of law is critical in our society. He emphasized that this effort will benefit the Courts, the students, and the public at large.

Senator Denton Darrington addressed the Board. He suggested that Idaho cannot remain static; it needs to be progressive or it will regress. He clarified that this proposal has come as a result of many years of discussion. Initially, it started with discussions about what to do with the Law Library. He noted that a recommendation went before the Joint Finance and Appropriations Committee last year to fund a study regarding the need for a Law Center. Senator Darrington indicated that he hadn't heard of any attempt by anyone involved with the proposal to move the entire law school from Moscow to Boise. Rather, it's been emphasized that the desire is simply to move some functions to Boise because it is the center of population growth. He suggested that controls can be put into place to make sure the school does stay in Moscow. Senator Darrington asked the Board members to be progressive in their thinking related to the law school coming to Boise.

Justice Linda Copple-Trout spoke on behalf of the Law Advisory Council. She addressed the concern that the branch in Boise is just a prelude to moving the entire operation to Boise. She assured the Board, on behalf of the Advisory Council, which has a large number of UI alums on it, that is definitely not the case. In terms of there being enough lawyers in Boise, she observed that people with a law degree also pursue a number of different careers in a number of different areas outside of law, so it isn't just the number of lawyers that should be considered.

Richard Morgan a consultant who has worked on the development of this plan indicated he favored the dual location approach. It keeps a substantial presence in the Boise area while maintaining a significant role in Moscow. He noted that the budgets presented with this plan are reasonable. It will take additional funds from the Legislature as well. He suggested that a dual location approach will allow for increased enrollments. He said he was optimistic that this will be a successful enterprise because there is a need in Idaho, and in Boise. Also, the University, the faculty, and the Law Center are committed to this effort.

Brian Williams a recent graduate from the University of Idaho, College of Law addressed the Board. He said the prospect of a dual location means that there will be greater opportunity for students in Moscow and elsewhere in Idaho. He discussed how this would benefit place-bound students and their families, and indicated he was very confident this would be a good move.

State Superintendent Luna asked about a tuition fee comparison between having a private sector entity fill the void versus the UI filling the void. Dean Burnett indicated that tuition at the University is \$11,000 (out of state is \$21,000) while the tuition for other northwest private schools ranges upwards from \$29,000.

Board member Agidius passed along concerns that have been expressed to him. One is that the specialty areas that would stay in Moscow are not areas of growth; the areas of growth are those being shifted to Boise. He applauded the collaborative effort between the law school and the law library, but suggested that the need for a presence in Boise is not as great as is being proposed. He expressed concerns about funding the operation as well.

Dean Burnett indicated that the basic J.D. curriculum would be offered at both locations and that moving the specialty areas will enhance what the University is already doing. He indicated that the upper level specialties tend to be seminar size programs which could be shared between the two campuses via distance learning.

President Laursen addressed the concerns about the areas that are suggested to stay in Moscow and pointed out that there is data to support that each one is viable, has high visibility, and expects greater growth in terms of need for legal services and representation.

Board member Hall suggested that while there is a health care crisis in the U.S., there isn't a growing demand for attorneys. Dean Burnett pointed out again that Boise is the only state capitol in the United States without a law school. He reiterated that the concept is also to have phased-growth.

Board member Hall raised a question about the small numbers of applicants who actually come to the University of Idaho, College of Law. Dean Burnett indicated that there are several factors, but a primary one is that Idaho doesn't have a law school in the largest population area of the state. He reiterated that because this is viewed as a drawback by many applicants, they often choose to go elsewhere in the end.

Board member Hall expressed a concern that the quality of education may suffer if limited resources are divided between two locations. Dean Burnett suggested that the investment of funds to improve the program doesn't detract from the idea that improvement includes strategically advancing the program by an enhanced presence in Boise. .

Board member Lewis noted that Board policy requires that, before programs are increased or approved, the Board fully understands the implications in terms of economics and policy. He observed that while many programs would be enhanced by being in Boise that has not been the direction those programs, institutions, or this Board have taken lightly. Mr. Lewis suggested that the statistics presented in the materials provide argument not for growth or expansion, but for moving the law school to Boise altogether.

**M/S (Thilo/Terrell): To approve the request by the UI for (1) authorization to proceed with its Implementation Plan for two locations of the UI College of Law as described in the Implementation Plan presented to the Regents, and (2) authorization to include a legislative appropriation in the FY 2010 budget to prepare the program for the initial incoming class as provided in the Plan. Information on the progress of the implementation plan will be brought routinely to the Regents for updates, and any further approvals required by Board policy will be brought to the Regents in a timely manner.**

Board member Westerberg said that he found some merit in the proposal, but would like to see market information that demonstrates there are jobs in Idaho. He wondered if applicants would be considered separately for each separate location. Dean Burnett indicated that applicants would be asked about career paths, but ultimately the University will determine which location should accept the student, based on faculty workload and saturation.

Board member Lewis referred to page 23 of the study provided by the University of Idaho and indicated the chart on that page demonstrates his concern that as a percentage, University of Idaho graduates have a harder time of finding jobs compared to those from other states because many University of Idaho graduates end up in public sector positions. Dean Burnett explained that UI students do tend to start out in public sector jobs not because of the quality of the student or the school, but because of the limitations that deprive students in Moscow from the relevant partnerships and networking opportunities that would be available to them if the law school expands to Boise.

**Substitute Motion (Thilo/Terrell): To authorize the UI to expand its offerings in Boise to a full third year curriculum and to include a legislative appropriation in the FY 2010 budget for this expansion. The Regents recognize the statewide mission of the UI for legal education and approve the concept of a full three-year branch curriculum in Boise. The UI is instructed to re-visit the funding model for the full three year branch curriculum, to continue collaboration with the Idaho Supreme Court on the Idaho Law Learning Center, and return to the Regents for further discussion.**

Board member Thilo clarified her intent with the motion. She noted she hears support for the intent for a law school in Boise. The third year concept allows UI to have access to all the metropolitan opportunities and is a way for the UI to get a foot in the door. Board member Hall amended Ms. Thilo's substitute motion. He agreed that some presence in Boise is important and hoped that the UI is interested in having a third year presence in Boise.

**AMENDED Substitute Motion (Hall/Terrell): To authorize the UI to expand its offerings in Boise to a full third year curriculum and to include a legislative appropriation in the FY**

**2010 budget for this expansion. The Regents recognize the statewide mission of the UI for legal education. The UI is instructed to re-visit the funding model for a branch curriculum in Boise, to continue collaboration with the Idaho Supreme Court on the Idaho Law Learning Center, and return to the Regents for further discussion.**

**Second Substitute Motion: (Lewis/Thilo): To authorize the UI to expand its offerings in Boise to a full third year curriculum and to include a legislative appropriation in the FY 2010 budget for this expansion. The Regents recognize the statewide mission of the UI for legal education. The UI is instructed to re-visit the issue of funding and support for a full dual location model, including a full three (3) year branch curriculum in Boise, to continue collaboration with the Idaho Supreme Court on the Idaho Law Learning Center with respect to those programs to be delivered in Boise, and to return to the Regents for further discussion. Motion carried 6-2 (Agidius and Hall voted Nay).**

Board member Lewis clarified his intent in the motion is to have an experience with a third year program to see how it works before considering going with something more. It allows for a continuation of the discussion.

2. This item was pulled from the agenda.

3. Approval of the Eight-Year Plan – Two-Year Update

**M/S (Thilo/Luna): To approve the updated Eight-Year Plan for academic years 2008-09 to 2015-16. Motion carried 7-0 (Lewis absent during vote).**

4. Approval of Notice of Intent to Replace the D.A. in English with a Ph.D. in English and the Teaching of English – Idaho State University

**M/S (Thilo/Hall): To approve the request by Idaho State University to replace their current D.A. in English with a Ph.D. in English and the Teaching of English. Motion carried 7-0 (Lewis absent during vote).**

6. Statewide Assessment Committee Recommendation/Report

Information item.

## **BUSINESS AFFAIRS AND HUMAN RESOURCES – SECTION 1**

1. University of Idaho – Employment Contract – Head Women’s Soccer Coach

**M/S (Westerberg/Agidius): To approve the University of Idaho’s employment contract with head women’s soccer coach Peter Showler. Motion carried 7-0 (Lewis absent during vote).**

## **BUSINESS AFFAIRS AND HUMAN RESOURCES – SECTION 2**

1. FY 2019 Budget Requests

a. Budget Requests



**M/S (Westerberg/Thilo): To approve the Line Items for the agencies and institutions as listed in Attachment 1, to forward to the Division of Financial Management and Legislative Services Office the remaining Line Items as listed in Attachment 2, and to authorize the Executive Director to approve the MCO and Line Item budget requests, pending adjustments for increases in the Health Insurance Premium, for agencies and institutions due to DFM and LSO on September 1, 2008.** Motion carried 7-1 (Edmunds voted Nay).

Board member Westerberg presented this item and explained the process for prioritizing the line items. Board member Hall raised a question about the line item related to the University of Idaho law school. He indicated he was uncomfortable in approving that particular line item until UI could adjust the costs, based on the fact that the scope of that effort was downsized from the original proposal. He asked that the Board instruct the Executive Director to review the number and to amend the number in the list of line items. Lloyd Mues of the University of Idaho spoke up and reported that he had already been in touch with the budget officer at UI to adjust that number. He will get the revised number back to the Board.

Board member Edmunds indicated that he was not familiar enough with the process for reviewing and considering the line items to vote for them.

**By unanimous consent the Board agreed to this.**

b. Capital Budget Requests

**M/S (Westerberg/Thilo): To approve the Capital Projects list for FY 2010.** Motion carried 7-1 (Edmunds voted nay).

2. Optional Retirement Plan – Proposed Amendments

**M/S (Westerberg/Hall): To adopt Amendment 3 to the Idaho Optional Retirement Plan. The proposed amendment is attached.** Motion carried unanimously.

3. 403(b) Plan – Proposed Amendments

**M/S (Westerberg/Edmunds): To adopt the Idaho Tax Deferred 403(b) Plan as submitted.** Motion carried unanimously.

4. Amendment to Board Policy – Section V.K., Construction Projects – First Reading

**M/S (Edmunds/Westerberg): To approve the first reading of the amendment to Board Policy V.I. – Real and Personal Property Services and Policy V.K. Construction Projects.** Motion failed 5 – 3 (Terrell, Edmunds and Westerberg voted in favor of the motion).

Board member Agidius raised a concern that this amendment would increase the amount that can be approved without Board review. Scott Christie of the Board office explained it was an aggregate amount, not an incremental amount. Board member Agidius said he was still not comfortable with the idea of the Board not being able to review amounts under \$1,000,000 because a project could come in at \$999,999 and the Board wouldn't see it. Board member Hall indicated he would vote against it for the same reason and that it hasn't been cumbersome for him to review items. Board member Westerberg suggested that work needs to take place on clarifying the intent. Another motion will come back before the Board at another time.

5. Amendment to Board Policy – Section V.W., Litigation – First Reading

**M/S (Westerberg/Edmunds): To approve the first reading of Board Policy V.W. – Litigation.** Motion carried unanimously.

Board member Hall asked for clarification on the motion. Board member Edmunds asked about the amounts indicated. Jeff Schrader, the Board's legal counsel, indicated the ultimate dollar thresholds are solely the discretion of the Board.

6. Boise State University – Corporate Sponsorship Agreement – St. Lukes/Elks Rehab Services

**M/S (Westerberg/Thilo): To approve Boise State University's request to enter into a corporate sponsorship agreement with St. Luke's-Idaho Elks Rehabilitation Services in accordance with the terms in the attached final draft of the agreement.** Motion carried unanimously.

7. Boise State University – Beverage Services Agreement – Swire Pacific Holdings, Inc.

**M/S (Westerberg/Edmunds): To delegate authority to the Executive Director of the Board to approve a beverage services agreement between Boise State University and Swire Pacific Holdings, Inc. and Coca-Cola North America upon review of a final agreement, consistent with the terms herein.** Motion carried unanimously.

Board member Edmunds indicated that Swire was a client of his approximately twenty years ago. Given the time frame, the Board agreed there is not a conflict of interest on his part.

Stacy Pearson of Boise State University reported that there had been no other bids for this sponsorship.

8. Boise State University – Banking Services Agreement – Wells Fargo Bank

**M/S (Westerberg/Hall): To delegate authority to the Executive Director of the Board to approve a banking services agreement between Boise State University and Wells Fargo upon review of a final agreement, consistent with the terms herein.** Motion carried unanimously.

Stacy Pearson reported that this bid came through state purchasing. There were five bidders.

9. University of Idaho – Nancy Cummings Center Project

**M/S (Westerberg/Agidius): To approve the request by the University of Idaho to increase the Capital Project Authorization for the Residential Facility, UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho from \$1,500,000 to \$2,213,410 to allow for the full implementation of the construction phase.**

**M/S (Hall/Luna): To postpone this item until the next meeting.** Motion carried unanimously.

Lloyd Mues explained that when this project was approved in 2006, construction costs were lower. The qualified bidders came in higher than what was anticipated. Board President Terrell

indicated he was very disturbed by the numbers and would vote against this proposal. Board member Agidius agreed with Board member Terrell about the numbers and suggested that the architect was wrong in his original projections. Mr. Terrell said he would like to see the justification for the amounts. Board member Hall said he would like to see a justification from the institution that the additional costs are worth it to the institution. He raised a concern as to where the additional money will come from.

10. University of Idaho – Interdisciplinary Studio Complex – Art and Architectures Project

**M/S (Westerberg/Agidius): To authorize the University of Idaho to proceed with project planning and design for an interdisciplinary studio complex, at a cost not to exceed \$400,000, to be funded with private in-kind donations and gift funds.** Motion carried unanimously.

Lloyd Mues of the University of Idaho presented this item. Board President Terrell clarified that this is tied to \$3.5 million of other funding.

11. University of Idaho – Litigation Collection Action 1

**M/S (Westerberg/Hall): To approve filing of the complaint discussed in executive session and authorize the General Counsel of the University of Idaho to sign the complaint and all other documents necessary for filing the complaint.** Motion carried unanimously.

12. University of Idaho – Litigation Collection Action 2

**M/S (Westerberg/Agidius): To approve filing of the complaint discussed in executive session and authorize the General Counsel of the University of Idaho to sign the complaint and all other documents necessary for filing the complaint.** Motion carried unanimously.

13. University of Idaho – Litigation Collection Action 3

**M/S (Westerberg/Agidius): To approve filing of the complaint discussed in executive session and authorize the General Counsel of the University of Idaho to sign the complaint and all other documents necessary for filing the complaint.** Motion carried unanimously.

14. This item was PULLED from the agenda.

15. Lewis-Clark State College – Property Purchases – Parking Lots

**M/S (Westerberg/Thilo): To approve the request by Lewis-Clark State College to purchase the property at 1014 4th St., Lewiston, for \$135,000.** Motion carried unanimously.

**M/S (Westerberg/Hall): To approve the request by Lewis-Clark State College to purchase the property at 1024 4th St., Lewiston, for \$163,000.** Motion carried unanimously.

**M/S (Westerberg/Agidius): To approve the request by Lewis-Clark State College to purchase the leased property on Lots 5, 6, and 7, Block 2, Holcomb's First Addition, Lewiston, for \$100,000.** Motion carried unanimously.

16. Idaho State University – Alumni House Property Sale/Transfer of Alumni Offices to Existing President's House/ISU President Housing Allowance

**M/S (Westerberg/Edmunds): To approve the waiver of Board policy I.E.3.a which requires the president to live in the official residence provided and to approve a housing allowance to be provided that is similar in value to living in the official residence.** Motion carried unanimously.

Jim Fletcher from ISU presented this item. He discussed the parameters of the proposal and indicated that it would be financially prudent for ISU to take this step. He provided clarification on the suggested housing allowance and noted that ISU currently owns both properties. With the sale of the Magnuson property, ISU will realize a financial benefit.

**M/S (Westerberg/Hall): To approve the move of the Alumni Association from the Magnuson House to the Serval House.** Motion carried unanimously.

**M/S (Westerberg/Hall): To approve the sale of the Magnuson Alumni House at an amount greater than or equal to the appraised value.** Motion carried unanimously.

Board member Thilo asked if there would be any negative response from the community regarding the sale of the Magnuson House. Mr. Fletcher explained that the facility was purchased by ISU in 1976 and that there hasn't been any negative reaction from the community.

## DEPARTMENT OF EDUCATION

### 1. Superintendent's Update

State Superintendent Luna noted that members from the U.S. Department of Education announced that Idaho is one of five states to receive a multi-million charter school grant. Idaho's efforts to expand opportunities for at-risk students will be helped by these monies.

### 2. School District Property Transfer – Lakeland-West Bonner (Nunnallee Petition)

**M/S (Luna/Agidius): To accept the findings and conclusions issued by the hearing officer and to approve the recommendation of the hearing officer to excise and annex property from West Bonner School District to Lakeland School District as proposed in the petition submitted by Chris Nunnallee.** Motion carried unanimously.

State Superintendent Luna noted that neither district opposes this request. He introduced Chris Nunnallee, the petitioner. She explained her request is a result of the property transfer petition submitted by Tonya Reed to the Board, and approved by the Board at the April 2008 meeting. Her children are in the same situation as Ms. Reed's children so she would like to have her property be included in the first petition. All of her children already attend the Lakeland School District. Mr. Luna noted that the State Department of Education appointed a hearing officer to review the request and the hearing officer strongly approved this request.

### 3. School District Property Transfer – Kuna-Meridian

**M/S (Luna/Edmunds): To accept the findings and conclusions in the recommended order**

**issued by the hearing officer and to deny the petition for the excision and annexation of property from Kuna Joint School District to Meridian Joint School District.** Motion carried 6-2 (Lewis and Luna voted Nay).

Mike Rothwell the petitioner was introduced by State Superintendent Luna. Mr. Rothwell explained that the Meridian school district gave him wrong information related to which district this property was in prior to the time he purchased the home. He purchased the home believing it was in the Meridian School District. Afterwards he was told that was not the case.

Mr. Rothwell indicated that while his children have been allowed by the Meridian School District to attend Meridian schools, the district won't provide transportation for them even though the school bus goes past his house. It has been a great hardship for both him and his wife to transport three children to and from three different schools. He also indicated that the Meridian schools are closer to his home than the Kuna schools.

Mr. Rothwell pointed out that one of the conditions in the rules that allows for transferring property from one district to the other has to do with what is best for the children. He emphasized that condition needed to be applied to this situation and urged the Board to approve his petition. He indicated he understood that if the Board did approve the petition the voters would make the final decision.

Mr. Luna shared that the Meridian District supports the property transfer while the Kuna district denied support. In addition, the hearing officer recommended denying the petition. Mr. Luna indicated to Mr. Rothwell that he would like to meet with him and the Meridian District to see if the issue of transportation could be worked out.

4. Pending Rules – 08-0202-0801 – Certification Definitions

**M/S (Luna/Agidius): To approve Pending Rules – Docket No. 08-0202-0801 – Certification Definitions.** Motion carried unanimously.

5. Pending Rules – 08-0202-0802 – Amendment to Professional Growth

**M/S (Luna/Hall): To approve the Pending Rule Docket 08-0202-0802 – Application Procedures / Professional Development.** Motion carried unanimously.

6. Pending Rules – 08-0203-0802 – Idaho Mathematics Course Standards for Secondary Mathematics

**M/S (Luna/Agidius): To approve the revisions to the Idaho Mathematics Course Standards for Secondary Mathematics courses to be incorporated by reference into rule.** Motion carried unanimously.

**M/S (Luna/Hall): To approve pending rule Docket 08-0203-0802 – Idaho Mathematics Course Standards for Secondary Mathematics, Extended Content Standards and Cut Scores for Science Alternate Assessment.** Motion carried unanimously.

7. Temporary Rule – 08.02.03.004, Idaho Content Standards – Chemistry

**M/S (Luna/Agidius): To approve the Idaho Content Standards for Chemistry to be Incorporated by reference into rule.** Motion carried unanimously.

**M/S (Luna/Thilo): To approve the temporary rule change to IDAPA 08.02.03.004, Rules Governing Thoroughness, to incorporate by reference the Idaho Content Standards for Chemistry.** Motion carried unanimously.

8. Temporary Rules – 08.02.03.004, Idaho Content Standards – Humanities

**M/S (Luna/Thilo): To approve the Idaho Content Standards for Humanities to be Incorporated by reference into rule.** Motion carried unanimously.

**M/S (Luna/Agidius): To approve the temporary rule change to IDAPA 08.02.03.004, Rules Governing Thoroughness, to incorporate by reference the Idaho Content Standards for Humanities.** Motion carried unanimously.

9. Statewide Longitudinal Data System Grant

**M/S (Luna/Agidius): To approve the Office of the Board of Education and Department of Education to collaboratively develop the application for the Statewide Longitudinal Data Systems Grant, and authorize the Executive Director to submit, once fully reviewed by Board staff and legal counsel and approved by the Division of Financial Management.** Motion carried unanimously.

State Superintendent Luna noted this is not a matching grant. Idaho is in a favorable situation because last year the Department received two million dollars as the first installment of long-term funding for this effort.

Board member Lewis asked where Idaho is headed in terms of a data system. Mr. Luna noted a thorough proposal was provided to the Legislature last year and he will forward that information to the Board. The proposal outlines the flow of money over the next three years and the development of a data system. Mr. Lewis indicated that not knowing the total costs is risky.

Mr. Luna explained that the Department clearly knows what this will look like. The total projected cost is \$11 million, with over four years to implement it. Then it will cost \$1.9million every year after to maintain it.

10. 2007-2008 Final Accreditation Summary Report of Idaho Schools

**M/S (Luna/Edmunds): To approve the 2007-2008 Accreditation Final Summary Report of Idaho Schools as submitted.** Motion carried unanimously.

Board member Hall asked if there are any schools in the latter categories. State Superintendent Luna indicated he doesn't have that information at hand, but it is in the report. He will forward it to Mr. Hall.

11. Professional Standards Commission Appointment

**M/S (Luna/Thilo): To approve Cathy Bierne as a member of the Professional Standards Committee for a term of three years representing secondary classroom teachers.** Motion carried unanimously.

12. Curricular Materials Adoption

**M/S (Luna/Hall): To approve the request by the State Department of Education for adoption of curricular materials and their related instructional materials as recommended by the Curricular Materials Selection Committee as submitted.** Motion carried unanimously.

State Superintendent clarified that the Department of Education has a set cycle for reviewing curricular materials and that there is a window of opportunity for vendors to come back. The vendors are all aware of the timelines.

### **OLD BUSINESS**

Board member Terrell explained that the Executive Committee still has on its agenda to look at the idea of providing incentives for college presidents as part of their contracts. He asked Board member Lewis to take part in that discussion.

### **OTHER BUSINESS**

**M/S (Agidius/Lewis): To adjourn at 6:18.** Motion carried unanimously.

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**PERFORMANCE MEASURE PRESENTATION  
OCTOBER 9-10, 2008**

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**SUBJECT**

Performance Measure Reports

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section I.M,  
Section 67-1901 through 1905, Idaho Code

**BACKGROUND/DISCUSSION**

The Office of the State Board of Education staff, in part due to comments from Board members on the recent self-evaluation, has embarked on an initiative to standardize and improve performance reporting. These data are being presented as an overview of the respective organizations under the purview of the Board, for purposes of strategic planning.

**IMPACT**

The data presented in this presentation will provide the Board with information from which to modify the Board's strategic plan. Once the Board's strategic plan has been updated, the organizations under the Board will use it as a guiding foundation from which to update their respective strategic plans.

**ATTACHMENTS**

Attachment 1 – Outline for Presentation	Page 3
Attachment 2 – Performance Measure Reports	Page 5
Attachment 3 – Supplemental Information for Agencies	
Not Presenting	Page 113

**STAFF COMMENTS AND RECOMMENDATIONS**

This presentation is in line with the Master Planning Calendar approved by the Board in April 2008. The performance reporting marks the first stage in the cycle which will be followed by strategic plan development, institutional/agency plan development, budget guidelines development, and budget line items submission.

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

**PERFORMANCE MEASURE PRESENTATION**  
**OCTOBER 9-10, 2008**

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## **Performance Measure Presentation Outline**

1. Organizational Overview
  - i. Budget information
  - ii. Cases managed/key services provided
2. Performance Highlights
  - i. Successes from the prior year
  - ii. Cases Managed/Key Services Provided
3. Review of Performance Measures
4. Strategic Questions
  - i. Explain the data (if necessary)
  - ii. What would your organization like to do differently?
  - iii. What direction do you see your organization progressing?
5. Where do we go from here?
  - i. Board member input on strategic direction.

**PERFORMANCE MEASURE PRESENTATION**  
**OCTOBER 9-10, 2008**

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## Part 1 – Agency Profile

### Agency Overview

Boise State University is Idaho's largest institution of higher learning, enrolling 19,414 students (14,230 FTE) at the start of the 2007-08 academic year. BSU is also the state's only metropolitan university, located in the state's population center and capital city, and the governmental and commercial heart of the Gem State.

Boise State has long been heralded as an institution devoted to classroom teaching. As the Treasure Valley economy has changed into a dynamic marketplace of ideas and products, especially with its highly sophisticated technology sector, and as the city has become a major metropolitan region, the city's university is making the transition to a metropolitan research university. While maintaining a strong focus on teaching, the university is adding focus on research to serve the growing economic needs of Idaho.

In addition to its main campus less than one mile from downtown Boise, the university operates education centers in Caldwell, Coeur d'Alene, Gowen Field, Lewiston, Mountain Home, Nampa, and Twin Falls. The university also delivers classes via the Internet, compressed video, microwave, cable, and computer conferencing. The university has an evening program at both the undergraduate and graduate levels, and the summer session is the state's largest.

The University consists of eight colleges. It employs over 2,400 total employees, including close to 600 full-time faculty members, over 500 adjunct faculty members and close to 1,300 professional and classified staff members. Degrees and certificates are offered in more than 200 programs, including 73 masters and four doctoral programs. The University is fully accredited by the Northwest Commission on Colleges and Universities and is a member of the Western Athletic Conference. Through all of its programs, Boise State University is fulfilling its commitment to the citizens of Idaho by providing quality teaching, research, and public service.

Boise State University is governed by the State Board of Education, which is statutorily designated as the Board of Trustees for Boise State University. In 2003, the Board appointed Dr. Robert Kustra to serve as President.

### Core Functions/Idaho Code

Boise State University is created by Idaho Code Title 33, Chapter 40. Idaho Code 33-4001 provides the primary function of Boise State University to be that of "an institution of higher education" and "for the purposes of giving instruction in college courses..." In addition, it provides the "standards of the courses and departments maintained in said university shall be at least equal to, or on a parity with those maintained in other similar colleges and universities in Idaho and other states," and that the "courses offered and degrees granted at said university shall be determined by the board of trustees."

### Revenue and Expenditures:

Revenue	FY 2005 <i>actual</i>	FY 2006 <i>actual</i>	FY 2007 <i>actual</i>	FY 2008 <i>actual</i>
General Fund - 0001	\$69,561,000	\$72,111,400	\$75,673,600	\$81,906,600
Misc. Student Fees - 0650	54,880,288	61,099,864	41,894,100	44,874,400
Prior Year Carry Forward (fees)			13,965,529	20,428,483
Prior Year Carry Forward - 0150				619,846
Non-Cog Student Fees				2,549,200
Special Programs - 001	0	0	519,100	664,129
One-Time Funds**	0	1,228,000	1,805,400	159
<b>Total</b>	<b>\$124,441,288</b>	<b>\$134,439,264</b>	<b>\$133,857,729</b>	<b>\$151,042,817</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$82,439,084	\$89,354,642	\$91,108,679	\$99,506,015
Operating Expenditures	19,667,959	19,163,258	29,733,988	23,278,320
Capital Outlay	5,732,013	11,955,834	5,214,297	6,658,410
Trustee/Benefit Payments	0	0	0	0
<b>Total</b>	<b>\$107,839,056</b>	<b>\$120,473,734</b>	<b>\$116,056,964</b>	<b>\$129,442,745</b>

\*\* One-Time funds were appropriated in FY06 for a 27<sup>th</sup> payroll and in FY07 for capital replacement. The one-time funding (\$159) for FY is an encumbrance for TechHelp, a special program. Prior to this fiscal year, the programs did not have carryforward authority. The \$159 was encumbered at the end of FY07 and expended in FY08.

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Annual (unduplicated) Enrollment Count	25,443	26,030	26,277	27,179
- Professional Technical	1,634	1,536	1,634	1,816
- Undergraduate	19,580	19,885	20,311	20,841
- Graduate	4,229	4,609	4,332	4,522
Annual Enrollment FTE	14,630	14,758	15,006	15,719
- Professional Technical	810	771	769	829
- Undergraduate	12,782	12,933	13,076	13,638
- Graduate	1,038	1,054	1,161	1,252
Credit Hours Taught	432,685	436,431	443,224	464,068
Degrees/Certificates Awarded	2,692	2,825	3,050	2,982
- Professional Technical	467	439	438	349
- Undergraduate	1,823	1,968	2,138	2,135
- Graduate	402	418	474	498
Concurrent Enrollment: Annual Credits (does not include PTE credits; these credits and enrollments are included in the figures above)	1569	2241	3694	4856

### Performance Highlights:

- The Carnegie Foundation for the Advancement of Teaching selected Boise State University professor Heidi Reeder as the 2007 Idaho Professor of the Year. Dr. Reeder is an associate professor in the Department of Communication in the College of Social Sciences and Public Affairs. Dr. Reeder's honor marks the 11th time that a Boise State professor has earned this award, and the seventh time in the past decade.
- The Carnegie Foundation selected Boise State as a recipient of its newly created Community Engagement Classification. Boise State is one of 76 universities nationwide to be recognized for efforts to engage the community through partnerships, outreach activities, and curricula that have positive impact on the Treasure Valley and on the university. The recognition places the university among the ranks of the University of California-Los Angeles, the University of Pennsylvania, and the University of North Carolina. Boise State was the only institution in Idaho to receive this honor.
- In September 2007, the Interactive Learning Center (ILC) was christened to facilitate state-of-the-art learning with cutting-edge technology. The \$13.5 million building is being financed through bonds issued by Boise State and repaid through pledged revenues of the university. The ILC is one of the first manifestations of Boise State's 2005 Campus Master Plan.
- Boise State University is one of six national recipients of the 2007-08 Alfred P. Sloan Award for Faculty Career Flexibility. The award will enable us to enhance the flexibility of career paths of faculty members. Our plan is to develop mentoring programs to address work-life balance issues; create policies and opportunities for part-time appointments for faculty members throughout their careers; and educate faculty members regarding policies and procedures that speak to career flexibility.

**Part II – Performance Measures**

Performance Measure	2005	2006	2007	2008	Benchmark by F2010*
Scholarship & Grants Per Student FTE	\$1,718	\$1,661	\$1,790	\$1,991	\$2500
Full-time Freshman (degree-seeking) Retention Rate	60.0%	63.3%	64.4%	67.6%	70%
Graduation Rates (Number of full-time, first time students from the cohort of new first year students who complete their program within 1½ times the normal program length)	25.0%	27.7%	23.7%	25.9%	28%
Average GPA of Incoming Freshmen	3.27	3.3	3.3	3.31	3.4
Total Extramural Funding (federal, state, and private; grants and contracts)	\$38,515,487	\$41,131,821	\$37,578,013	***	\$45,000,000
Student FTE to Full-Time Faculty FTE Ratio	29.8	29.6	27.9	28.1	27
Number of Students Participating in Service Learning Courses	1329	1672	1805	1893	2500
Number of Students Participating in Undergraduate Research Conference	195	236	226	290	350

**Performance Measure Notes:**

Performance measure data reported by academic year, i.e., 2006 = academic year 2005 / 2006.

\*Benchmarks are targeted to be achieved in FY2010, two years after the above FY08 measures.

\*\*\* 2008 extramural funding will be available upon completion of the year-end closing process (including internal audit) in mid September.

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## Part 1 – Agency Profile

### Agency Overview

The Idaho Council on Economic Education (ICEE or “The Council”) is a 501 c 3 non-profit organization hosted by Boise State University. Since 1972 the Council and its Centers have provided materials, workshops and training in economic and financial literacy education to thousands of teachers and students throughout the entire state. The Council operates Centers for Economic Education at the University of Idaho, Boise State University, College of Southern Idaho, and Idaho State University.

The Council and its Centers provide K-12 school teachers and Idaho students with a multitude of educational programs in economics and personal finance to help them become better citizens, better decision makers and better eventual leaders in tomorrow’s global economy. All of the Council’s programs are directly correlated to and in support of Idaho’s Educational Achievement Standards.

One of the Council’s most popular programs is called the “International Economic Summit”. It was started at Borah High School, further developed by the Council, implemented in many high schools in Idaho and is now in demand by other states across the United States. It is a great example of “Invented in Idaho” and is becoming a major Idaho contribution to the rest of the United States. The Council sponsors and conducts 12 of these events annually throughout the state. Approximately 5,000 Idaho seniors participate in this program.

The Council also provides other programs to Idaho teachers and students including:

- The Stock Market Game
- Hands on Banking
- The Classroom Mini Economy
- Ethics in Economics
- Financial Fitness for Life
- Training for High School Economics Teachers
- AP Economics
- Middle School Economics
- Economics in Children’s Literature
- Mathematics and Economics

### Core Functions/Idaho Code

The core functions of the Idaho Council on Economic Education are to:

- Train K-12 school teachers in economics, business, personal finance and entrepreneurship so they are better prepared to take these important principles to their students. These activities directly support the Idaho State Educational Achievements Standards.
- Administer and manage a variety of educational programs including the International Economic Summit, the Stock Market Game and others.
- Involve business, banking, government and other community leaders in economic education in a way that both provides Idaho students with quality learning experiences and also helps adults sharpen their understanding and skills.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$54,200	\$54,200	\$54,800	\$57,500
<b>Total</b>	<b>\$54,200</b>	<b>\$54,200</b>	<b>\$54,800</b>	<b>\$57,500</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Operating Support of the 4 Idaho Centers on Economic Education at U of I, CSI, ISU and BSU	\$54,200	\$54,200	\$54,800	\$57,500
Trustee/Benefit Payments	\$54,200	\$54,200	\$54,800	57,500
<b>Total</b>	<b>\$54,200</b>	<b>\$54,200</b>	<b>\$54,800</b>	<b>57,500</b>

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Teachers Receiving Training in Economic/Financial Education	*100	*125	175	165
Number of Students Participating in Economic/Financial Programs By Council and Centers	*6,000	*7,000	11,000	10,600

\*Numbers from 2005 and 2006 are approximate.

**Performance Highlights:**

This past year has been an eventful and successful one for the Idaho Council on Economic Education and its Centers throughout the state. The International Economic Summit program and student financial literacy programs have continued to generate a lot of excitement and support among educators, students and the general public across Idaho. Below are a few highlights:

1. North Idaho. Support for our economic education programs in North Idaho was especially strong. With the help of our new Center Co-Director, Dr. Heidi Rogers from the University of Idaho, we were able to increase student participation at the International Economic Summits from approximately 200 students per event to over 500 students per event. In fact, the largest Economic Summit events we have ever conducted were this past year in the Coeur d' Alene area. In addition to the great student turn out, we also saw a huge increase in community volunteers in North Idaho.
2. Twin Falls Growth. Our newest Center for Economic Education is based at the College of Southern Idaho in Twin Falls. Under the leadership of Bryan Matsuoka from CSI, this Center has been building its reputation and establishing its ability to serve schools for the last few years. This past year, the Center's efforts have really paid off. Attendance at teacher training events as well as student events has been stronger than ever.
3. China – Idaho Connection. Region 3 and the Boise State Center have also had an especially great year. Not only did we continue with our traditional economic and financial education programs for teachers and students but we also had an opportunity during the Summer to take 5 students and 2 teachers from the Boise School District to China, where they played a direct role in leading 350 Chinese students and their teachers through the International Economic Summit program and teaching them about the Free Enterprise System, of which Idaho and the United States is so proud. This project was supported by the Boise State University Foundation, the Boise School District Foundation, the Idaho Department of Commerce, the families of the Idaho students and several other individuals and organizations.
4. Federal Reserve Bank. The Idaho Council has strengthened and expanded our relationship with the Federal Reserve Bank of San Francisco this past year. Not only has the Fed licensed and adopted our International Economic Summit program as the country's "best educational program in international economics and globalization" but it has also implemented this Idaho-grown program in Washington, California, Oregon, Utah, Hawaii, Arizona and several other states. The Fed continues to be very supportive of the Idaho Council and our Centers.
5. Bottom Line. The bottom line benefit for Idaho through the Council on Economic Education is that our youth and their teachers continue to receive the best training available anywhere in economics and personal finance. This is not to say that we are doing enough to prepare our youth for the future. In many ways we are only scratching the surface of the need for economic and financial education, but we are making progress and we are pleased that thousands of Idaho students and hundreds of teachers benefit every year from the work and service we are able to provide.

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Number of Community Volunteers Participating in Providing Economic and Financial Education Programs to Idaho Students and Teachers	*275	*325	360	350	350

**Performance Measure Explanatory Notes:**

\*Numbers from 2005 and 2006 are approximate.

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## ***Part 1 – Agency Profile***

### **Agency Overview**

The Idaho Small Business Development Center (Idaho SBDC) was established in 1986 as a partnership between the U.S. Small Business Administration and Boise State University. The Idaho SBDC provides business consulting and training to Idaho's small businesses and entrepreneurs under a federal grant matched by state funds. The purpose of the Idaho SBDC is to encourage and assist the development and growth of small businesses in the state by leveraging higher education resources. Nationally, as in Idaho, over 90% of new jobs are being created by the small business sector.

The Idaho SBDC is a network of business consultants and trainers that operates from the state's colleges and universities. Boise State University's College of Business and Economics serves as the State Office with administrative responsibility for directing the type and quality of services across the state. Regional offices in the following locations are funded under sub-contracts with the host institutions from Boise State University:

North Idaho College - Coeur d'Alene  
Lewis-Clark State College - Lewiston  
Boise State University - Boise  
College of Southern Idaho - Twin Falls  
Idaho State University - Pocatello  
Idaho State University - Idaho Falls

### **Core Functions/Idaho Code**

The Idaho Small Business Development Center has two basic functions—consulting and training.

First, the Idaho SBDC provides direct one-on-one confidential business consulting to small business owners and entrepreneurs. Primary consulting is accomplished with a small core staff of professionals. Most of the professional staff has advanced degrees and five years or more of small business ownership/management experience. Business counseling is designed to provide in-depth business assistance in areas such as marketing, finance, management, production and overall business planning. The Idaho SBDC allocates sufficient resources to positively impact the individual small business' operation, a goal currently defined as 8.5 hours per consulting case. Faculty and students at each institution expand the Center's knowledge and resource base and to provide direct assistance in appropriate cases. Senior undergraduate and graduate students complete work for Idaho SBDC business consultants. The students are provided the opportunity, under the direction of professional staff and faculty, to apply classroom learning in real-world situations. 'Real-world' laboratory experience for our college and university faculty and students provides long-term benefits to the business community and helps the academic institutions remain current on needs, problems, and opportunities of Idaho's business sector.

The Idaho SBDC also provides low-cost, non-credit training to improve business skills. Workshops, primarily directed at business owners, are typically 3 – 4 hours in length and attended by 15 – 20 participants. Training covers topics such as marketing, accounting, management, finance, etc. A variety of faculty, staff and private sector experts are used to ensure timely, useful material are presented by a subject-matter expert. Significant private sector contributions are made in support of Idaho SBDC workshops including registration fees, and donations for marketing, instructor fees and travel. A standard training format allows the Idaho SBDC to provide consistent, cost-effective training throughout the state.

**Revenue and Expenditures:**

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
	\$292,000	\$292,700	\$294,800	\$302,700
<b>Total</b>	<b>\$292,000</b>	<b>\$292,700</b>	<b>\$294,800</b>	<b>\$302,700</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$0	\$0	\$57,940	\$60,630
Operating Expenditures	\$0	\$0	\$236,860	\$242,070*
Capital Outlay	\$0	\$0	0	0
Trustee/Benefit Payments	\$292,000	\$292,700	0	0
<b>Total</b>	<b>\$292,000</b>	<b>\$292,700</b>	<b>\$294,800</b>	<b>\$302,700</b>

\* 96% of this is subcontracts which are 100% personnel.

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Small Businesses Receiving Consulting	1,698	1,730	1,698	1,648
Average Hours of Consulting Per Client	9.7	8.4	9.9	10.9
Number of Small Businesses Trained	3,443	3,108	2,801	2,648
Number of Consulting Hours (annual)	16,426	14,527	16,205	18,033

**Performance Highlights:**

1. The average hours per client is one of the highest in the nation. This is one of the major factors that contribute to economic impact and growth by small businesses.
2. The number of small business owners attending SBDC training is down and is due to the good economic times. Training numbers increase in bad times and decrease in good economic times.
3. In the most recent SBA report on SBDC effectiveness and efficiency (June 2008), the Idaho SBDC was in the top 10% of SBDCs nationwide in all effectiveness and efficiency measures. The Center provides services at a low cost and helps businesses create significant economic growth.
4. Dr. Jim Chrisman, Mississippi State University, conducts an independent impact survey of all SBDCs in the country. According to Dr. Chrisman, the Idaho SBDC is and has been one of the top five performing SBDCs over the past 10 years.

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Average Sales Growth of SBDC Clients as a Percent of Sales Growth of All Idaho Small Business Sales Growth	578%	734%	369%	373%	300%
Capital raised by clients	\$30,697,350	\$37,769,727	\$36,692,398	\$38,902,209	\$25,000,000
Total SBDC Client Employment Growth/Jobs Saved	2,542	1,948	1,827	1,538	750
ROI (Return on Investment) - Additional Taxes Paid/Total Cost of the Idaho SBDC Program	5.51	5.61	6.03	7.87	3.0
Sales Increase of SBDC Clients over An Average Idaho Business	\$39,980,503	\$79,402,547	\$66,070,529	\$112,768,320	\$25,000,000

New Business Started*	-	-	-	100	72
Customer Satisfaction Rate (1-5)	3.98	3.92	4.32	4.27	3.75

**Performance Measure Explanatory Notes:**

\* Started measuring this area in FY2007.

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## Part 1 – Agency Profile

### Agency Overview

In 1993, the Idaho Department of Commerce convened 45 representatives of economic development groups who supported the manufacturing extension center concept. In 1994, the Governor and ten key economic development entities pledged support for manufacturing extension by signing Idaho's Technology Partnership Agreement. Approval to establish "TechHelp" within the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) was granted in late 1995. In 1996, TechHelp was established at Boise State University and the first director and field engineer were appointed.

Today, TechHelp is a partnership of Idaho's three state universities and an affiliate of the NIST/MEP system. It is also Idaho's Economic Development Administration University Center, targeting economically distressed areas of Idaho. TechHelp specialists have access to cutting-edge knowledge through links to local universities and to a national network of over 2000 manufacturing specialists through the MEP system.

TechHelp's seven manufacturing specialists operate out of offices in Boise, Post Falls, Pocatello, and Twin Falls. TechHelp's primary mission is to provide technical assistance, training, and information to strengthen the competitiveness of Idaho manufacturers through product and process innovation. TechHelp provides internships to students at the New Product Development (NPD) Lab at Boise State University. Internships give university students the opportunity to gain real world experience with innovative Idaho companies and expose Idaho companies to talented young professionals looking to enter the state's workforce.

### TechHelp Advisory Board

TechHelp's Executive Director reports to the Dean of the BSU College of Business & Economics, and takes advisement from an Advisory Board made up of representatives from private industry, education, and government. TechHelp Board bylaws state that a full board consists of 9 - 11 members; at least seven of whom are from manufacturing and two from the public sector. The Director appoints non-voting members with approval of the Board.

### TechHelp Partners

TechHelp works with state and federal partners, listed below, to meet its mission of assisting Idaho manufacturers. TechHelp also works with local groups such as chambers of commerce and economic development organizations to stay abreast of community development issues and meet the needs of Idaho companies.

Partnership	Center Role	Required/Desired of Center
U.S. Manufacturing Extension Partnership	MEP Center	Assist manufacturers in Idaho to be more competitive
U.S. Economic Development Administration	EDA University Center	Serve manufacturers in remote/distressed areas of Idaho
State of Idaho	Economic Development	Serve manufacturers in Idaho Participate in implementation of Science & Technology Plan with product development service
Idaho State Universities	Contracted Partner (outreach program for economic development)	Build University reputation through professional development activity, training and internships
Idaho SBDC	Informal Partnership	Cross-referrals and delivery of services
Idaho Department of Commerce	Procurement Technical Assistance Center (PTAC)	Increase government contracting by Idaho manufacturers

Idaho Department of Labor	Workforce Development Training	Provide Idaho workers with training in advanced manufacturing skills
Idaho Department of Agriculture	Informal Partnership	Cross-referrals and delivery of services

### Core Functions/Idaho Code

TechHelp helps Idaho manufacturers primarily through one-on-one contact with companies. This contact ranges from major collaborative projects, which usually address a fundamental challenge facing the company, to smaller "value-added" projects, which typically bring a specific improvement to some aspect of company operations. TechHelp also hosts workshops and seminars statewide focusing on topics that impact Idaho manufacturers.

TechHelp's team of experts provides personalized solutions in the following areas of manufacturing.

- **New Product Development**
  - Eureka! Winning Ways Growth Services
  - Product Design
  - Prototyping & Testing
  - Design for Manufacturability
- **Quality Systems**
  - ISO 9000
  - Six Sigma Belt Certification
  - Statistical Process Control
  - Food Safety
- **Process Improvements**
  - Lean Manufacturing
  - Lean Enterprise Certificate Program
  - Lean Manufacturing for the Food Industry
  - Lean Manufacturing for the Wood Products Industry
  - Lean Office
  - Lean Enterprise

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$161,700	\$164,800	\$219,744	\$176,200
<b>Total</b>	<b>\$161,700</b>	<b>\$164,800</b>	<b>\$219,744</b>	<b>\$176,200</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$0	\$0	\$40,000	\$60,794
Operating Expenditures	\$0	\$0	\$10,000	\$15,018
Capital Outlay	\$0	\$0	\$0	\$0
Trustee/Benefit Payments	\$161,700	\$164,800	\$169,744	\$100,388
<b>Total</b>	<b>\$161,700</b>	<b>\$164,800</b>	<b>\$219,744</b>	<b>\$176,200</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Average State Cost Per Client Served	\$2,413	\$2,086	\$1,831	\$1,191
Manufacturers Served	67	79	120	148

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Number of Jobs Created or Retained	130	225	724	379	Exceed prior year
Customer Satisfaction Score (scale of 1-5)	4.59	4.51	4.63	4.37*	Exceed 4.0
New and Retained Client Sales	\$12.7M	\$8.0M	\$26.7M	\$33.5M	Exceed prior year
Client Cost Savings	\$13.0M	\$2.1M	\$6.6M	\$7.0M	Exceed prior year
Client Investments in Improvement	\$14.8M	\$4.8M	\$13.4M	\$5.5M	Exceed prior year
Federal Minimum Acceptable Impact Measures Performance Score	100	92.5	100	100	Exceed 85 of 100
Federal \$ per Surveyable Project: Ratio of National Median**	1.20	.60	.43	.46	Below national median
Bottom-line Client Impact: Ratio of National Median***	2.09	.42	1.53	1.19	Above national median
Net Revenue from Client Projects	\$273K	\$407K	\$562K	\$474K	Exceed prior year
Grant Dollars for Operations & Projects	\$1358K	\$1067K	\$916K	\$873K	Exceed prior year

**Performance Measure Explanatory Notes:**

\* The survey instrument for Customer Satisfaction Score was changed in FY 2008.

\*\* The amount of federal dollars expended per surveyable (completed) project is a measure of efficiency. The fewer federal dollars expended per surveyable project, the more clients that a center is serving per federal dollar. The ratio compares TechHelp's federal dollars expended per surveyable project to the median amount for all federal MEP centers across the country. A ratio below the national median (less than 1.0) indicates that TechHelp is more efficient than most MEP centers.

\*\*\* Bottom-line Client Impact is a calculation of client sales and savings divided by federal dollars expended. The higher the impact per federal dollar, the more effective that a center is. The ratio compares TechHelp's bottom-line client impact to the median amount for all federal MEP centers. A ratio above the national median (greater than 1.0) indicates that TechHelp is more effective than most MEP centers.

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## Part 1 – Agency Profile

### Agency Overview

Idaho State University (ISU) is a Carnegie-classified Doctoral Research University, one of only two doctoral-level universities in Idaho.

Idaho State University strives to advance scholarly and creative endeavor through the creation of new knowledge, cutting-edge research, innovative artistic pursuits and high-quality academic instruction; to use these qualities to enhance technical, undergraduate, graduate, and professional education, health care, and other services provided to the people of Idaho, the Nation, and the World; and to develop citizens who will learn from the past, think critically about the present, and provide leadership to enrich the future in a diverse, global society.

ISU has seven disciplinary colleges: Arts and Sciences, Business, Education, Engineering, the Kasiska College of Health Professions, Pharmacy, and Technology. Our campuses and outreach centers are alive with the excitement of teaching, learning, creating and sharing of ideas. The jewel of southern Idaho—ISU's new L.E. and Thelma E. Stephens Performing Arts Center—is a venue for local and international productions of the highest caliber. ISU is also Idaho's health-care university, offering high-quality programs in nearly all of the health professions, including dentistry and nursing. Our faculty maintains mutually beneficial partnerships with health-care institutions throughout the state. Researchers in ISU's Idaho Accelerator Center, in partnership with the Idaho National Laboratory and the Center for Advanced Energy Studies collaborate on much-needed energy research. ISU's highly regarded pharmacy programs attract students from around the world.

### Core Functions/Idaho Code

ISU is a publicly-supported institution of higher education as created under the laws of the State of Idaho, Idaho Statute Title 33, chapter 30 and is governed by the State Board of Education.

As a regional public Doctoral/Research University, Idaho State University meets the needs of a diverse population with certificate, associate, baccalaureate, master's and doctoral degree offerings, as well as family practice, dental, and pharmacy residency programs. Through programs in pharmacy and health-related professions, ISU is the state's lead institution for education in the health professions and related biological and physical sciences. The preparation of teachers, administrators, and other education professionals is another primary emphasis at ISU. Programs in business and engineering respond to a variety of current and emerging demands within the state and region, and, with the change in focus of the Idaho National Laboratory to nuclear science, ISU will expand its programming in this area and continue its leadership. ISU is committed to maintaining strong arts and sciences programs as independent, multifaceted fields of inquiry and as the basis of other academic disciplines. The University offers a substantial array of graduate programs in the arts and sciences, education, and health professions. As a part of its community college function, ISU provides students high quality professional education and technical training in response to the needs of private industry.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$61,409,300	\$63,925,700	65,967,200	73,383,100
Charitable Institutions	\$383,800	\$0	629,700	688,500
Normal School	\$1,497,600	\$1,602,800	1,057,700	1,155,000
Unrestricted Current	\$15,539,100	\$41,153,000	37,751,400	34,479,200
Restricted Current	\$22,466,200	\$0	0	0
<b>Total</b>	<b>\$101,296,000</b>	<b>\$106,681,500</b>	<b>105,406,000</b>	<b>109,705,800</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$71,680,400	\$79,395,700	79,558,800	84,071,500
Operating Expenditures	\$16,712,100	\$17,177,100	17,055,800	16,304,100
Capital Outlay	\$3,789,900	\$4,519,200	3,648,800	5,212,400
Trustee/Benefit Payments	\$0	\$0	0	0
<b>Total</b>	<b>\$92,182,400</b>	<b>\$101,092,000</b>	<b>100,263,400</b>	<b>105,588,000</b>

**Profile of Cases Managed and/or Key Services Provided**

<b>Cases Managed and/or Key Services Provided</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Annual (unduplicated) Enrollment Headcount				
- Professional Technical	1,251	1,215	1,196	1,489
- Undergraduate	10,412	10,437	9,444	9,535
- Graduate	1,877	2,078	1,795	1,939
- Professional	262	247	244	245
Annual Enrollment FTE				
- Professional Technical	1,215	1,196	1,489	1,960
- Undergraduate	10,437	9,444	9,535	10,590
- Graduate	2,078	1,795	1,939	3,097
- Professional	247	244	245	265
Credit Hours Taught	280,055	274,326	254,710	249,619
Degrees/Certificates Awarded				
- Professional Technical	634	620	494	561
- Undergraduate	1,196	1,128	1,076	1,130
- Graduate	343	400	399	457
- Professional	62	65	63	74

**Performance Highlights:**

A brief selection of ISU's many notable performance highlights over the past year include the following:

- 1) Completion of the Idaho State University Roadmap For Success Summary, 2008-2012: Idaho State University's new strategic plan, "Mapping Our Future: Leading in Opportunity and Innovation," outlines a comprehensive strategy for taking the University to the next level of achievement and excellence.
- 2) Continuation of ISU's ERP system implementation: Following State Board of Education approval, Idaho State University has purchased and begun implementation of an ERP system (Tiger).
- 3) Review of the institutional promotion and tenure procedures: ISU's Faculty Senate and administration have formed a limited-term task force that will examine and make recommendations regarding the Promotion and Tenure guidelines and procedures for the three tiers: University, College, and Departments.
- 4) Development of a time-and-effort reporting system: The Office of Finance, Council of Deans, Vice Presidents, Staff Council and Faculty Senate have begun discussion of developing a university -wide MAPP (Manual of Administrative Policies and Procedures) for time and effort reporting based on an equivalency system.
- 5) Completion of university space inventory: ISU conducted an inventory and audit of all assignable space on the Idaho State University Campus during the fall semester. The purpose of the audit was to verify that campus space was being used as reported, and to look for any underutilized facilities.
- 6) ISU-Meridian: ISU continued ongoing planning and preparations for upcoming move into the new building in Meridian, Idaho. In fall 2009, ISU-Boise will move its health sciences education programs to a newly renovated building in Meridian, strengthening the University's ability to provide student training in response to the severe health professional shortage throughout the state. This facility is jointly owned by ISU and Joint School District No. 2, in an innovative secondary and post-secondary partnership promoting health care careers. The new ISU site will house more than 20 undergraduate and graduate programs, three clinics, a state-of-the-art human patient simulation laboratory, and other health-related research and service components.

7) Enhanced institutional marketing: ISU has expanded the scope of traditional communication efforts at ISU to embrace matters of marketing and branding. This has included the creation of an Office of Web Communications as a part of University Relations. Together, these departments undertake across-the-board messaging and brand identity in both print and electronic media.

8) Enhancement of public-private partnerships: ISU has continued to enhance its range of public-private partnerships, which serve institutional and public constituencies throughout the state, region, nation, and world. ISU maintains over 175 partnerships with international, educational, federal, State, local, industry, and community entities.

9) Enhanced mission-critical efforts: ISU has further developed its efforts in health, energy and cultural programs, focusing greater efforts on the Center for Advanced Energy Studies, INL, medical education and health professions.

10) Enhanced administrative support: ISU has hired University Business Officers to provide guidance to college deans and facilitate their implementation of the full range of administrative, fiscal and human resources activities, including resource planning, budget control, financial analysis and fiscal oversight of instructional and research programs, space administration, and organizational and operational improvements.

11) Concurrent Enrollment: ISU's Early College program has continued its leading role in State concurrent enrollment programming. Early College expects new highs in overall enrollments, numbers of schools served, and numbers of sections offered for Fall 2008.

## Part II – Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Scholarship Dollars Per Student FTE <sup>1</sup>					
- Academic	\$1,992	\$2,027	\$2,121	\$2,265	\$2,380
- Professional Technical	\$1,344	\$1,508	\$1,465	\$1,712	1,800
Full-time Freshman (degree-seeking) Retention Rate <sup>2</sup>	55.3	56.7	53.6	57.1	60
Graduation Rates (Number of full-time, first time students from the cohort of new first year students who complete their program within 1½ times the normal program length) <sup>3</sup>	22	23	30	31	33
Credit Hours Taught <sup>4</sup>	280,055	274,326	254,710	249,619	255,000

### Performance Measure Explanatory Notes:

- Scholarship dollars are reported by FTE of students receiving scholarships, not total ISU FTE. Scholarship dollars per FTE are projected to grow at 5%.
- Increased retention is a primary focus for the immediate future as a method of improving enrollment.
- Graduation rates have lagged behind country rates but we have been gradually improving in this area. With continued focus on student success, we hope to continue the upward trend.
- Increased Credit Hours touched is expected to increase as our efforts to recruit and retain full-time students are implemented.

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## **Part I – Agency Profile**

### **Agency Overview**

There are two family medicine residencies in Idaho – the ISU Family Medicine Residency (ISU FMR) in Pocatello and the Family Medicine Residency of Idaho (FMRI) in Boise. Both programs are funded from State allocations, grants, local hospitals, Graduate Medical Education, Medicare and patient revenues. The ISU FMR is a division of the Department of Family Medicine in the Kasiska College of Health Professions. The residency is governed by a Graduate Medical Education Committee (GMEC) that oversees all residency functions, with members from ISU, Portneuf Medical Center, County Commissioners, local physicians and resident physicians. Jonathan Cree, M.D. is the Director of the ISU FMR and Department Chair. Sponsorship by a stable hospital medical center, committed to teaching is essential to ongoing residency success.

### **Core Functions/ Idaho Code**

**1. Training family physicians to provide care to populations throughout Idaho, both rural and urban.**

Idaho is 49<sup>th</sup> out of 50 in physician per capita state statistics in the USA and has a special problem recruiting physicians to settle in isolated rural Idaho. Both residency programs have an excellent track record of recruiting family physicians that settle and stay in Idaho, and gives Idaho the honor of being the eighth state in the nation in retention rates. The ISU FMR has 18 medical residents and two pharmacotherapy residents in training, and graduates six new family physicians each June. Thirty-three of 65 graduates have stayed in Idaho.

**2. Provision of services to underserved populations in Idaho:**

Over the last decade the two residency programs and their graduates have become leading medical providers to the underserved populations in Idaho. Reimbursement of such medical services has been declining, while program costs have been climbing. The ISU FMR provides over \$1.8 million in medical services to Medicaid, Medicare, and the indigent. Approximately 40% of the \$2.2 million (or \$900,000) annual charges are written off to bad debt and contractual adjustments. The ISU FMR staffs community services such as the Health Department, adolescent detention centers, prison services, free clinics and HIV clinics. The Indian Health Service, migrant workers, nursing home residents and the home-bound also receive medical support from the residents.

### **Revenue & Expenditures**

<b>Revenue</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Fund	\$1,053,800	\$1,368,700	\$1,543,600	\$1,567,700
<b>Total</b>	<b>\$1,053,800</b>	<b>\$1,368,700</b>	<b>\$1,543,600</b>	<b>\$1,567,700</b>
<b>Expenditure</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Personnel Costs	\$ 426,000	\$ 445,800	\$ 432,600	\$ 456,700
Operating Expenditures	\$ 102,900	\$ 205,900	\$ 264,900	\$ 264,900
Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0
Trustee/Benefit Payments *	\$ 524,900	\$ 717,000	\$ 846,100	\$ 846,100
<b>Total</b>	<b>\$1,053,800</b>	<b>\$1,368,700</b>	<b>\$1,543,600</b>	<b>\$1,567,700</b>

\* Trustee/Benefit Payments are the component of State support that goes to the Boise program.

### **Profile of Cases Managed and/or Key Services Provided**

<b>Cases Managed and/or Key Services Provided</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Number of Residents in Training	13	17	18	18
Average Total State Funded Dollar Cost per Resident as a Percent of Total Residency Training Costs	14.2%	15.4%	15.2%	14.6%

Number of Health Profession Students (non-physician) Receiving Clinical Training at FMR Facilities	7	7	7	7
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#### Dollar Cost per resident

State dollars received by ISU FMR are \$747,300. Approximately 25% of these dollars are used for departmental needs that have nothing to do with the residency, leaving \$560,475 for 18 residents or \$31,137 per resident as our best estimate of dollar cost per resident. Total departmental budget is \$5.12M; \$747,300 is 14.6% of that figure.

### **Performance Highlights:**

Clinical Service Grants: The ISU FMR has active clinical grant writers who pursue grants to help offset residency deficits and enrich the clinical training. Over the last decade, these grants have assisted funding outreach to rural perinatal populations in American Falls and Aberdeen, uninsured GYN patients with pre-cancerous lesions of the uterine cervix, education in the New Model Office Paradigm and Quality Improvements. Total Title VII awards between 1999 and 2005 were \$2,827,542.

New Title VII Award 2008 - 2011: ISU FMR received notice of a \$900,000 award to promote interventions in exercise, nutrition and lifestyle choices at all phases of the family life cycle. We plan to combine a powerful, multi-disciplinary health resource personnel team that will foster the evolution of a new Therapeutic Lifestyle Center in our Family Medicine Clinic. These innovations will be facilitated by an enhanced healthcare information technology infrastructure and the development of a Medical Home Business Model. This award of \$300,000 per year, brings the total clinical grant funding to \$3,727,542.

Research Division: The ISU FMR sponsors an active and successful research division. We are the recipients of two prestigious NIH multi-center trials, ACCORD and AIMHIGH. The division was a major contributor to the ALLHAT study which changed the approach to hypertension treatment all over the world. A staff of highly qualified research assistants and coordinators service these grants; and the clinical research division is extremely productive in scholarship research publications and book chapters. Between February 1995 and February 2008, the ISU FMR Research Division was successful in securing \$2,338,629 in grant funding.

## **Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Percentage of Physician Residents Graduating*	60%	100%	100%	100%	100%
Percentage of Graduates Successfully Completing Board Examination**	100%	80%	83%	No Data	100%
Percentage of Resident Training Graduates Practicing in Idaho	46%	47%	47%	51%	50%
Number of Residents Matched Annually***	5	5	6	6	7
Percentage of Qualified Idaho Residents Offered an Interview for Residency Training	100%	100%	100%	100%	100%
Number of Title VII Clinical Service Grants Awarded	2	2	2	2	1 in 6 years
Retention of Full continued accreditation status with a five-year revisit cycle***	Full/5 years	Full/5 years	Full/5 years	Full/5 years	Full/5 years

### **Performance Measure Notes:**

\*Percentage of Physician Residents Graduating: Of the Class of 2005, one resident transferred to Obstetrics the other failed to complete residency due to illness. Since that time, 100% of each entering class have graduated.

\*\*Scores are not released until mid September each year.

\*\*\*Number of Residents Matched Annually: The program has undertaken a small and progressive increase in residents from its original number of four in 1996, to five in 1999, to six in 2004, with plans to accept seven in 2009 and 8 in 2011 if the Governor's expansion request is approved.

\*\*\*Accreditation Status: Accreditation status may be initial, continued, probationary or withheld. The longest time between accreditation cycles is five years. The ISU FMR has the best accreditation status possible.

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## Part 1 – Agency Profile

### Agency Overview

The Idaho Dental Education Program (IDEP) is Idaho's assisted route of access for dental education. There are currently eight (8) seats available for Idaho residents to obtain their dental education. The Program began in 1981 with a cooperative agreement between Idaho State University and The University of Washington School of Dentistry, where five (5) Idaho residents received their dental education. In 1982 the program became a cooperative effort between Creighton University's School of Dentistry in Omaha, Nebraska and Idaho State University's Kasiska College of Health Professions in Pocatello, Idaho. The program involves a decentralized first year of education taught at Idaho State University and the second through fourth years taught at Creighton University.

The program currently has five (5) regular employees and five (5) adjunct employees in Pocatello. Dr. Jeff Ybarguen is the program director and works with Dr. Brian Crawford who is the Chair of the Department of Dental Sciences at ISU. Jeri Larsen is the Administrative Assistant (AA-II) who works with both the IDEP program and the Idaho Advanced Graduate Dentistry (IAGD) residency. These programs are located in the same facility at Idaho State University.

### Core Functions/Idaho Code

The mission of the Idaho Dental Education Program is two-fold: First, to provide residents of Idaho with ready access to a high quality dental education; and second, to help the population of Idaho have ready access to high quality dental professionals. As the majority of students graduating from the program return to Idaho to practice, residents of the state have access to high quality dental treatment.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$924,500	\$994,900	\$1,046,200	\$1,148,500
Unrestricted Current	<u>\$189,700</u>	<u>\$187,200</u>	<u>\$181,800</u>	<u>\$221,200</u>
<b>Total</b>	<b>\$1,114,200</b>	<b>\$1,182,100</b>	<b>\$1,228,000</b>	<b>\$1,369,700</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$333,800	\$343,700	\$309,200	\$328,100
Operating Expenditures	\$15,100	\$21,300	\$16,400	\$19,300
Capital Outlay	\$7,100	\$0	\$6,700	\$5,200
Trustee/Benefit Payments	<u>\$702,600</u>	<u>\$750,900</u>	<u>\$811,300</u>	<u>\$871,700</u>
<b>Total</b>	<b>\$1,058,600</b>	<b>\$1,115,900</b>	<b>\$1,143,600</b>	<b>\$1,224,300</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Program Applicants	78	84	111	97
Number of Program Applicants Accepted	8	8	8	8
Number of Graduates (since program's inception)	138	146	154	162

### Performance Highlights:

The program has been in service since 1981 and has been very successful in accomplishing its mission. Since inception 67% of IDEP graduates have returned to Idaho to practice. The statewide distribution closely follows the state geographic population with 6% of graduates practicing in South Central Idaho, eighteen percent 18% in Northern, 31% in Southeastern, and 42% in Southwestern Idaho. Seventy-nine percent of graduates practice general dentistry while 21% practice as specialists. Sixty-five percent practice in Idaho's urban areas with 35% practicing in rural areas.

With approximately twelve (12) applicants for each seat, the program has been successful in attracting the highest quality students to the program. The average DAT scores and undergraduate GPA's of our students consistently exceed that of the average marks of matriculated students in dental schools nationally. The average scores on the Dental National Board Examination for both Part I and Part II are consistently higher for IDEP students compared to the Creighton average and national average on the same examinations.

### Part II – Performance Measures

Performance Measure	2005	2006	2007	2008	Benchmark
Average student scores on Dental National Boards Part I written examination	85.13%	89.88%	85.75%	86.25%	>70%
Average student scores on Dental National Boards Part II written examination	85.13%	88.13%	85.5-%	84.00%	>70%
1 <sup>st</sup> time pass rate on Clinical Board Examination necessary to obtain dental license	100%	100%	100%	100%	90%
Number of students in the program*	8	8	8	8	10
Average Cost per student**	32%	32%	32%	33%	<50% National Average
Percentage of IDEP Graduates Returning to Idaho to practice	85%	75%	75%	50%***	>50%

### Performance Measure Explanatory Notes:

\* Our goal is to expand the program to facilitate 10 students per year. We currently have 8 students per year in the program.

\*\* The cost per DDSE (DDS Equivalent) is a commonly utilized measure to evaluate the relative cost of a dental education program. This information is tabulated in the *ADA Survey of Dental Education*, published by the American Dental Association. From this publication (inflation Adjusted) the national average cost per student for state programs is \$115,742 in 2008. The IDEP cost per student for 2008 was \$38,260 (33% of the national average). The program is accomplishing the goal of providing a competitive value in educating Idaho dentists.

\*\*\* Our goal is to have greater than 50% of our program participants return to Idaho to practice Dentistry. Four of the 8 graduates in 2008 are advancing their education through post-graduate residency programs and may return to Idaho to practice upon residency completion. Of the remaining 4 graduates, 2 have returned to Idaho to practice, and 2 are practicing in other states.

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## Part 1 – Agency Profile

### Agency Overview:

Recognizing the importance of our natural heritage to the citizens of the State, the Idaho Museum of Natural History (IMNH) is charged with preserving and interpreting cultural and natural history for the citizens of Idaho. It is the mission of the Idaho Museum of Natural History to actively nurture an understanding of and delight in Idaho's natural and cultural heritage. As the official state museum of natural history, it acquires, preserves, studies, interprets, and displays natural and cultural objects for Idaho residents, visitors, and the world's community of students and scholars. The Museum also supports and encourages Idaho's other natural history museums through mentoring and training in sound museological practices.

The Idaho Museum of Natural History is home to collections in anthropology, vertebrate paleontology, earth science, and the life sciences. It holds an archive of documents and ethnographic photographs. Researchers pursue scholarly study of the collections and publish their findings in outside and Museum-sponsored publications. The Stirton-Kelson Library of the IMNH specializes in archaeological and paleontological holdings and is a branch of the main ISU Eli M. Oboler Library. Exhibitions emphasize the collections and mission of the Museum, and include permanent and special offerings. Educational classes for children, families, and adults provide more in-depth exploration of the natural history of Idaho.

### Core Functions/Idaho Code:

The Idaho Museum of Natural History has two core functions:

- 1) To collect, care for, research, interpret and present — through educational programs and exhibitions — Idaho's cultural and natural heritage.
- 2) To support and encourage local and municipal natural history museums throughout the state of Idaho.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$510,400	\$521,100	\$595,500	\$595,500
<b>Total</b>	<b>\$510,400</b>	<b>\$521,100</b>	<b>\$595,500</b>	<b>\$595,500</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$496,900	\$507,600	\$533,900	\$517,900
Operating Expenditures	\$13,500	\$13,500	\$13,800	\$28,538
Capital Outlay	\$0	\$0	\$47,800	\$30,288
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$510,400</b>	<b>\$521,100</b>	<b>\$595,500</b>	<b>\$576,726</b>

### Profile of Cases Managed and/or Key Services Provided:

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of General Public Visitors	4,341	8,829	9,064	7,954
Number of Educational Programs for Public Audiences	63	82	95	84
Number of K12 Students on Class Tours	3,931	2,737	3,705	5,025
Exhibitions Mounted	4	4	3	8
Loans from Collections	46	52	14	14
Public Served Through Programs	645	3,797	5,284	3,092

- 1) **Collections and Associated Research:** a) Secure space, care and storage of collections; b) access to collections records and other archived information; c) research and presentation of new knowledge. These services are provided to those repositing collections, scholars, other natural history organizations, and Idaho's and others' museums.

- 2) **Education and Training:** on-site, and web-based training via workshops, classes, outreach materials, internships, facilitated tours and exhibitions. These are provided to K-12 students, higher education students, instructors and teachers, residents and visitors.
- 3) **Resources, Expertise, and Consultation:** a) natural history object identification; b) specialty equipment for natural history object study; c) technical services supporting collections and research; d) expertise for compliance with Federal and State collections regulations; e) as a venue / space for exhibitions; f) as a source for natural history traveling exhibitions; g) expertise on natural history topics and museology. These are provided to residents, visitors, scholars, organizations and agencies required to reposit collections in an accredited repository, other natural history organization, Idaho's and others' museums.

### Performance Highlights:

Current exhibits featured at the Idaho Museum of Natural History include the following. These exhibits are representative of the high quality programming that the Museum staff and constituencies are consistently offering the citizens of the State of Idaho.

"The Art of Paleontology" features the outstanding artwork of world-renowned Paleoartist Mark Hallett. Stunning bronze casts of saber-tooth cats attacking a *Bison latifrons* fill the center of the gallery. The exhibit also features elements from IMNH's Tolo Lake Exhibit to teach visitors about one of the most significant paleontological sites in Idaho.

"A Century of Fish Hatcheries," on loan from the Idaho Department of Fish and Game (IDFG) where it was created by Mick Hoover and Sharon Clark, celebrates the 100th anniversary of the legislative act that created the first state fish hatchery. Also featured in the Fish and Game exhibit is historical aquaculture equipment which was designed and built out of necessity at the fish hatcheries. This equipment and historical photographs chronicle the 100-year-old practices and techniques used for spawning and egg collection, egg care until hatching, transportation of fish eggs, fish feeding and diet development, and the eventual planting of mature fish via horseback, backpack, truck, boat, airplane, and helicopter with a collection of equipment and historical photographs.

"Dinosaur Times in Idaho" features dioramas with cast skeletons of dinosaurs that roamed Idaho are enlivened with mural art by noted dinosaur reconstruction artist Robert Walters. They highlight these dinosaurs and their surroundings in prehistoric Idaho. Topics include specific information on all the dinosaurs discussed and displayed, what Idaho's environment was like during the times of the dinosaurs, where we're likely to find more of this rare and interesting fauna, and why more hasn't been found to date.

"Raising The Tolo Lake Mammoth" features the remains of a huge bull Columbian Mammoth found in northern Idaho. Expeditions led by Idaho Museum of Natural History paleontologists during 1994 and 1995 recovered more than 400 bones (now in the Museum's research collections) including most of this mammoth and parts of other animals from Tolo Lake, west of Grangeville, Idaho. RAISING THE TOLO LAKE MAMMOTH tells the story of this find from discovery to research using actual Tolo Lake Fossils. The center piece is the reconstructed dig with explanations of excavation methods and descriptions of what research has revealed about the lake and its fossils. Supporting exhibits explore mammoth anatomy, evolution, and the history of mammoths and their relatives in North America.

Focusing on Idaho's Native Peoples, "Living Off the Land" features sections on ancient tools and technologies as well as recent objects still used. The exhibit shows how they lived on an unforgiving landscape, making use of nature's resources for food, clothing, and shelter, and offers never-before exhibited artifacts and beautiful objects made by these creative people.

## Part II – Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Number of People Served by the General Public Museum Programs	4,341	8,829	9,064	11,022	Increase by 5%

Grant revenue received	\$244,261	\$487,356	\$181,150	\$14,823	Increase by 5%
Number of Exhibitions Developed/Presented at Outreach Locations	Data not collected prior to 2008	Data not collected prior to 2008	Data not collected prior to 2008	1	Add one each year for the next two years
Museum Store Revenue Received	\$14,281	\$18,649	\$23,249	\$22,912	Increase by 5%
Number of Educational Programs	63	82	95	84	90

**Performance Measure Explanatory Notes:**

Concerns exist in the museum about the upcoming year and numbers related to school and public visitors due to the economic situation with the cost of fuel for transportation. A guarded 5% increase is included as the benchmark due to extenuating economic pressures which dictate whether visitors attend museum programs.

The amount included for the Grant Revenue Received reflects on one grant from the Idaho Humanities Council.

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## Part 1 – Agency Profile

### Agency Overview

The University of Idaho is a high research activity, land-grant institution committed to undergraduate and graduate-research education with extension services responsive to Idaho and the region's business and community needs. The University is also responsible for regional medical and veterinary medical education programs in which the state of Idaho participates.

The University of Idaho will formulate its academic plan and generate programs with *primary emphasis* on agriculture, natural resources, metallurgy, engineering, architecture, law, foreign languages, teacher preparation and international programs related to the foregoing. The University of Idaho will *give continuing emphasis* in the areas of business, education, liberal arts and physical, life, and social sciences, which provide the core curriculum or general education portion of the curriculum.

The institution serves students, business and industry, the professional and public sector groups throughout the state and nation as well as diverse and special constituencies. The University also has specific responsibilities in research and extension programs related to its land-grant functions. The University of Idaho works in collaboration with other state postsecondary institutions in serving these constituencies.

### Core Functions/Idaho Code

Recognizing that education was vital to the development of Idaho, the legislature set as a major objective the establishment of an institution that would offer to all the people of the territory, on equal terms, higher education that would excel not only in the arts, letters, and sciences, but also in the agricultural and mechanic arts. The federal government's extensive land grants, particularly under the Morrill Act of 1862, provided substantial assistance in this undertaking. Subsequent federal legislation provided further for the teaching function of the institution and for programs of research and extension. In all, approximately 240,000 acres were allocated to the support of Idaho's land-grant institution.

After selecting Moscow as the site for the new university, in part because Moscow was located in the "center of one of the richest and most populous agricultural sections in the entire Northwest" and the surrounding area was not subject to the "vicissitudes of booms, excitement, or speculation," the University of Idaho was founded January 30, 1889, by an act of the 15<sup>th</sup> and last territorial legislature. That act, commonly known as the university's charter, became a part of Idaho's organic law by virtue of its confirmation under article IX, section 10, of the state constitution when Idaho was admitted to the union. As the constitution of 1890 provides, "The location of the University of Idaho, as established by existing laws, is hereby confirmed. All the rights, immunities, franchises, and endowments heretofore granted thereto by the territory of Idaho are hereby perpetuated unto the said university. The regents shall have the general supervision of the university and the control and direction of all the funds of, and appropriations to, the university, under such regulations as may be prescribed by law." Under these provisions, the University of Idaho was given status as a constitutional entity.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$ 83,177,100	\$ 87,784,168	\$ 90,576,800	\$ 94,842,300
Land Grant Endowments	6,558,260	6,314,000	4,859,600	4,853,000
Student Fees: Misc. Receipts	14,682,105	16,103,801	16,343,473	17,079,485
Student Matriculation Fees	<u>21,003,045</u>	<u>22,777,016</u>	<u>22,974,576</u>	<u>23,225,718</u>
<b>Total</b>	<b>\$ 125,420,510</b>	<b>\$ 132,978,985</b>	<b>\$ 134,754,449</b>	<b>\$ 140,000,503</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$ 87,350,798	\$ 91,911,734	\$ 96,308,269	\$102,203,433
Operating Expenditures	27,720,641	35,479,469	30,024,473	30,048,661
Capital Outlay	4,604,487	5,400,849	7,989,858	6,530,368
Trustee/Benefit Payments	<u>735,856</u>	<u>783,788</u>	<u>815,718</u>	<u>871,633</u>
<b>Total</b>	<b>\$ 120,411,782</b>	<b>\$ 133,575,840</b>	<b>\$ 135,138,318</b>	<b>\$ 139,654,095</b>

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Annual (unduplicated) Enrollment Headcount				
- Undergraduate	10,925	10,840	10,628	10,393
- Graduate	6,664	6,266	5,374	5,107
- Professional	<u>319</u>	<u>320</u>	<u>333</u>	<u>327</u>
	17,908	17,426	16,335	15,827
Annual Enrollment FTE				
- Undergraduate	9,665	9,456	9,169	9,027
- Graduate	1,946	1,769	1,537	1,482
- Professional	<u>369</u>	<u>369</u>	<u>379</u>	<u>386</u>
Total	11,979	11,593	11,084	10,895
Credit Hours Taught				
- Remedial	741	804	888	777
- Undergraduate	289,202	282,485	274,170	270,045
- Graduate	46,700	42,444	36,887	35,574
- Professional	<u>10,323</u>	<u>10,318</u>	<u>10,598</u>	<u>10,797</u>
Total	346,966	336,051	322,543	317,193
Degrees/Certificates Awarded				
- Undergraduate	1,925	1,933	1,901	2,011
- Graduate	800	833	758	685
- Professional	<u>99</u>	<u>89</u>	<u>104</u>	<u>100</u>
Total	2,824	2,855	2,763	2,796

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Scholarship Dollars Per Student FTE <sup>*</sup>	\$876	\$1,324	\$1,615	\$1,661	\$1,600
Full-time Freshman (degree-seeking) Retention Rate <sup>**</sup>	80.4%	77.6%	75.5%	78.6%	80.0%
Graduation Rates <sup>**</sup> (Number of full-time, first time students from the cohort of new first year students who complete their program within 1½ times the normal program length)	55.8%	59.7%	55.3%	55.2%	60.0%

**Performance Measure Explanatory Notes:**

\* Scholarship Dollars and Student FTE are according to National Center for Education Statistics (NCES) definitions and reported each year through the Integrated Postsecondary Education Data System (IPEDS). Values in each column are calculated according to information submitted on IPEDS during that fiscal year. For example, U Idaho data for fiscal year 2006-07 was reported in spring of 2008 and thus is shown in the FY08 column.

\*\* Retention and Graduation Rates are reported each year to the Consortium for Student Retention Data Exchange (CSRDE) at the University of Oklahoma. Values in each column represent the percent of

students in the cohort enrolled on, or graduating prior to, the 10<sup>th</sup> day of class in the fall of the fiscal year specified.

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## Part 1 – Agency Profile

### Agency Overview

The Agricultural Research and Extension System (ARES) is part of the Land-Grant system established by the Morrill Act of 1862. The University of Idaho Cooperative Extension System, established in 1915 under the Smith-Lever Act of 1914, conducts educational outreach programs to improve the quality of life for Idaho citizens through educating by helping them apply the latest scientific technology to their communities, businesses, lives and families. The Idaho Agricultural Experiment Station, established in 1892 under the Hatch Act of 1887, conducts fundamental and applied research to solve problems and meet needs in Idaho's agriculture, natural resources, youth and family and related areas.

### Core Functions/Idaho Code

Conduct educational outreach programs through the University of Idaho Cooperative Extension system. Conduct fundamental and applied research programs through the Idaho Agricultural Experiment Station.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$ 24,865,700	\$ 26,294,400	\$ 26,219,000	22,719,577
Federal Grant	4,599,400	4,552,251	6,012,996	7,784,424
Misc Revenue	181,900	181,900	181,900	181,900
Restricted Equine Education	136,100	136,100	50,000	50,000
<b>Total</b>	<b>\$ 29,783,100</b>	<b>\$ 31,399,214</b>	<b>\$ 32,463,896</b>	<b>\$30,735,901</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$ 21,865,700	\$ 26,710,151	\$ 25,140,571	\$26,456,069
Operating Expenditures	2,500,000	3,625,604	3,620,742	3,207,467
Capital Outlay	18,100	970,528	2,850,597	1,453,231
Trustee/Benefit Payments	500,000	25,602	22,974	19,190
<b>Total</b>	<b>\$ 24,883,800</b>	<b>\$ 31,331,885</b>	<b>\$ 31,634,884</b>	<b>\$31,135,957</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Youth Participating in 4H	59,623	54,485	33,508	30,272
Number of Individuals/Families Benefiting from Outreach Programs	423,083	430,783	355,747	373,961
Number of Technical Publications (research results) Generated/Revised	48	127	251	288

### Performance Highlights:

A team of Extension faculty have developed data tools workshops and brochures to help community decision makers better understand and guide their communities. Local data has been compiled and is available for each Idaho County; and brochures are updated semi-annually, in order to provide the most current data available. During 2006 and 2007, 577 local elected officials, business leaders, and service administrators have learned about their local demographics and social conditions through presentations by local Extension Educators.

The brochures, called *County at a Glance*, have been distributed to local elected officials, chambers of commerce and business persons, school district officials, economic development groups, county employees, hospital employees, school district staff and teachers, and at county and state fairs. Brochures are also available in county extension offices. *County at a Glance* brochures have been requested by realtors and other economic development interests serving local people.

Evaluation data reveals that:

- 95% of participants in local workshops increased their knowledge about characteristics that are important to the present and future of their communities.
- 100% of participants feel more capable to use and interpret statistical information to make planning decisions, and now know how to find useful local data.
- One county commissioner commented, "Too often we make decisions based on what is politically expedient. This publication provides easily accessible and reliable data that makes decision making more systematic."

## ***Part II – Performance Measures***

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Number and Dollar Value of External Agricultural Research Grants	\$10.2M	\$9.65M	\$13.1M	\$17.4M	\$15M
Number/Type of New Commercial Crop Varieties Developed	4 (Potato and Wheat)	4 (Potato and Wheat)	8 (Potato, Bean and Wheat)	4 (Potato and Barley)	4/year

### **Performance Measure Explanatory Notes:**

The cases managed data for each fiscal year reflects data collected for the previous fiscal year due to the lag in gathering the information.

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## Part 1 – Agency Profile

### Agency Overview

Research into forestry, forest nursery, and related areas is the mission of this program. Part of the College of Natural Resources, Forest Utilization Research also includes the Policy analysis Group which is charged with performing objective research into the critical natural resource issues facing this state and region.

### Core Functions/Idaho Code

Forest Utilization Research House Bill No. 795

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$ 585,800	\$ 611,000	\$ 603,400	\$626,600
<b>Total</b>	<b>\$ 585,800</b>	<b>\$ 611,000</b>	<b>\$ 603,400</b>	<b>\$626,600</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$ 492,400	\$517,600	\$ 508,200	\$ 531,400
Operating Expenditures	93,400	93,400	95,200	95,200
Capital Outlay	0	0	0	0
Trustee/Benefit Payments	0	0	0	0
<b>Total</b>	<b>\$ 585,800</b>	<b>\$ 611,000</b>	<b>\$ 603,400</b>	<b>\$ 626,600</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Private Landowners Assisted: Pitkin Forest Nursery	2100	2200	2200	1500
Number of Seedling Industry Research Projects: Pitkin Forest Nursery	10	5	5	2
Number of:				
- Research Projects:				
Experimental Forest	2	4	3	6
Pitkin Forest Nursery	10	6	5	10
- Teaching Projects:				
Experimental Forest	65	70	70	50
Policy Analysis Group	12	14	17	12
Pitkin Forest Nursery	6	20	20	5
- Service Projects:				
Policy Analysis Group	12	14	17	12
Pitkin Forest Nursery	65	70	70	10

### Performance Highlights:

Experimental Forest:

1. Teaching: NR101 course (Introduction to Natural Resources). The students learned about forest ecology and careers in forestry and they took measurements of forest characteristics.
2. Teaching: FOR569 course - The class did experimental procedures on bark beetles and other associated organisms.
3. Teaching: FOR404 course - Class diagnosed insect infestations.
4. Teaching: Forest Regeneration Field Course identified good and bad tree plantings, as well as potential problems.
5. Outreach: As part of the Intermountain Container Seedling Growers' Association annual meeting (65 people), looked at rooting problems in plantations.
6. Research: The Intermountain Forest Tree Nutrition Cooperative has two active studies located in the West Hatter Creek area of the UI Experimental Forest. One study is looking at forest site nutrient pools and growth effects of whole tree versus bole only harvesting. This study is looking at the effects of an

operationally thinned and fertilized forest stand on nutrient pools, stand growth and insect infestation mechanisms.

7. Research: Comparison of Incoming Solar and Thermal Radiation in a Discontinuous Forest Relative to Varying Meteorological Conditions
8. Research: Snowmelt Energetics in Discontinuous Canopies. Activities were micrometeorological and snow measurements, and hydrological modeling.
9. Research: Examined the impact of thinning and fertilization on tree resistance mechanisms to insect pests.
10. Research: Identified a site on the school forest for planting gene archives for IETIC. The site selected at Big Meadow Creek is about 10 acres in size. The site has been cleared and is being prepared for the first plantings in 2009.

**Policy Analysis Group:**

Publication highlights included two Policy Analysis Group issue brief reports prepared in response to specific requests from Idaho legislators. One was "Timber Harvests and Receipts from National Forest System Lands in Idaho" prepared as requested testimony by the PAG director before the National Forest System and Woody Biomass Interim Committee. The other was "Carbon Sequestration Strategies in the Forest Sector" in reply to a legislator's question during the PAG director's testimony on wildfire management to the Resources and Environment Committee of the Idaho Senate. Presentation highlights included 1) wildfire risk assessment methods to the Joint Fire Sciences Program Governing Board, and 2) a situation report by the Forestry Task Force Chair (PAG director) to the Idaho Strategic Energy Alliance board or directors.

**Pitkin Forest Nursery:**

The University of Idaho Pitkin Forest Nursery, administered through the College of Natural Resources with guidance from stakeholders, emphasizes the tripartite components of a land grant university: teaching, research, and service. The nursery program has served the conservation needs of Idahoans since 1909. The mission of this program, achieved through our staff, students, collaborators, and facilities, focuses on native plant regeneration. We teach students and professionals, conduct relevant research, and serve the native plant industry and Idahoans by sharing information and producing high-quality nursery stock.

The University of Idaho Pitkin Forest Nursery interacted with approximately 1500 private landowners in 2007-08 through seedling orders and advice pertaining to seedling establishment. As well, two major industry-based research projects, with numerous field sites in the region, are ongoing. Approximately 10 additional new research projects were initiated. The nursery was an active participant in five courses offered through the Department of Forest Resources and provided service programs to approximately 10 Moscow area non-profit groups.

Approximately 10 new research projects were initiated in 2007-08. The results of three of these projects have been presented at regional science and professional association meetings, while the others are ongoing and should be completed in the current fiscal year. It is expected that this rate of research project initiation, maintenance, and completion should continue for the foreseeable future.

## **Part II – Performance Measures**

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>Benchmark</b>
Number of New Research Projects Per Year:					
Experimental Forest	2	4	3	4	4
Pitkin Forest Nursery	4	4	5	4	5
Number of Research Studies Completed/Published Per Year	2	2	2	3	5
Number of publications:					
Experimental Forest	2	2	2	3	3
Policy Analysis Group	10	13	13	14	10
Pitkin Forest Nursery	10	6	5	10	10
Number of workshops conducted:					
Experimental Forest	12	11	13	11	12

Policy Analysis Group	12	14	17	18	18
Pitkin Forest Nursery	6	20	20	15	20

**For More Information Contact**

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## Part 1 – Agency Profile

### Agency Overview

The Idaho Geological Survey is the lead state agency for the collection, interpretation, and dissemination of geologic and mineral data for Idaho. The agency has served the state since 1919 and prior to 1984 was named the Idaho Bureau of Mines and Geology. The agency is staffed by 10.35 state-funded FTEs and 20-25 externally funded temporary and part-time employees.

Members of the Idaho Geological Survey staff acquire geologic information through field and laboratory investigations and through cooperative programs with other governmental and private agencies. The Idaho Geological Survey's geologic mapping program is the primary applied research function of the agency. The Survey's Digital Mapping Laboratory is central to compiling, producing, and delivering new digital geologic maps. Other main Idaho Geological Survey programs include geologic hazards, hydrology, mining, mine safety training, abandoned and inactive mines inventory, and earth science education outreach.

As Idaho grows, demand is increasing for geologic information related to population growth, mineral- and water-resource development, landslide hazards and earthquake monitoring. However, delivery of the information and data to the public is restricted by low funding levels for operating expenses and support personnel, which are essential for publishing and Internet delivery. To best serve Idaho, the Idaho Geological Survey needs a Mission Capability Enhancement for additional applied research, information access and services delivery at its offices in Moscow, Boise, and Pocatello.

### Core Functions/Idaho Code

Idaho Code Title 47, Chapter 2, defines the authority, administration, advisory board members, functions and duty of the Idaho Geological Survey. The section contents are:

- **Section 47-201:** Creates the Idaho Geological Survey to be administered as special program at the University of Idaho. Specifies the purpose as the lead state agency for the collection, interpretation and dissemination of geologic and mineral information. Establishes a survey advisory board and designates advisory board members and terms.
- **Section 47-202:** Provides for an annual meeting of the advisory board, and location of the chief office at the University of Idaho. Directs that the director of the Idaho Geological Survey report to the President of the University through the Vice President for Research. Specifies for the appointment of a state geologist.
- **Section 47-203:** Defines the duty of the Idaho Geological Survey to conduct statewide studies in the field, and in the laboratory and to prepare and publish reports on the geology, hydrology, geologic hazards and mineral resources of Idaho. Provides for establishment of a publication fund. Allows the Survey to seek and accept funded projects from, and to cooperate with, other agencies. Allows satellite offices at Boise State University and Idaho State University.
- **Section 47-204:** Specifies the preparation, contents, and delivery of a Survey Annual Report.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$ 801,800	\$ 804,300	\$ 828,400	\$ 874,800
<b>Total</b>	<b>\$ 801,800</b>	<b>\$ 804,300</b>	<b>\$ 828,400</b>	<b>\$ 874,800</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$ 775,500	\$ 778,600	\$ 822,200	\$ 838,600
Operating Expenditures	25,700	25,700	26,200	26,200
Capital Outlay	0	0	0	10,000
Trustee/Benefit Payments	0	0	0	0
<b>Total</b>	<b>\$ 801,200</b>	<b>\$ 804,300</b>	<b>\$ 828,400</b>	<b>\$ 874,800</b>

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Square Miles of Geological Mapping	1318	1193	1204	1262
Number of Educational Programs for Public Audiences	15	24	12	31
Number of Geologic Reports and Presentations	59	85	94	96
Number of Miners/Industry Supervisors Trained/Certified in Safety	1240	1299	1525	1838
Number of Web-Site Viewers	172,328	193,605	460,986	518,290
Number of Grants and Contracts	16	21	19	16

**Part II – Performance Measures**

Performance Measure	2005	2006	2007	2008	Benchmark
Number of Published Reports on Geology/Hydrology/Hazards/Mineral Resources	54	51	60	47	45
Cumulative Percent of Idaho's Area Covered by Modern Geologic Mapping	19	22	29	31	33
Externally Funded Grant and Contract Dollars	\$534,302	\$521,192	\$458,615	\$456,372	350,000
Number of Web-Site Products Used	38,615	46,373	130,491	136,661	100,000

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## Part 1 – Agency Profile

### Agency Overview

The WOI (WI) (originally Washington-Oregon-Idaho, but now Washington-Idaho) Veterinary Medicine Program is administered in Idaho by the Department Head of the Department of Animal and Veterinary Science, College of Agricultural and Life Sciences, University of Idaho. The WOI Program was established in 1974 as a cooperative program of University of Idaho, Washington State University (WSU), and Oregon State University (OSU). Oregon recently dropped out of the cooperative program. The Doctor of Veterinary Medicine (DVM) degree is awarded to Idaho students by Washington State University. The WOI Program annually provides 44 Idaho residents with access to a veterinary medical education through a cooperative agreement between the University of Idaho and Washington State University. Idaho provides the cooperative program with the majority of veterinary students who have expressed an interest in production agriculture animals.

### Core Functions/Idaho Code

The University of Idaho provides educational opportunities for any senior student in the Washington State University College of Veterinary Medicine by providing the equivalent of 65, one-month teaching rotations in food animal production and clinical medicine at the Caine Veterinary Teaching Center (CVTC) in Caldwell. Faculty members at the CVTC also interact with Idaho veterinarians and livestock producers providing education and recommendations concerning animal production, diagnosis and clinical evaluation of disease situations.

1. Provide access to veterinary medical education at WSU for Idaho residents – the current WOI contract reserves 11 seats for Idaho veterinary medicine students each year. A total of 44 Idaho students are enrolled in this program per year.
2. Assist Idaho in meeting its needs for veterinarians – provide Idaho-trained, Idaho-resident graduate veterinarians to meet annual employment demands for the State. On average, 65-75% of new Idaho resident graduates of the WOI Program are licensed to practice veterinary medicine in Idaho annually.
3. Provide hands-on instruction opportunities for senior veterinary students – the equivalent of 65, one-month teaching rotations in food animal production medicine and clinical experience are offered annually at the CVTC in Caldwell.
4. Provide access to referrals from Idaho veterinarians in the areas of food animal production, diagnosis, and clinical evaluation of diseases – a) accept approximately 600 hospital clinical referrals annually as student teaching cases; b) provide disease diagnostic testing on approximately 15,000 diagnostic samples annually, and; c) conduct on-farm disease investigations for herd problems as requested by Idaho veterinarians and livestock producers.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$ 1,586,900	\$ 1,754,300	\$ 1,774,100	\$ 1,743,700
<b>Total</b>	<b>\$ 1,586,900</b>	<b>\$ 1,754,300</b>	<b>\$ 1,774,100</b>	<b>\$ 1,743,700</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$ 497,600	\$ 525,800	\$ 504,800	\$ 536,300
Operating Expenditures	1,089,000	1,128,500	1,131,100	1,087,400
Capital Outlay	0	0	38,200	20,000
Trustee/Benefit Payments	100,000	100,000	100,000	100,000
<b>Total</b>	<b>\$ 1,686,600</b>	<b>\$ 1,754,300</b>	<b>\$ 1,774,100</b>	<b>\$ 1,743,700</b>

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Idaho Resident Students Enrolled Each Year	44	44	44	44
Number of One-Month Student Rotations at the Caine Center Per Year	65	65	65	65
Number of Accepted Clinical Hospital Referral Cases	561	581	595	558
Number of Accepted Veterinary Diagnostic Cases	10,183	22,358	22,185	25,574

**Performance Highlights:**

- Laboratories at Caine:
  - Have passed USDA/Veterinary Services accreditation testing for diagnosis of Johne's disease [*Mycobacterium avium paratuberculosis* (MAP)] by both ELISA serology (milk & serum) and fecal culture.
  - Conducted tests by Enzyme-Linked Immunosorbent Assay (ELISA) for three diseases (BVDV, BLV & Johne's) that can infect animals in utero, by colostrum, and by milk from infected animals.
  - During FY2007, diagnostic cases included samples tested by ELISA for BVDV (650), BLV (793) and Johne's (2,760). Nearly 50% of the Johne's samples tested were milk and serum from sheep and goats. Prior to 2007, Johne's disease had been identified in only 1 sheep flock and 1 goat herd. Since January 2007, we've identified 1 additional goat herd and 6 more sheep flocks positive for Johne's disease.
  - During FY2007, analyzed 70 samples (three times the usual number of samples), from cattle, sheep & goats for each of four *Clostridium* species. *Clostridium* causes sudden death in many species of animals. In nearly all these cases, death was due to *Clostridium* species not included in the animals' vaccination.
- Caine Center veterinarians and scientists provided diagnostics and management recommendations for the following new disease situations:
  - *Tritrichomonas fetus* diagnosed in a 2,500-cow dairy herd.
  - Johne's disease diagnosed from milk and serum samples from seven sheep flocks and two goat herds.

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
1. Senior Veterinary Students Selecting Elective Rotations at the Caine Center.	44	48	40	41	40
2. Number/Percentage of Idaho Resident New Graduates Licensed to Practice Veterinary Medicine in Idaho.	8 students (73%)	7 students (64%)	7 students (64%)	8 students (73%)	7 students (65%)
3. Number of Disease Investigations Conducted by WOI Faculty Members.	324	334	139	132	150
4. Number/Dollar Amount of Grants/Contracts by WOI Faculty Members.	7 / \$366,120	8 / \$211,752	7 / \$381,382	7 / \$330,317	7 / \$300,000

**Performance Measure Notes:**

FY2008 Grants/Contracts included \$21,000 from United Dairymen of Idaho awarded to Drs. Chris Schneider and M. Wayne Ayers for Year 1 of a 2-year proposal for the Idaho Bovine Veterinary Experience Program (IBVEP). Year 1 funding allowed four 1<sup>st</sup> or 2<sup>nd</sup>-year veterinary students to each spend six weeks working with veterinarians or directly on the dairies. The primary objective is to use an aggressive mentoring program to increase the number of food supply veterinarians graduating from veterinary school and practicing in Idaho. Additional objectives include a) providing positive exposure of modern animal agriculture to an increasingly suburban

veterinary school demographic b) increasing the amount of veterinary school graduates supported under the WOI veterinary training program that return to Idaho to practice c) increasing the level of Spanish language skills in program participants. The hypothesis is early mentorship on farms and with food animal veterinarians in Idaho will accomplish these objectives.

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## Agency Overview

The **Idaho WWAMI Medical Education Program** allows Idaho's medical students to complete three of their four years of medical school training in their home state, increasing their familiarity with the healthcare needs of their region and state, and increasing the likelihood that students will return to Idaho communities to practice medicine, once their training is complete. Idaho WWAMI provides twenty Idaho students with the opportunity to complete their first year of medical training through the University of Washington School of Medicine's regional program at the University of Idaho's (UI) Moscow campus, sharing resources and faculty with the joint program at Washington State University in Pullman. After completing their second year of training at the medical school in Seattle, WWAMI students also have the opportunity to return and complete their 3<sup>rd</sup> and 4<sup>th</sup> year clinical training requirements in Idaho. These clinical rotations are coordinated through the WWAMI (Idaho) Office for Clinical Medical Education in Boise.

The UI WWAMI Program is directed by Andrew Turner, PhD, who reports to the Provost at UI, and also functions as an Assistant Dean of the University of Washington School of Medicine. The WWAMI Clinical Education Program in Boise is directed by Suzanne Allen, MD, MPH, who reports to the Vice Dean for Regional Affairs at the University of Washington School of Medicine, and functions as an Assistant Dean in Idaho. The UI WWAMI Program employs twelve part-time faculty (shared with other academic programs) and two administrative staff. Idaho students admitted to the WWAMI Medical Program are interviewed and selected by the Idaho Admissions Committee, a group of four Idaho physicians appointed by the Idaho State Board of Education, who work in cooperation with the University of Washington School of Medicine Admissions Committee.

The WWAMI Medical Program is committed to helping prepare physicians for medical practice in Idaho, regardless of eventual sub-specialty selection, and to increasing the number of physicians who choose to practice in rural or underserved areas. There is also a strong commitment to the partnership between excellence in research and teaching in medical education. On average, WWAMI faculty in Idaho bring in \$11 Million each year in biomedical research awards. Cutting-edge research prepares the next generation of doctors to be well informed and at the forefront of clinical medical practice. The WWAMI faculty at the University of Idaho and our clinical/research faculty in Boise, Pocatello, Coeur d'Alene, Idaho Falls, McCall, Sandpoint, Hailey, and rural training communities, are committed to being both dynamic teachers and informed biomedical scholars.

In addition, our WWAMI program goals include the continued development of the humanitarian and service interests of the medical students, and an enhanced ability to recruit from groups within Idaho that are traditionally underrepresented in medical school populations. To do this, WWAMI delivers outreach programs to high schools and community colleges to help encourage and prepare talented Idaho students from rural, underprivileged, or minority backgrounds who have an interest in medicine and health careers. In June 2008, Idaho WWAMI hosted the third Idaho Pre-Med Summit, in Pocatello. Six regional college advisors and fifty-six pre-health and pre-medical students from across Idaho attended this advising and recruitment forum.

## Core Functions/Idaho Code

The core function of the WWAMI Medical Education Program at the University of Idaho is to provide qualified Idaho residents with access and education in the first year of medical training as part of the Idaho State Board of Education's contract with the University of Washington School of Medicine. Idaho Code **§33-3720** authorizes the State Board of Education to enter into contractual agreements to provide access for Idaho residents to qualified professional studies programs, and specifically, the WWAMI medical education program (33-3717B(7)).

## Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007 YTD	FY 2008
General Fund	\$ 3,227,200	\$ 3,267,700	\$ 3,290,400	\$ 3,368,600
Unrestricted Current	437,800	300,700	216,066	303,779
<b>Total</b>	<b>\$ 3,665,000</b>	<b>\$ 3,568,400</b>	<b>\$ 3,506,466</b>	<b>\$ 3,672,379</b>
Expenditure	FY 2005	FY 2006	FY 2007 YTD	FY 2008
Personnel Costs	\$ 655,600	\$ 689,500	\$ 686,756	\$ 693,352
Operating Expenditures	144,300	241,800	233,249	169,795
Capital Outlay	19,700	62,400	4,037	29,861
Trustee/Benefit Payments	2,583,700	2,574,700	2,582,424	2,611,859
<b>Total</b>	<b>\$ 3,403,300</b>	<b>\$ 3,568,400</b>	<b>\$ 3,506,466</b>	<b>\$ 3,504,867</b>

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Idaho Students Applying for UW Medical School	140	124	150	141
- Average GPA	3.7	3.6	3.7	3.7
- Average MCAT Score	10.0	9.5	10.0	10.4
Number of Idaho Students Admitted to UW Medical School	18	18	20	20
- Percentage Supported by WWAMI Funding	100%	100%	100%	100%
Number/Percentage of Graduates Practicing in Idaho (cumulative)	147/43%	187/46%	203/43%	217/50%

**Performance Highlights:**

- State funding increased the number of Idaho WWAMI medical student seats to 20 students each year, beginning in the Fall 2007. Two additional Idaho students were accepted into the Idaho WWAMI Medical Program.
- WWAMI faculty generated over \$11 Million in biomedical research funding for Idaho universities and communities in FY08.
- In June, 2008, the third Idaho Pre-Med Summit was organized and supported by WWAMI, and held on the campus of ISU in Pocatello; 62 premed and pre-health college students and advisors from across Idaho attended.
- Derek Jackson (Meridian, ID), an Idaho WWAMI student and 2008 UW School of Medicine graduate, was awarded the national Pisacano Fellowship in Family Medicine, an award that recognizes national-level leadership in medicine and social advocacy. Dr. Jackson has chosen to do his residency training at the Idaho Family Medicine Residency, in Boise, beginning in July, 2008.

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Number of Idaho Applicants Per Year - Ratio of State Applicants Per Seat	140 7.8 : 1	124 6.9 : 1	150 7.5 : 1	141 7.0 : 1	3.4 : 1*
Pass Rate on the U.S. Medical Licensing Examination	100%	100%	100%	100%	90% (2005 U.S. Pass rate)
Number of WWAMI Rural Summer Medical Student Placements Per Year	18	18	20	20	10**
Cumulative Idaho WWAMI return rate for graduates who practice medicine in Idaho (Idaho WWAMI graduates practicing in state/number of Idaho WWAMI graduates)	43%	46%	43%	50%	50%***
Overall Idaho return on investment (ROI) for WWAMI graduates (five states) who practice medicine in Idaho (all WWAMI graduates practicing in Idaho/number of Idaho WWAMI graduates)	71%	64%	71%	70%	60%
Percent of Idaho WWAMI graduates choosing primary care specialties for residency training	59%	67%	33%	47%	50%***

**Performance Measure Notes:**

\* This is the national ratio of state applicants per seat.

\*\* The target is 50% interest in rural training experiences.

\*\*\* This target rate is per WWAMI mission.

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## Part 1 – Agency Profile

### Agency Overview

Lewis-Clark State College (LCSC) was established by the Idaho State Legislature in 1893 as a regional Normal School dedicated to teacher training. Today, LCSC is one of Idaho's four, public 4-year higher education institutions. LCSC's Carnegie classification is *Baccalaureate College—Diverse*, with the "diverse" designation referring to the College's broad mix of undergraduate programs in the professions, arts, and sciences. The Carnegie classification of LCSC's size and setting is "small four-year, primarily non-residential."

LCSC's credit and non-credit programs fall within three primary mission areas: academic programs, professional-technical programs, and community programs. In addition to its traditional 4-year baccalaureate programs, the College has been assigned a collateral mission of providing community college programs within its five-county area of operations (Clearwater, Idaho, Latah, Lewis, and Nez Perce Counties) by its governing body, the State Board of Education. The College emphasizes undergraduate teaching and learning (with research playing a supporting role to teaching), application of learning, direct interaction among students and faculty (LCSC does not utilize teaching assistants), and a small-college/small-class environment that maximizes the opportunities for the success of LCSC's traditional and non-traditional students.

LCSC's main campus is located in Lewiston, ID. The College also delivers instructional programs at the LCSC Coeur d'Alene Center (in collaboration with its Northern Idaho Center for Higher Education [NICHE] partners: North Idaho College, the University of Idaho, and Idaho State University), and operates outreach centers in Clearwater Valley, Grangeville, and Orofino. LCSC's chief executive officer, President Dene K. Thomas, assumed her duties as the College's 14<sup>th</sup> president in July 2001. Since that time, LCSC has been the fastest-growing four-year public college/university in Idaho, with a 34% growth in enrollment since FY2001. LCSC is accredited by the Northwest Commission on Colleges and Universities (NWCCU).

### Core Functions/Idaho Code

The statutory basis for LCSC is located in the Idaho Code, Title 33 (Education), Chapter 31, which directs the College to offer instruction in *"four year college courses in science, arts, literature, and such courses or programs as are usually included in liberal arts colleges..."*, and further specifies that the board of trustees *"may also establish educational, professional-technical and other courses or programs of less than four years, as it may deem necessary, and such courses or programs that may be given or conducted on or off campus, or in night school, summer schools, or by extension courses."*

LCSC's current role and mission, assigned by the State Board of Education, directs that the College *"will formulate its academic plan and generate programs with primary emphasis in the areas of business, criminal justice, nursing, social work, teacher preparation, and professional-technical education. The College will give continuing emphasis to select programs offered on and off campus at non-traditional times, using non-traditional means of delivery and serving a diverse student body. Lewis-Clark State College will maintain basic strengths in the liberal arts and sciences, which provide the core curriculum or general education portion of the curriculum."*

LCSC's revenue comes from state appropriations; student tuition and fees; federal, state, and private grants and contracts; sales and services from educational and auxiliary services; and endowments and gifts. These revenues are allocated to instructional programs and support functions.

**Revenue and Expenditures <sup>1</sup>**

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
State Appropriations	\$17,346,451	\$17,484,370	\$19,402,626	\$19,505,685
Grants & Contracts	9,896,582	9,414,368	9,193,540	9,415,042
Sales & Services (Educ/Aux)	3,568,285	3,838,165	2,831,801	2,966,575
Misc. Student Fees	8,702,983	9,426,669	9,613,439	10,354,917
Gifts	1,284,890	1,241,975	1,236,294	1,509,928
Other	<u>710,856</u>	<u>967,666</u>	<u>1,047,416</u>	<u>1,228,564</u>
<b>Total</b>	<b>\$41,510,047</b>	<b>\$42,373,213</b>	<b>\$43,325,116</b>	<b>\$44,980,711</b>

Expenditure	FY 2005	FY 2006	FY 2007 <sup>1</sup>	FY 2008
Personnel Costs	\$25,186,063	\$25,938,929	\$26,605,772	\$28,586,924
Supplies & Services	8,173,853	8,080,627	7,139,831	6,437,482
Scholarships	2,611,062	2,168,203	1,962,882	2,165,072
Depreciation	1,570,586	1,532,658	1,560,896	1,625,876
Insurance, Utilities, & Rent	971,830	1,187,464	1,564,971	1,623,360
Other	<u>1,557,509</u>	<u>1,575,925</u>	<u>1,826,170</u>	<u>2,399,890</u>
<b>Total</b>	<b>\$40,070,903</b>	<b>\$40,483,806</b>	<b>\$40,660,522</b>	<b>\$42,838,604</b>

Note 1: Revenues and Expenditures for FY2008 are estimates that have not been confirmed by outside auditors, as of the submission date of this Agency Profile to the State Board of Education

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Annual (unduplicated) Enrollment Headcount	4,089	4,234	4,488	4,625
- Professional Technical	924	1,002	1,047	1,130
- Undergraduate	3,165	3,232	3,441	3,495
Annual Enrollment FTE	2,697.21	2,627.90	2,604.45	2,661.43
- Professional Technical	476.51	426.67	424.79	420.20
- Undergraduate	2,220.70	2,201.23	2,179.67	2,241.23
Credit Hours Taught	80,917	78,837	78,134	79,866
Degrees/Certificates Awarded	579	542	539	515
- Professional Technical	192	166	159	141
- Undergraduate	387	376	380	374

**Performance Highlights:**

Among the events that took place in FY2008 during the execution of LCSC's Plan were the following:

- Funding appropriated by the Legislature for \$620,600 for the nursing facility, and \$605,800 for nursing equipment.
- Construction of new parking lot on 4<sup>th</sup> Street, between 8<sup>th</sup> and 10<sup>th</sup> Avenues.
- Location chosen, and construction begun in March on new Nursing & Health Sciences Building -- anticipated completion date is July 2009.
- LCSC Baseball team winning the NAIA 2007-2008 World Series (the 16<sup>th</sup> National Championship for the LCSC Warriors).
- Preparation for Summer hosting of RV Life on Wheels, which brought an estimated \$120,000 into the Valley.

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Scholarship Dollars Per Student FTE <sup>1</sup>					
- Academic	\$1,293.33	\$1,168.16	\$1,278.27	\$1,629.71	\$1,776.00
- Professional Technical	\$835.71	\$1,040.92	\$986.88	\$1,365.65	\$1,487.00
Full-time Freshman (degree-seeking) Retention Rate <sup>2</sup>	60%	57%	59%	55%	57%
Graduation Rates (Number of full-time, first time students from the cohort of new first year students who complete their program within 1½ times the normal program length) <sup>3</sup>	23%	29%	23%	24%	28%
Enrollment-Headcount (Fall 10 <sup>th</sup> day, credit courses only, IPEDS) <sup>4</sup>	3,325	3,451	3,394	3,612	3,721
Enrollment-Full time Equivalent (Fall 10 <sup>th</sup> day, credit courses only) <sup>5</sup>	2,635.6	2,614.13	2,597.3	2,649.7	2,750.0
Annual student credit hour production (academic only) -- PRS 1.5 <sup>5</sup>	66,621	66,037	65,390	67,237	69,507
Professional-Technical credit hours (PTE annual program enrollment summary) <sup>5</sup>	14,296	12,800	12,744	12,629	12,755
Concurrent and Tech-Prep enrollment (Fall 10 <sup>th</sup> -day headcount) <sup>6</sup>	194	327	271	453	500
Degrees and Certificates Awarded (IPEDS Completion Survey) <sup>7</sup>	Total 579	Total 542	Total 539	Total 515	Total 520
First-time licensing/certification Exam Pass Rates (PSR 6.3) <sup>8</sup>	NCLEX-RN 93.8%	NCLEX-RN 86.2% NCLEX-PN 100% ARRT 100% PRAXIS 90.6%	NCLEX-RN 92% NCLEX-PN 88% ARRT 100% PRAXIS II 94%	NCLEX-RN 94% NCLEX-PN 100% ARRT 100% PRAXIS II 91%	NCLEX-RN 95% NCLEX-PN 100% ARRT 100% PRAXIS II 92%

**Performance Measure Explanatory Notes:**

- Scholarship dollars per FTE are projected to grow at 9%, which is attributable to increased activity of LCSC Foundation.
- Increased efforts by Student Services are anticipated to yield improved freshman retention rates. Last year's retention rate was a disappointment, which resulted in a focused effort on students who are likely to drop out.
- Graduation rates have lagged for the last two years; but this year, LCSC foresees an improvement resulting from increased efforts in improving scheduling, enhanced student advising, and streamlined graduation procedures. Additionally, the May 2009 cohort will be the first to have started at LCSC after the establishment of freshman course prerequisite enforcement.
- Increased HC is expected result from focused and more efficient recruiting activities.
- Increased FTE, annual credit hour production (academic), and PTE credit hour production are the anticipated outcomes of LCSC's focused recruiting efforts.

6. In line with SBOE's interest in Tech-Prep and Concurrent enrollment, LCSC has aggressively sought collaborative relationships with secondary schools. It is anticipated that increased participation by secondary students will continue this year.
7. LCSC anticipates a slight increase in the number of degrees and certificates awarded this year.
8. Certification and licensing exam pass rates reflect first-time test takers only. All graduates must eventually pass the exams before practicing in their field. Current first-time pass rates are above the national average. It is anticipated that LCSC's licensing exam pass rates will remain above the national average.

**For More Information Contact**

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## Part 1 – Agency Profile

### Agency Overview

Idaho's Professional-Technical Education System is the state's primary educational delivery system for preparing Idaho's workforce. Professional-technical education programs are integrated into a larger, educational structure through public school districts, colleges, and universities.

The mission of Professional-Technical Education is to provide Idaho's youth and adults with technical skills, knowledge, and attitudes necessary for performance in a highly effective workplace.

Idaho's professional-technical system consists of three interconnected delivery mechanisms which operate as a single System: the System office; six postsecondary technical colleges; 789 secondary technical programs and related services throughout the state. The education provided by the System includes high school programs, postsecondary programs, workforce upgrading and retraining, customized training for new and expanding industries, and fire service, hazardous materials, and emergency services training.

The Division of Professional-Technical Education is the administrative agency of the State Board for Professional-Technical Education and provides leadership, advocacy, and technical assistance for professional-technical education in Idaho, from secondary through adult. It is responsible for state, federal, and dedicated funds management. The Division provides the focus for professional-technical education within existing schools and institutions by targeting resources, organizing and applying industry input, providing technical assistance to program areas, managing programs, and providing leadership for student organizations. The Division also acted as the administrative agency for the Career Information System (CIS). In addition, the Division gained responsibility for Human Resources training functions (3 FTP), ABE/GED (3 FTP), and Veterans Education and Proprietary Schools (1 FTP + 1.375 group positions).

Funding and technical assistance provided by the State Division of Professional-Technical Education varies with the level of delivery and training involved. These include:

1. Junior High (7-8) – Funding is limited to special grants targeted at career awareness and pre-vocational exploration. The Division provides considerable technical assistance at the junior high level, particularly related to career guidance and exploration.
2. High school (9-12) – Secondary programs are offered as part of comprehensive high schools or in professional-technical schools. State funding is provided for approved professional-technical programs to offset the "added costs" associated with operating those programs. Funding for the "regular" costs is distributed through the public school funding formula. The professional-technical schools receive special added-cost funding of approximately 1/3 more than the regular public school funds. High schools are also major recipients of federal funds. The Division is the primary source of technical assistance for the secondary programs including curriculum development, program development, program improvement, statewide student organization supervision, and supplemental services to special populations.
3. Postsecondary – The Division, through the state general account, is the primary source of funding for the postsecondary technical college system. The general account pays for the faculty salaries, operating expenses, capital outlay, and local administration. The postsecondary system also receives federal Perkins money distributed through the Division. The Division is responsible for providing staff support to the State Board for Professional-Technical Education on programmatic and fiscal issues that relate to the technical college system. Technical assistance is provided to the colleges particularly in maintaining program standards and curriculum development. The technical colleges have primary responsibility for program operation, development, and evaluation.

The agency has 42 FTP employees. Eight (8) of these, however, worked for CIS which was administratively housed within the Division. Of the remaining 34 employees, seven (7) are federally funded and 27 are funded through the state general account. The Division also includes 502 postsecondary FTP's in its budget.

The Division was established to oversee all professional-technical education and training in the state. It began when the State Board of Education was designated as the State Board for Vocational Education in 1918 and given the charge to hire an administrator. In 1966, the legislature created a system of area vocational schools

(postsecondary) which were funded by and responsible to the Division. In the 1980's, these schools were converted into technical colleges and the two-year Associate of Applied Science degree was added. The Displaced Homemaker Act was also passed in the early 1980's to provide transitional services for displaced homemakers. A dedicated account (divorce fee) was created and responsibility assigned to the agency. In the early 1990's, additional responsibility for Emergency Services Training was given to the agency through the appropriation process. In 1998, the Professional-Technical School was created, providing for high-end technical education at regional centers. In 1999, the name of the Board and the Division was changed from vocational education to professional-technical education.

### Core Functions/Idaho Code

Statutory authority for the Division of Professional-Technical Education is delineated in Idaho Code, Chapter 22, §§ 33-2201 through 33-2212 and IDAPA 55. Section 33-1002G allows school districts to establish professional-technical schools and 39-5009 established the displaced homemaker account for appropriation to the State Board.

The role of the Division of Professional-Technical Education (IDAPA 55) is to administer professional-technical education in Idaho. Specifically, the Division:

- Provides statewide leadership and coordination for professional-technical education;
- Assists local educational agencies in program planning, development, and evaluation;
- Promotes the availability and accessibility of professional-technical education;
- Prepares annual and long-range state plans;
- Prepares an annual budget to present to the State Board and the Legislature;
- Provides a state finance and accountability system for professional-technical education;
- Evaluates professional-technical education programs;
- Initiates research, curriculum development, and professional development activities;
- Collects, analyzes, evaluates, and disseminates data and program information;
- Administers programs in accordance with state and federal legislation;
- Coordinates professional-technical education related activities with other agencies, officials, and organizations.

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$46,055,100	\$47,279,900	\$48,804,800	51,595,000
Economic Recovery Fund				
Reserve	\$0	\$1,070,200	\$1,626,300	0
Displaced Homemaker	\$170,000	\$170,000	\$170,000	170,000
Haz Mat/Waste Trans	\$68,800	\$68,800	\$69,800	67,800
Federal Grant	\$7,587,300	\$7,735,800	\$7,541,300	7,423,500
Miscellaneous Revenue				
Fund	\$0	\$366,500	\$538,700	503,200
Unrestricted Current	\$371,900	\$434,100	\$464,800	456,200
<b>Total</b>	<b>\$54,253,100</b>	<b>\$57,125,300</b>	<b>\$59,215,700</b>	<b>60,215,700</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$2,229,400	\$2,790,800	\$2,657,600	2,938,500
Operating Expenditures	\$589,300	\$507,000	\$525,200	582,600
Capital Outlay	\$21,600	\$34,400	\$64,500	50,400
Trustee/Benefit Payments	\$17,764,100	\$17,779,100	\$18,477,300	18,569,500
Lump Sum	\$33,715,200	\$34,927,900	\$37,034,400	38,074,700
<b>Total</b>	<b>\$54,119,600</b>	<b>\$56,039,200</b>	<b>\$58,759,000</b>	<b>60,215,700</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Students Enrolled in High School PTE Programs	79,098	81,429	83,024	85,240
Number of Students Enrolled in Postsecondary PTE Programs	8,083	8,309	8,595	7,971
Number of Adults Enrolled in Upgrade and Customized Training	33,632	34,040	37,358	*Preliminary # 41,619
Number of Adults Enrolled in Statewide Fire and Emergency Services Training Programs	4,834	**12,431	6,320	*Preliminary # 5,876
Number of Adults Served in the Unprepared Program (Centers for New Directions)	1,314	1,089	758	742

\*Numbers are considered "preliminary" because some institutions have not yet finished compiling and reporting their yearend data.

\*\*Student count was computed differently in FY2006

### Performance Highlights

- **Moving On To College** — 60% of PTE school students and 59.5% of all PTE completers went on to college. This compares with the overall state rate of 47.4% (see the NCHEMS Information Center "College-Going Rates of High School Graduates Directly from High School" website for more details, <http://www.higheredinfo.org/>).
- **Health Professions** – Enrollment in the Health Professions area has increased dramatically. At the high school level, enrollment increased 5.8% in FY08 and has increased 51.3% over the last five years. At the college level, enrollments increased 7.8% last year and 57.7% over the last five years.
- **Technical College Enrollment** – Enrollment (Full-Time Equivalent) in postsecondary professional-technical programs increased 5.7% from the previous year.
- **Tech Prep** – The Tech Prep program is an advanced learning opportunity as recognized by the State Board of Education. The Tech Prep program develops articulation agreements between high school and college programs so students can earn college credits while in high school. In FY08, 9,541 students enrolled in a Tech Prep program. Students articulated a statewide total of 10,872 credits; an estimated cost savings of \$1,529,319.
- **Math Initiative** – Six pilot projects were supported by the State Division of Professional-Technical Education to explore possibilities for the third-year high school math requirement. This initiative is on-going to explore and develop courses that will count for math credit.

### Part II – Performance Measures

Performance Measure	2005	2006	2007	2008	Benchmark
*Number of Secondary Tech Prep Students	9,298	10,690	10,071	9,541	Increase Sec/PostSec Articulation
Number of Minority Students Enrolled in PTE Programs					
Secondary	11,084	12,161	13,282	14,887	1% Increase
Postsecondary	803	831	931	928	Per Year
**Percentage of Students Completing Secondary PTE Programs Who Achieve a Positive Placement or Transition in Postsecondary Education or Advanced Training, Military Service, or Employment	92.68%	93.62%	94.35%	93.70%	Above 90%



**Percentage of Students Completing Postsecondary PTE Programs Who Achieve a Positive Placement or Transition in Postsecondary Education or Advanced Training, Military Service, or Employment	94.20%	93.90%	95.27%	95.85%	Above 90%
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**Performance Measure Explanatory Note:**

\* Number of Secondary Tech Prep students is an indicator of how well we are supporting articulation between secondary and postsecondary professional-technical education. In FY08 the name of the regional Tech Prep Consortiums was changed to "Advanced Learning Partnerships" to represent a broader definition of articulation to include tech prep and dual credit.

\*\* This represents the percent of completers who attain employment, join the military, or continue their education.

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## Part 1 – Agency Profile

### Agency Overview

Eastern Idaho Technical College (EITC) provides high quality educational programs that focus on the needs of the community for the 21st century. EITC is accredited by the Northwest Commission on Colleges and Universities (NWCCU). The College is a State supported technical college created in 1969 to serve citizens in its service area by being a minimal cost, open-door institution that champions technical programs, customized industry training, basic skills instruction, workforce and community education, on-line distance education, and student services.

### Core Functions/Idaho Code

Eastern Idaho Technical College was created to provide professional-technical postsecondary educational opportunities. Title 33, Chapter 2208.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008 *
General Fund and Misc. Receipts	\$5,219,712	\$5,540,429	\$5,828,396	\$6,313,904
Grants and Contracts	\$2,589,820	\$2,469,555	\$1,878,534	\$2,813,405
Student Fees	\$782,715	\$913,744	\$1,417,781	\$1,509,398
Capital Grants and Appropriations	\$785,057	\$574,385	\$25,938	\$781,634
Sales and Services	\$433,901	\$473,299	\$535,502	\$528,329
Other	\$148,901	\$247,634	\$283,141	\$305,770
<b>Total</b>	<b>\$9,960,106</b>	<b>\$10,219,046</b>	<b>\$9,969,292</b>	<b>\$12,252,440</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008 *
Personnel Costs	\$5,710,354	\$6,076,044	\$5,802,484	\$7,077,501
Operating Expenses	\$3,104,886	\$2,874,351	\$3,601,760	\$3,780,507
Capital Outlay	\$967,842	\$723,551	\$545,736	\$960,733
<b>Total</b>	<b>\$9,783,082</b>	<b>\$9,673,946</b>	<b>\$9,949,980</b>	<b>\$11,818,741</b>

\* Un-audited figures

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Annual (unduplicated) Enrollment Headcount	1,447	1,410	1,568	1,296
- Professional Technical				
Annual Enrollment FTE	607	599	576	591
- Professional Technical				
Credit Hours Taught	18,200	17,983	17,268	17,744
Degrees/Certificates Awarded	216	169	195	221
- Professional Technical				
Workforce Training Headcount	7,031	9,529	10,014	13,741 *

\* Currently, Workforce Training is still gathering enrollment numbers for FY2008 from various sources. It is estimated that the remaining figures for Fire Service classes will be submitted by the end of September 2008.

**Part II – Performance Measures**

Performance Measure	2005	2006	2007	2008	Benchmark
Instructional Dollars per Student FTE - Professional Technical	\$6,997	\$7,519	\$8,398	\$8,223	Maintain or reduce from previous year
Scholarship Dollars Per Student FTE - Professional Technical	\$1,305	\$1,194	\$1,014	\$1,100	Meet or exceed previous year
Non-Credit Contact Hours Workforce Training	152,029	125,484	169,430	176,797	130,000
Student Retention Rate (First year, full-time, degree-seeking, fall to fall) IPEDS	60%	56%	47%	49%	47%
Graduation Rate - IPEDS	51.6%	46.2%	47.4%	48.8%	46%
% of AAS and Certificate completers placed/retained in employment (PS Performance Measure 3b)	94.74%	98.79%	97.01%	Data available 1/09 *	91.06% (current standard)

**Performance Measure Explanatory Notes:**

\* This information is collected by the institution and submitted to the Division of Professional-Technical Education in January of 2009. The State of Idaho provides the 3 month employment follow-up data used to determine employment retention.

**For More Information Contact**

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## Part 1 – Agency Profile

### Agency Overview

The Idaho School for the Deaf and the Blind was established to provide quality education to children from birth to 21 years of age who are hearing impaired or visually impaired to the extent that they cannot receive proper education in the public school system. The Agency offers educational and social opportunities for a specialized student population by providing a residential academic program complemented by a residential cottage life program. In addition, the Agency offers its programs and enhances services statewide through regional programs for the visually-impaired and hearing-impaired students via its seven outreach offices located throughout Idaho. The outreach offices are located in Coeur d' Alene, Lewiston, Idaho Falls, Pocatello, Gooding, Boise and Middleton.

The school is funded with General Fund appropriations, miscellaneous State funds, endowment earnings and federal grants.

### Core Functions/Idaho Code

The State Constitution, Article X, Section 1, provides for the establishment and support of State institutions for the deaf and the blind. Idaho Code, Title 33, Chapter 34, established the Idaho School for the Deaf and the Blind in Gooding, Idaho. Additionally, this chapter lists the general duties of the governing Board of Trustees and defines eligibility for students to attend the campus program located in Gooding. Idaho Code, Title 33, Chapter 1, created the State Board of Education and gave the Board general supervision, governance, and control over the Idaho School for the Deaf and the Blind.

The Agency is organized into four major program areas: Education Services, Financial Services, Student Services, and Outreach Services. The Agency's Administrative Leadership Team (ALT) is comprised of the following individuals: Mary L. Dunne, Superintendent; Jeff Woods, CPA, Director of Financial Services and Human Resources; Gretchen Spooner, Director of Education; Rod Howells, Director of Student Services; Janet Stout, Director of Deaf and Hard-of-Hearing Outreach Services; Carol Baron, Director of Blind and Visually Impaired Outreach Services; Randy Bow, Director of IT; and Ken Allison, Director of Maintenance.

### Revenue and Expenditures:

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$7,533,300	\$7,791,600	\$7,704,900	\$8,110,100
Federal Grant	\$260,800	\$117,100	\$226,200	\$151,500
Miscellaneous Revenue	\$94,600	\$94,600	\$95,800	\$95,900
Budget Stabilization Fund	\$0	\$200,200	\$230,600	\$0
ISDB Contingency Fund	\$133,800	\$23,600	\$57,200	\$0
ID School Deaf & Blind	\$147,000	\$0	\$78,700	\$78,700
<b>Total</b>	<b>\$8,169,500</b>	<b>\$8,227,100</b>	<b>\$8,393,400</b>	<b>\$8,436,200</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$6,418,500	\$6,942,900	\$6,398,100	\$6,691,600
Operating Expenditures	\$1,396,500	\$1,226,500	\$1,542,900	\$1,428,100
Capital Outlay	\$244,700	\$51,400	\$313,600	\$236,300
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$8,059,700</b>	<b>\$8,220,800</b>	<b>\$8,254,600</b>	<b>\$8,356,000</b>

**Profile of Cases Managed and/or Key Services Provided**

<b>Cases Managed and/or Key Services Provided</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Resident Enrollment	80	73	66	73
- Visually Impaired	17	16	19	15
- Hearing Impaired	53	45	37	46
- Additional Disabilities	10	12	10	12
Number of Students Served by Each Regional Outreach Office				
Region 1:				
Visually Impaired	21	35	33	41
Hearing Impaired	20	22	22	25
Region 2				
Visually Impaired	9	5	11	11
Hearing Impaired	35	36	28	27
Region 3:				
Visually Impaired	53	86	95	92
Hearing Impaired	41	81	107	115
Region 4:				
Visually Impaired	41	56	59	104
Hearing Impaired	129	204	213	193
R. Valley Elementary Program	20	15	17	25
Region 5:				
Visually Impaired	47	55	56	49
Hearing Impaired	71	98	86	81
Region 6:				
Visually Impaired	22	25	24	20
Hearing Impaired	17	22	27	30
Region 7:				
Visually Impaired	75	78	81	92
Hearing Impaired	57	57	76	87
Average Number of Cases (students served) per Outreach Consultant				
- Visually Impaired	22.3	26.2	30.0	34.1
- Hearing Impaired	32.7	34.0	35.4	36.5

**Performance Highlights:**

Enrollment in FY 2008 started at 58 students and ended the year at 73 students. This is a 25.9% increase in campus enrollment.

**Part II – Performance Measures**

Performance Measure	2005	2006	2007	2008	Benchmark
Number of Resident Students Who Achieve High School Graduation With Their Primary Year Group	8 students (80%)	4 students (50%)	3 students (43%)	4 students (80%)	60%
Number of students Who Go on to Postsecondary Education; Either College or Professional-Technical Training	6 students (60%)	4 students (50%)	1 student (14%)	3 students (60%)	60%
Number of Students Living Independently or at College or Training Facility	5 students (50%)	6 students (75%)	3 students (43%)	2 students (40%)	70%
Number of Students Gainfully Employed (full-time)	1 student (10%)	1 student (13%)	2 students (29%)	0 students (0%)	25%

**Performance Measure Notes:**

During FY 2008, we increased the percentage of residential students who achieved high school graduation with their primary year group.

**For More Information Contact**

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## Part 1 – Agency Profile

### Agency Overview

The State Department of Education (SDE) manages K-12 public education in the State of Idaho and provides school districts and charter schools with the technical assistance they need to raise student achievement. The goal of the State Department of Education is to create a customer-driven public education system that meets the needs of every Idaho student and prepares our students to live, work and succeed in the 21<sup>st</sup> century.

### Core Functions/Idaho Code

Pursuant to Title 33, chapter 1, Section 125, there is hereby established as an executive agency of the state board of education a department known as the State Department of Education. The State Superintendent shall serve as the executive officer of such department and shall have the responsibility for carrying out policies, procedures, and duties authorized by law or established by the State Board of Education for all elementary and secondary school matters, and to administer grants for the promotion of science education as provided in sections 33-128 and 33-129, Idaho Code.

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	964,706,500	995,344,700	1,291,587,000	1,367,363,800
Federal Grant	167,821,500	181,974,600	178,123,200	193,007,800
Dedicated Fund	<u>3,529,500</u>	<u>3,933,100</u>	<u>7,152,100</u>	<u>11,874,900</u>
<b>Total</b>	<b>1,136,057,500</b>	<b>1,181,252,400</b>	<b>1,476,862,300</b>	<b>1,572,246,500</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	103,500	122,400	135,500	184,000
Operating Expenditures	395,600	528,200	933,600	1,090,100
Capital Outlay	2,600	4,500		
Trustee/Benefit Payments	<u>1,174,625,800</u>	<u>1,230,086,100</u>	<u>1,526,969,600</u>	<u>1,599,429,800</u>
<b>Total</b>	<b>1,175,127,500</b>	<b>1,230,741,200</b>	<b>1,528,038,700</b>	<b>1,600,703,900</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of School Districts Supported	114 districts 18 charters	114 districts 24 charters	114 districts 28 charters	115 districts 30 charters
Number of Public School District (K12) Students	256,004	261,907	267,533	272,058
FTE Student Teacher Ratio	18.00	18.04	18.11	18.12

### Performance Highlights

The State Department of Education, with funding from the Idaho Legislature, provided \$5 million in additional funding during the 2007-2008 school year for school districts to remediate students who struggled on the ISAT. After this funding was in place for a year, results on the ISAT improved statewide across all subject areas. The funding will continue in future years.

The State Department of Education, working with the State Board of Education, created the Middle School Task Force in May 2007. The Task Force developed formal recommendations for ways in which the state can help school districts improve student achievement in the middle grades. The recommendations include a proposed rule to implement a credit system in grades 7 and 8. The Department staff has presented the Middle School Credit system throughout the state and will continue to work with stakeholders as it brings forth the proposal to the State Board of Education in April 2009. The proposal will then move forward to the Legislature for final approval in January 2010. The new credit system would be implemented in the 2010-2011 school year.

The State Department of Education, with funding from the Idaho Legislature, created a Concurrent Credit Task Force in 2008 to evaluate the current access to postsecondary education and recommend opportunities for Idaho high school students to access college-level courses at the high school level. The Task Force will present its recommendations to the Idaho Legislature for approval in January 2009.

The State Department of Education has increased the number of Highly Qualified Teachers statewide and is implementing a plan to partner with school districts and utilize federal Title II funding to provide professional development opportunities for educators. With the help of school districts and charter schools across the state, Idaho has increased its number of Highly Qualified Teachers to 93.06% of teachers statewide, up from 70.3% in the 2006-2007 school year.

The State Department of Education is continuing to remove unnecessary barriers that have prevented quality teachers from Idaho classrooms. The SDE has proposed three new alternate routes to endorsements, which will offer more simple routes for teachers to earn additional endorsements. The SDE is also piloting a new recertification process for all certified staff statewide that is less cumbersome for educators, yet provides accountability.

The State Department of Education partnered with educational stakeholders and proposed a pay-for-performance plan for teachers during the 2008 Legislative session. The plan did not pass by two votes in the Idaho Senate, but gained widespread support in the Legislature and with the Governor and key educational stakeholders.

The 2008 Legislature did approve one piece of the pay-for-performance plan, which provided funding for the State Department of Education to create a Teacher Performance Evaluation Task Force to develop minimum standards for a fair, valid, and consistent teacher performance evaluation system in Idaho. The Task Force will present its recommendations to the Idaho Legislature in January 2009.

The State Department of Education has developed a unique student identifier and will implement it statewide in the 2008-2009 school year. The SDE is also working to create a unique teacher identifier.

The State Department of Education secured funding for FY2009 to begin development of the State Longitudinal Data System. The SDE has already begun to review all K-12 data collection systems at the state level, which is the first step to developing the State Longitudinal Data System.

## Part II – Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Percent of Students Who Complete high school	86.63	88.04	88.29	N/A	100%
Number of Highly Qualified Teachers (HQT) Teaching in Their Area of Specialty as a Percentage of the Total Teaching Population	N/A	99.33%	70.30%	93.06%	100%
Percentage of K-12 Students Meeting or Exceeding Idaho Standard Achievement Test (ISAT)					
- Reading	82%	84%	79%	84%	100%*
- Mathematics	79%	81%	76%	77%	100%*
- Language Usage	79%	80%	68%	71%	100%*
- Science (grades 5,7,10)	NA	NA	52%	59%	100%*
Number of Schools Receiving Technical Assistance	275	224	461	348	N/A



**Performance Measure Explanatory Notes:****Percent of Students Who Complete High School:**

Data for FY2008 is N/A because it has not yet been calculated for the 2007-2008 school year.

**Number of Highly Qualified Teachers Teaching in Their Area of Specialty as a Percentage of the Total Teaching Population:**

State Department of Education does not have data available for FY2005. The data for HQT teachers in Idaho decreased from FY2006 to FY2007 because, prior to 2007, a previous administration at the Idaho State Department of Education wanted an Idaho certificate/endorsement to stand as the only means necessary to meet the Highly Qualified Teacher requirement. However, this was not in compliance with federal law. The problem was fixed in 2007 under a new administration by clearly communicating with the U.S. Department of Education that the Idaho State Department of Education was committed to meeting all of the federal requirements. The SDE then created a sense of urgency for all teachers to report qualifications by means of Praxis scores, participation in an appropriately rigorous alternative route to certification or a HOUSSSE rubric. Districts were also notified that this documentation must be centrally located in the event of an audit. Over the past school year, the accurate number of Highly Qualified Teachers, as defined by federal law, has increased significantly.

**Percentage of K-12 Students Meeting or Exceeding Idaho Standard Achievement Test (ISAT):**

The benchmark for 2014 is that students will be 100% proficient or advanced. For 2008, Idaho students met the incremental targets for math (70%) and reading (78%), and missed the target for language usage (78%). Science is only assessed in grades 5, 7, and 10; it is not currently part of the calculation and has no annual target for proficiency.

**Number of Schools Receiving Technical Assistance:**

The State Department of Education offers technical assistance to every public school, district and charter school in the state of Idaho through a variety of programs as well as through constant e-mail and phone communication. The data presented in this chart represents the number of schools that are offered technical assistance from the State Department of Education because they are in School Improvement status.

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## Part 1 – Agency Profile

### Agency Overview

The Idaho Constitution, Article IX, Section 2, provides that the general supervision of the state educational institutions and public school system of the State of Idaho, “shall be vested in a state board of education, the membership, powers and duties of which shall be prescribed by law.” The State Board of Education envisions an accessible, seamless public education system that provides for an intelligent and well-informed citizenry, contributes to the overall economy, and improves the general quality of life in Idaho.

The Idaho educational system, consisting of the diverse agencies, institutions, school districts, and charter schools governed by the Board, delivers public primary, secondary, and postsecondary education, training, rehabilitation, outreach, information, and research services throughout the state. These public organizations collaborate to provide educational programs and services that are high quality, readily accessible, relevant to the needs of the state, and delivered in the most efficient manner. In recognition that economic growth, mobility, and social justice sustain Idaho’s democratic ideals, the State Board of Education endeavors to ensure our citizens are informed and educated in order to achieve a higher quality of life and effectively participate in a democratic society.

### Core Functions/Idaho Code

Pursuant to Idaho Code, Chapter 33 the State Board of Education is charged to provide the general governance of all state education institutions. The State Board of Education is responsible for defining the limits of all instruction in the educational institutions supported in whole or in part by the state. The State Board of Education is assigned the responsibility for defining the limits of all instruction in the educational institutions supported in whole or in part by the state, and for the prevention of wasteful duplication of effort in the educational institutions.

In addition, The State Board of Education is responsible for general supervision and oversight of more than 30 agencies, institutions, health, and special programs; which are as follows:

- 1) Boise State University
  - a) Small Business Development Center
  - b) Tech Help
  - c) Idaho Council of Economic Education
- 2) Idaho State University
  - a) ISU - Family Medicine Residency
  - b) Idaho Dental Education Program
  - c) Museum of Natural History
- 3) Lewis-Clark State College
- 4) University of Idaho
  - a) WOI (WI) (originally Washington-Oregon-Idaho, but now Washington-Idaho) Veterinary Medicine Program
  - b) WAMMI Medical Education
  - c) Agriculture Research and Extension
  - d) Forest Utilization Research
  - e) Idaho Geological Survey
- 5) Eastern Idaho Technical College
- 6) College of Southern Idaho (limited oversight)
- 7) College of Western Idaho (limited oversight)
- 8) North Idaho College (limited oversight)
- 9) State Department of Education (oversight of programs)
- 10) Division of Professional-Technical Education
- 11) Idaho Commission for Libraries (limited oversight)
- 12) Idaho Public Television
- 13) Idaho State School for the Deaf and the Blind
- 14) Idaho State Historical Society (limited oversight)
- 15) Idaho Division of Vocational Rehabilitation
- 16) Other Special Programs
  - a) Special Programs, Scholarships and Grants

- b) Health Programs, WICHE - Western Interstate Commission for Higher Education
- c) Health Programs, University of Utah (medical education)
- d) Health Programs, University of Washington – Boise Family Medicine Residency

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$4,107,200	\$4,609,400	\$6,464,600	\$10,820,700
Federal Grant	\$5,230,800	\$6,958,200	\$7,904,400	\$8,536,600
Misc. Revenue	\$133,900	\$176,800	\$135,400	\$525,400
<b>Total</b>	<b>\$9,471,900</b>	<b>\$11,744,400</b>	<b>\$14,504,400</b>	<b>\$19,882,700</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$1,445,400	\$1,589,000	\$1,610,200	\$1,633,900
Operating Expenditures	\$7,924,100	\$7,351,500	\$10,268,300	\$10,155,500
Capital Outlay	\$54,700	\$18,100	\$0	\$0
Trustee/Benefit Payments	\$1,204,400	\$1,928,700	\$2,097,800	\$5,713,200
<b>Total</b>	<b>\$10,628,600</b>	<b>\$10,877,300</b>	<b>\$13,976,300</b>	<b>\$17,502,600</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Idaho Promise Scholarship – A	\$319,500	\$325,500	\$331,300	\$331,300
Idaho Promise Scholarship – B	\$4,281,264	\$4,134,900	\$4,446,700	\$4,446,700
Atwell Parry Work Study Program	\$1,280,401	\$1,453,600	\$1,320,600	\$1,344,500
Minority/ "At Risk" Scholarship	\$105,000	\$102,000	\$108,000	\$111,000
Teachers/Nurses Loan Forgiveness	\$104,357	\$136,600	\$168,600	\$168,600
Grow Your Own Teacher Scholarship	\$348,800	\$347,600	\$360,000	\$366,500
*Leveraging Education Assistance Program	\$717,510	\$712,100	\$712,100	\$712,100
*Special Leveraging Education Assistance Program.	\$149,999	\$150,000	\$150,000	\$150,00
*Byrd Honors Opportunity Scholarship	\$210,500	\$199,500	\$207,500	\$207,500
	**	**	**	\$1,925,000
Number of K12 Student Assessments Administered/Supervised by the Board				
- Scored in Reading	135,582	138,015	138,266	142,679
- Scored in Math	135,898	138,332	138,534	142,974
- Scored in Language	135,627	137,934	138,231	142,638
Combined Annual (unduplicated) Enrollment Headcount (BSU,ISU,LCSC,UI) <sup>1</sup>				
- Professional Technical	3,809	3,753	3,877	4,435
- Undergraduate	44,082	44,394	43,824	44,264
- Graduate	12,770	12,953	11,501	11,568
- Professional	581	567	577	857
Combined Annual Enrollment FTE (BSU,ISU,LCSC,UI) <sup>1</sup>				
- Professional Technical	2,501	1,692	1,247	1,967
- Undergraduate	35,105	22,323	24,819	32,042
- Graduate	5,062	4,024	3,000	4,795
- Professional	616	616	369	613
Annual (unduplicated) Enrollment Headcount in all Postsecondary PTE	8,083	8,309	8,595	7,971

Programs <sup>2</sup>				
Annual Enrollment FTE in all Postsecondary PTE Programs <sup>2</sup>	4,347	3,894	3,808	4,025
Number of Commission Authorized Charter Schools in Operation <sup>3</sup>	4	8	11	14

\* These amounts include general fund and federal fund expenditures.

\*\* FY2008 was the first year the Opportunity Scholarship was offered.

<sup>1</sup> These numbers represent the combined total for Boise State University, Idaho State University, Lewis-Clark State College, and the University of Idaho.

<sup>2</sup> These numbers represent the combined total for all Professional Technical programs at Boise State University, Idaho State University, Lewis-Clark State College, the University of Idaho, Eastern Idaho Technical College, the College of Southern Idaho, and North Idaho College.

<sup>3</sup> A designee of the Executive Director of the State Board of Education serves as secretary to the Public Charter School Commission, which as of August 2008 authorizes 20 public charter schools located throughout the state. For the FY2009 16 charter schools will be in operation, and four (4) more are approved for operation in FY2010. Charter school authorization includes consideration of new charter school petitions, compliance monitoring for existing public charter schools, and ongoing assistance to petitioners and public charter schools.

## Performance Highlights

### Collaborative Online Special Education Paraeducator to Teacher

Board staff and special education faculty from Boise State University, Idaho State University, University of Idaho, and Lewis-Clark State College worked to develop the first collaborative online curriculum with the purpose of increasing educational accessibility to rural populations. The first cohort of students, all paraprofessionals in special education, just completed the first three courses of an entirely online curriculum that will make it possible for these students to get their teacher certification while they remain at their current jobs in their current locations.

### Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

There are 22 schools participating in the Board managed GEAR UP, where more than 3,478 students were served in FY2008. Of the four middle schools achieving AYP from "needs improvement" three are schools participating in GEAR UP Idaho. After being on the Restructuring Level for 4 years of needed improvement, the Superintendent of Emmett schools cited GEAR UP Idaho as a significant factor in her middle schools achieving AYP this year.

- Students participating in GEAR UP activities received an average of:
  - 25.12 hours of tutoring/homework assistance
  - 16.75 hours Computer Assisted Lab
  - 7.42 hours Counseling/Academic Planning
  - 6.56 hours College Visits
  - 5.42 hours job shadowing
- Parents participating in GEAR UP activities received an average of:
  - 3.34 hours in workshops on college preparation/financial aid
  - 3.17 hours in Advising/Counseling
- Teachers participating in GEAR UP Professional Development activities averaged 8.75 hours in training and workshops to increase academic rigor and performance in the classroom.

### Deaf/Blind Education Summit:

Educational Excellence: Collaboration in Action, A Summit on Educational Services for the Deaf/Hard of Hearing and the Blind/Visually Impaired in Idaho. The State Board of Education hosted and facilitated the event which brought together more than 140 stakeholders, educators, lawmakers, and affiliated persons of interest for two and a half days of intense review and strategic planning of specialty sensory education in Idaho. Recommendations for future service delivery models for sensory challenged education were put forth.

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Number of Scholarships Applicants					Number of applicants will meet or exceed previous year
- Idaho Promise A	*	508	852	1,185	
- Idaho Promise B	*	7,369	7,471	7,653	
- Robert C. Byrd Honors	*	582	935	1,311	
Number of New Scholarships Awarded					Award a higher percentage of total dollars available
- Idaho Promise A	*	44	38	25	
- Idaho Promise B	*	7,369	7,471	7,653	
- Robert C. Byrd Honors	*	38	40	39	
- Opportunity	**	**	**	838	
Number of Degrees Awarded <sup>1</sup>					Number of degrees awarded will meet or exceed previous year
- Associate's	604	743	708	726	
- Bachelor's	4,378	4,939	4,930	5,149	
- Master's	993	1,431	1,488	1,382	
- Doctor's	105	139	172	161	
- First Professional	161	163	152	171	
Postsecondary Graduation Rates (completers within 150% of normal time) <sup>2</sup>	1,712	1,822	1,807	2,029	Graduation Rates will meet or exceed previous year

**Performance Measure Explanatory Note:**

\* FY2005 data was a paper process; therefore total count is unknown/unavailable.

\*\* FY2008 was the first year the he Opportunity Scholarship was offered.

<sup>1</sup> This data is combined data for Boise State University, Idaho State University, University of Idaho, and Lewis-Clark State College, as reported by those institutions to the Integrated Postsecondary Education Data System (IPEDS). These data represent degree totals for first major's only, certificates are not included in this data. The data in IPEDS lags behind a year, therefore information presented in the FY2008 column represents data from Academic year 2006-2007, and so forth for each column.

<sup>2</sup> This data is combined data for Boise State University, Idaho State University, University of Idaho, and Lewis-Clark State College, as reported by those institutions to the Integrated Postsecondary Education Data System (IPEDS). The graduation rate, as calculated by IPEDS, is the total number of completers within 150% of normal time divided by the revised cohort minus any allowable exclusions. The data in IPEDS lags behind a year, therefore information presented in the FY2008 column represents data from Academic year 2006-2007, and so forth for each column.

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## Part 1 – Agency Profile

### Agency Overview

Idaho's participation in the Western Interstate Commission for Higher Education (WICHE) Professional Student Exchange Program (PSEP) helps Idaho residents to enroll in out-of-state professional programs. Idaho currently participates for the field of Optometry. Idaho students accepted to this program benefit through reduced tuition arrangements with participating professional schools. Idaho does not currently offer professional education in the field of Optometry. This program benefits the population of Idaho by providing ready access to high quality professionals in the field of optometry.

### Core Functions/Idaho Code

Idaho Code 33-3601. Interstate compact for western regional cooperation in higher education.

Idaho currently assists two new students each year and serves a total of 8 students at any one time.

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$199,400	\$198,400	\$220,000	\$234,200
<b>Total</b>	<b>\$199,400</b>	<b>\$198,400</b>	<b>\$220,000</b>	<b>\$234,200</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$0	\$0	\$0	\$0
Operating Expenditures	\$0	\$0	\$0	\$0
Capital Outlay	\$0	\$0	\$0	\$0
Trustee/Benefit Payments	\$193,800	\$198,400	\$220,000	\$234,200
<b>Total</b>	<b>\$193,800</b>	<b>\$198,400</b>	<b>\$220,000</b>	<b>\$234,200</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Students enrolled (2 in each of the first, second, third and fourth year)	8	8	8	8

## Part II – Performance Measures

Performance Measure	2005	2006	2007	2008	Benchmark
*					

### Performance Measure Explanatory Note:

\* WICHE provides opportunities for students to attend consortium schools at a reduced tuition rate and therefore would not have performance measures.

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## **Part 1 – Agency Profile**

### **Agency Overview**

There are two family medicine residencies in Idaho – the Family Medicine Residency of Idaho (FMRI) in Boise and the ISU Family Medicine Residency (ISU FMR) in Pocatello. Both programs are funded from State allocations, grants, local hospitals, Graduate Medical Education, Medicare and patient revenues. Family Medicine Residency of Idaho (FMRI), was founded in 1975. FMRI is a Federally Qualified Health Center Look-Alike and is governed by a consumer based independent board and is an independent corporate entity and has a Graduate Medical Education Committee that oversees all residency education functions. The Director and CEO of FMRI is Ted Epperly, M.D. and FMRI is affiliated with the University of Washington WWAMI Residency Network.

### **Core Functions/Idaho Code**

There are two core functions of FMRI:

1. Training family physicians to provide care to populations throughout Idaho, to include rural, urban, and suburban.

Idaho ranks 49<sup>th</sup> out of 50 in physicians per capita and 47<sup>th</sup> out of 50 for primary care physicians per capita in the USA and has a special problem recruiting physicians to settle in isolated rural Idaho. Ninety five percent of all Idaho counties are Health Professional Shortage Areas for primary care. FMRI has an excellent track record of recruiting family physicians that settle and stay in Idaho. The Residency, including its Caldwell Rural Training Track, is expanding and is growing to 33 residents in training at any one time and will be graduating ten to 11 new family physicians each June. Currently, the residency programs are exceeding their recruitment target of 50% of their graduates staying within Idaho. Of the 221 FMRI graduates, 124 (56%) family physicians have been recruited and settled in Idaho since the beginning of our program.

2. Provision of services to underserved populations in Boise.

Over the last three decades the residency program has become the leading medical provider to the underserved population of Boise. Reimbursement of such medical services has been declining, while program costs have been climbing. FMRI provides over three million dollars in medical services to Medicaid, Medicare and the indigent and absorbs approximately one million dollars of uncompensated care annually. FMRI supports and staffs community services such as the Health Department, adolescent detention centers, prison services, free clinics and HIV clinics. Residents who settle in Idaho communities have an excellent track record of continuing outreach services to Medicare, Medicaid and indigent patients and supporting free clinics in their communities.

### **Revenue and Expenditures**

<b>Revenue</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Fund	\$ 524,900	\$ 717,000	\$ 846,100	\$ 846,100
<b>Total</b>	<b>\$ 524,900</b>	<b>\$ 717,000</b>	<b>\$ 846,100</b>	<b>\$ 846,100</b>
<b>Expenditure</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Personnel Costs	\$ 472,410	\$ 645,300	\$ 761,490	\$ 761,490
Operating Expenditures	\$ 52,490	\$ 71,700	\$ 84,610	\$ 84,610
Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0
Trustee/Benefit Payments	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 524,900</b>	<b>\$ 717,000</b>	<b>\$ 846,100</b>	<b>\$ 846,100</b>

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Residents in Training	29	29	29	29
Average Total State Funded Dollar Cost per Resident as a Percent of Total Residency Training Costs	\$18,100	\$24,724	\$29,176	\$29,176
Number of Health Profession Students (non-physician) Receiving Clinical Training at FMR Facilities	Data not available	36	18	19

**Performance Highlights:**

1. Title VII Award 2007-2010 – Targeted at a new delivery system of Obstetrical care (Group OB Visits).
2. Federally Qualified Health Center Look-Alike Re-Certification June 14, 2008 – Enhances FMRI's ability to continue to act as a safety net provider for uninsured and underinsured individual through enhanced Medicare and Medicaid payments.
3. Ryan White Care Act Part C – Federal grant dollars to support HIV primary care outpatient services.

**Part II – Performance Measures**

Performance Measure	2005	2006	2007	2008	Benchmark
Percentage of Physician Residents Graduating	100%	100%	100%	100%	95%
Percentage of Graduates Successfully Completing Board Examination	100%	100%	100%	100%	95%
Percentage of Resident Training Graduates Practicing in Idaho	75%	45%	67%	75%	50%
Number of Residents Matched Annually	9	9	10	11	100%
Percentage of Qualified Idaho Residents Offered an Interview for Residency Training	100%	100%	100%	100%	100%
Retention of Full Continued Accreditation Status with a Five-Year Revisit Cycle	Full/4 Years	Full/4 Years	Full/4 Years	Full/4 Years	Full/4 Years

1. Recruitment – One hundred percent successful recruitment of top notch medical students every year since programs inception.
2. ABFM Board Certification – One hundred percent of all graduates have become ABFM Board Certified.

**For More Information Contact**

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## Part 1 – Agency Profile

### Agency Overview

The Idaho – University of Utah Medical Education Program provides eight Idaho students with the opportunity to receive four years of medical training through the University of Utah School of Medicine. This partnership allows Idaho students to receive medical training not currently available in the state of Idaho. The University of Utah School of Medicine is responsible for the predoctoral, graduate, and continuing education of physicians, the graduate and postdoctoral education of biomedical scientists, and the training of certain other health specialists. In determining the size and types of its educational programs, the school is guided primarily by the needs of the State of Utah. The school is also guided by the imperatives of affirmative action and by the needs of the surrounding states which lack their own medical schools. In addition, the school emphasized high quality programs that address national priorities, such as the need for generalist and academic physicians, rural practitioners, basic biomedical scientists, and selected medical subspecialists.

### Core Functions/Idaho Code

Core Functions/Idaho Code Idaho Code §33-3722 authorizes the State Board of Education to enter into contractual agreements to provide access for Idaho residents to qualified professional studies programs.

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$892,900	\$985,900	\$1,006,700	\$1,136,800
<b>Total</b>	<b>\$892,900</b>	<b>\$985,900</b>	<b>\$1,006,700</b>	<b>\$1,136,800</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$0	\$0	\$0	\$0
Operating Expenditures	\$0	\$0	\$0	\$0
Capital Outlay	\$0	\$0	\$0	\$0
Trustee/Benefit Payments	\$883,600	\$979,600	\$1,006,700	\$1,136,800
<b>Total</b>	<b>\$883,600</b>	<b>\$979,600</b>	<b>\$1,006,700</b>	<b>\$1,136,800</b>

Funds received through the agreement with Idaho are used to support medical student education. Directly, funding goes to support the office of the Dean for Idaho Students, an on-site University of Utah physician coordinator who lives in Boise and helps to cover expenses for the students doing Idaho rotations.

The cost of Medical Student education is constantly increasing. Funds received from tuition, Utah State Appropriations and the Idaho funds are all used for education of medical students. Despite these funds, it is still necessary for the School to use funds generated from clinical activities by faculty to supplement the cost of medical education.

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Students Enrolled (8 in each of the first, second, third and fourth year)	32	32	32	32
Number of Idaho Students Applying for University of Utah Medical School	112	93	116	108
Number of Idaho applicants interviewed from pool	57	43	61	64
Number of Idaho medical students accepted for admission to fill positions available at UofU	13	9	13	12

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Number of Students Participating in the Summer Shadowing Program*	3 – S	5 – S 1 – NS	4 – S	0	Maintain number of sponsorships
Number of students who completed rotations during 3 <sup>rd</sup> and 4 <sup>th</sup> year of school with Idaho physicians and communities*	3 – S 1 – NS	10 – S 1 – NS	8 – S	8 – S	Meet or exceed previous year.
Pass Rate on U.S. Medical Licensing Examination for Idaho Students Enrolled in Program	100%	100%	100%	100%	100%
Number of Idaho student graduates from medical school*	8 – S 0 – NS	8 – S 4 – NS	8 – S 1 – NS	7 – S <sup>†</sup> 1 – NS	Meet or exceed previous year.
Total Number of Residents Trained at University of Utah practicing in Idaho**	7 : 222	8 : 214	4 : 228	5 : 246	Meet or exceed previous year.
Total number of UofU SOM Alumni in Idaho**	*	*	202	214	Meet or exceed previous year.

**Performance Measure Explanatory Notes:**

S = Sponsored

NS = Non-Sponsored

† = 1 sponsored student working on PhD

\* Data was not tracked prior to 2007

\*\* These data are based on the total number of University of Utah School of Medicine students

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## Part 1 – Agency Profile

### Agency Overview

Idaho Public Television (IdahoPTV) is an entity of the Idaho State Board of Education and holds in the public trust television and related broadcast telecommunication licenses issued and governed by the Federal Communications Commission (FCC). IdahoPTV is a statewide, non-commercial broadcast telecommunication system and new media provider based in the capital city of Boise with additional staffed facilities in Moscow and Pocatello.

IdahoPTV's service to the region began in September of 1965 with KUID-TV, Moscow. Over the next 40 years, IdahoPTV has expanded its reach to include over-the-air broadcast television service to more than 97% of Idaho's population and portions of six adjoining states and Canada through an efficient system of five (5) analog and five (5) digital transmitters and 39 repeaters (translators). In addition, IdahoPTV's signals are rebroadcast under federal guidelines by cable and satellite systems in the region, as well as a rapidly expanding Internet-based distribution system. IdahoPTV's services and equipment have been made possible through diverse funding partnerships from individual contributions, grants from foundations and companies, and state and federal sources.

IdahoPTV is a member in good standing of the Public Broadcasting Service (PBS) and is the only locally owned and operated network television station in Idaho.

IdahoPTV has benefited from the financial support of the Friends of Idaho Public Television, Inc., an affiliated not-for-profit support organization. As directed by FCC guidelines, our constituents are the people of Idaho, as well as those in portions of six surrounding states and Canada. Private donations provide more than 61% of our yearly operating budget, or \$4.3 million from nearly 24,000 individuals, foundations and companies in our rural service areas. State of Idaho support provides approximately 25% of our operating budget and is directed specifically toward the maintenance and administration of the statewide delivery system. The remaining 14% of our operating budget comes in the form of a yearly grant from the Corporation for Public Broadcasting, a private corporation funded by Congress. IdahoPTV's comprehensive audit is conducted yearly by the Legislative Auditor, Legislative Services.

As of July 1, 2008, IdahoPTV is staffed with 57 full-time employees primarily in the network operations center in Boise, with branch facilities in Moscow and Pocatello.

IdahoPTV has developed a reputation for producing award-winning quality television and other electronic media. IdahoPTV provides significant local public service to our viewers and users.

Between the summer of 2007 and late spring of 2008, IdahoPTV distributed nationally *Ribbon of Sand*, which was distributed in April 2008 through the Public Broadcasting Service (PBS).

IdahoPTV produces a number of on-going series including:

*Outdoor Idaho*  
*Dialogue* (weekly, live public affairs program)  
*Idaho Debates* (primary and statewide election coverage)  
*Governor's State of the State Address/*  
*Governor's State of the Budget*  
*Address (live from Boise State*  
*University)*  
*Ron's Picks*

*Idaho Reports* (coverage of the Idaho Legislature)  
*Dialogue for Kids* (educational science program for grade school students)  
*Idaho Legislature Live* (gavel-to-gavel live coverage of the Idaho House, Senate and Joint Finance-Appropriations Committee)  
*INL Scholastic Tournament*  
*Hymns of Thanksgiving*  
*The Buzz on IdahoPTV*

Also produced are other one-time programs including:

*The Idaho Homefront: Of Camps & Combat*  
*Idaho Edens*  
*Lewis & Clark: Crossing the Centuries*  
*Assassination: Idaho's Trial of the Century*

*Idaho: An Aerial Tapestry*  
*West of the Basque*  
*Barbara Morgan: No Limits*  
*Picturing Idaho*

Our community outreach ranges from locally produced events and workshops to children's events such as science and technology workshops, science camps, literacy content and educator workshops.

The staff is led by Peter W. Morrill, General Manager; Ron Pisaneschi, Director of Broadcasting; Phillip Kottraba, Director of Finance; Kim Philipps, Director of Marketing/Development; Rich Van Genderen, Director of Technology; and Sandy Streiff, Director of Communications.

### Core Functions/Idaho Code

Idaho Public Television is not referenced in Idaho Code. It was created by Legislative Intent within the budget process in 1982 and exists under the regulations of the Federal Communications Commission and the governance of the State Board of Education.

The mission of IdahoPTV is to meet the needs and reflect the interests of our various audiences. We do this by:

- Establishing and maintaining statewide industry-standard delivery systems to provide television and other media to Idaho homes and schools;
- Providing quality educational, informational, and cultural television and related resources;
- Creating Idaho based educational, informational, and cultural programs and resources;
- Providing learning opportunities and fostering participation and collaboration in educational and civic activities; and
- Attracting, developing, and retaining talented and motivated employees who are committed to accomplishing the shared vision of Idaho Public Television.

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$1,595,000	\$2,159,100	\$1,824,200	\$2,518,700
Dedicated Fund	\$0	\$0	\$0	\$0
Miscellaneous Fund	<u>\$861,800</u>	<u>\$907,600</u>	<u>\$865,800</u>	<u>\$949,200</u>
<b>Total</b>	<b>\$2,456,800</b>	<b>\$3,066,700</b>	<b>\$2,690,000</b>	<b>\$3,467,900</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$1,750,400	\$1,839,000	\$1,744,700	\$1,890,000
Operating Exp.	\$706,400	\$706,300	\$779,700	\$815,100
Capital Outlay	\$0	\$521,400	\$165,600	\$762,800
Trustee/Benefit Payments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	<b>\$2,456,800</b>	<b>\$3,066,700</b>	<b>\$2,690,000</b>	<b>\$3,467,900</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Channel Hours for Children (under the age of 12)	12,192	13,020	13,102	13,148
Channel Hours for Ethnic Minorities	3,782	5,320	4,951	5,012
Channel Hours for Learners	10,580	11,094	10,722	10,745
Number of Visitors to idahoptv.org	1,546,488	1,623,860	2,035,877	2,543,027
Public Affairs Channel Hours	10,197	12,740	12,912	11,040
Idaho Specific Channel hours	675	2,162	2,937	3,235

**Performance Highlights:**

During calendar year 2007 –

- 239 hours of programming that pertained to parenting, of which 107 hours were for Hispanic viewers, aired within the overnight broadcast hours.
- 1,200 attempted and completed phone calls and 979 e-mails from students to scientists on the D4K science call-in show, which airs monthly during the school year.
- 681,161 page views on the D4K Web site during 332,004 visits.
- 800 hours of overnight educational television, including 112 hours of professional development for teachers, as well as resources for K-12 classrooms made instructional materials available to schools throughout the state.
- 976 children contributed entries for the annual Reading Rainbow Young Writers and Illustrators Contest, 36 received a regional certificate for first, second or third place in a grade level, and 1 kindergarten entry took third place in the nationwide contest.
- 191 hours of Idaho-related programming were telecast through IdahoPTV's statewide analog system, with hundreds more also scheduled on the digital system.
- 11 IdahoPTV productions were in national distribution for public television stations.
- 5,840 hours of high-definition (HD) digital television were delivered free over the air in regions of Coeur d'Alene, Moscow, Boise, Twin Falls, Pocatello and Idaho Falls; 8,760 hours of standard-definition television on three digital sub-channels – IdahoPTV Kids, IdahoPTV Learn, IdahoPTV World – were delivered free over the air in the same regions.

During fiscal year 2008, IdahoPTV was awarded 40 national and regional programming awards, which include 8 Emmy nominations.

**Part II – Performance Measures**

Performance Measure	2005	2006	2007	2008	Benchmark
Total Number of Children (under the age of 12) Viewers	85,126	93,589	126,681	110,390	102,000
Total Number of Viewers Per Week	423,150	449,500	494,450	471,200	450,000
Total Number of Idaho Communities Served by IdahoPTV's Free Over-the-Air Digital Signal	*	*	*	96	306
# of DTV-ready translators out of 37 (FY 2005-2007) and out of 39 (starting FY 2008).	3/37	5/37	15/37	21/39	39/39
Descriptive video service hours for those with impaired vision.	11,116	12,869	13,401	15,438	14,800
% of closed captioned shows for hearing impaired and visual learners.	97.1%	98.6%	97.4%	97.4%	98.5%
% of population IdahoPTV digital TV coverage	71.3%	71.3%	73.1%	73.1%	95%

**Performance Measure Explanatory Notes:**

\* This is a new performance measure, which data has not previously been collected.

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## ***Part 1 – Agency Profile***

### **Agency Overview**

The Idaho Division of Vocational Rehabilitation (IDVR) is one of six agencies under the oversight of the Office of the State Board of Education. Dr. Michael Graham is the Administrator of the Division. IDVR is charged with several major responsibilities: Management of the State/Federal Vocational Rehabilitation Program, State Renal Disease Program, and Extended Employment Services while also serving as a flow through agency for funding related to the State Epilepsy Program.

The Public Vocational Rehabilitation program is one of the oldest and most successful federal/state programs in America. Vocational Rehabilitation serves individuals with severe disabilities that impose significant barriers to gainful employment. The average time needed for a person to complete a rehabilitation plan and become employed is thirty-two (32) months. In FFY 2007, employment of individuals with disabilities resulted in a 300% increase in client weekly earnings and significant decreases in the need for public support.

The structure of IDVR includes a Field Services Bureau as well as Managers who deal with Human Resources, Program Development, Planning and Evaluation, Fiscal Operations, and Information Technology. There are also three zone managers, as well as six Regional Managers who supervise Field staff in the following regions: Coeur d'Alene, Lewiston, Boise, Boise Corrections, Boise Mental Health/School Work, Twin Falls, Pocatello, Idaho Falls, and Caldwell.

IDVR is comprised of 159 employees, of which 154 are full time positions serving in thirty-eight (38) offices throughout the state. Offices are located in Boise, Mountain Home, Coeur d'Alene, Sandpoint, Lewiston, Orofino, Moscow, Twin Falls, Burley, Pocatello, Blackfoot, Preston, Idaho Falls, Salmon, Rexburg, Caldwell, Nampa, Payette, and Eagle. There is one (1) Central Office, nine (9) Regional Offices, eleven (11) general Sub-Offices, six (6) Mental Health Sub-Offices, twelve (12) School – Work Sub-Offices, and two (2) Corrections Sub-Offices.

### **Core Functions/Idaho Code**

Legal Authority for the Idaho Division of Vocational Rehabilitation is Idaho Code, 33-2301 and the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701, and is augmented by regulations promulgated and set forth at 34 CFR § 361.1.

Services that may be available include evaluation of rehabilitation potential, vocational guidance and counseling, physical and mental restoration, vocational, academic and other training, job placement and other services, which can reasonably be expected to benefit the individual in terms of employment.

The Division also manages state appropriated funds to assist individuals with chronic renal failure to help cover the catastrophic costs of this serious, life-threatening disease. The Division coordinates the medical management of this program, and coordinates its payments with the client's ability to pay, private insurance payments, and Medicare and Medicaid payments (Idaho Code, Chapter 23, Vocational Rehabilitation 33-2307 – 33-2308).

The Extended Employment Services (EES) program provides funding to individuals with severe disabilities who are determined unable to maintain competitive employment without on-going support. A state financial allotment is provided annually to be allocated by the EES staff to contracted Community Rehabilitation Programs who subsequently provide the long term support to eligible clients.

The Epilepsy Foundation of Idaho is a statewide not-for-profit organization, staffed by volunteers dedicated to the service of individuals in Idaho affected by epilepsy/seizure disorders. The intent is to overcome the associated problems through direct services, increased public and professional awareness, and the control of epilepsy and its consequences. The Joint Financial Appropriations Committee has designated IDVR as the flow through agency for funding this entity.

**Revenue and Expenditures**

<b>Revenue</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Fund	\$7,676,800	\$7,737,900	\$8,113,600	\$8,353,000
Rehab Rev & Refunds	\$401,000	\$238,300	\$621,700	\$621,700
Federal Grant	\$14,471,200	\$13,467,000	\$15,372,370	\$14,800,600
Miscellaneous Revenue	<u>\$564,000</u>	<u>\$870,200</u>	<u>\$1,600,000</u>	<u>\$900,000</u>
<b>Total</b>	<b>\$23,113,000</b>	<b>\$22,313,400</b>	<b>\$25,707,670</b>	<b>\$24,675,300</b>
<b>Expenditure</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Personnel Costs	\$7,249,700	\$7,383,500	\$7,706,000	\$8,292,700
Operating Expenditures	\$1,379,600	\$1,418,500	\$1,486,700	\$1,493,400
Capital Outlay	\$67,800	\$95,400	\$309,800	\$299,600
Trustee/Benefit Payments	<u>\$13,931,800</u>	<u>\$13,921,600</u>	<u>\$14,438,500</u>	<u>\$12,378,300</u>
<b>Total</b>	<b>\$22,628,900</b>	<b>\$22,819,000</b>	<b>\$23,941,000</b>	<b>\$22,464,000</b>

**Profile of Cases Managed and/or Key Services Provided**

<b>Cases Managed and/or Key Services Provided</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
The Number of Individuals Served by Vocational Rehabilitation	13,438	13,191	12,874	12,612
The Number of Individuals Who Went to Work After Receiving VR Services	1,777	1,907	1,996	2120
The Number of Individuals With Chronic Renal Failure Supported	Not available	203	207	196

*\*IDVR is primarily a federally funded program that assesses performance on a Federal Fiscal Year basis. (October 1-September 30). For this reason, chart data represents figures that are different from State Fiscal year data reported.*

**Performance Highlights**

In FFY2006-07, the IDVR collaborated with the Department of Corrections and BSU to establish a special training project that was conducted at the correctional facility. Through collaboration with the Department of Labor, it was determined that there was a strong market need for qualified welders in the state of Idaho. As of this date, seventeen (17) individuals have completed the training and fourteen (14) are currently employed.

IDVR, through the support of the Idaho legislature, has provided supplementary financial support to Idaho citizens who are financially in need of such assistance in order to obtain life saving end-stage renal services. Historically, this program has proven to be highly successful as a result of the careful administration by IDVR of the limited state resources available.

In an effort to utilize all resources available for the successful rehabilitation of IDVR clients, the agency has advocated for and received support from the state Legislature for the position of a Pass Plan Writer. This position is designed to target clients who are SSA beneficiaries and desire to become employed. By utilizing the SSA Plan for Achieving Self Support (PASS), the agency is able to access additional financial resources for the qualified recipient that can support the desired employment outcome.

During FFY2007, IDVR contracted with an employment specialist in order to enhance the VR counselor's capacity to develop meaningful relationships with state and local employers. Subsequent to the training each region developed an individual project that included a strong collaboration among the Community Rehabilitation Programs, the Department of Labor, and employers. The projects are currently in their second quarter of performance and on track for targeted employment outcomes.

**Part II – Performance Measures**

Performance Measure	2005	2006	2007	2008	Benchmark
Number of Individuals Exiting the VR Program Who Achieved an Employment Outcome	1777	1907	1996	2120	Meet or exceed previous year
Percentage of Individuals Who Exit the VR Program After Receiving Services Who Are Determined to Have Achieved an Employment Outcome	58.58%	54.49%	59.0%	65.5%	55.8%
Average Hourly Earnings of Individuals Exiting the VR Program Who Achieved an Employment Outcome During the Current Year	\$8.77	\$8.69	\$9.22	\$9.81	Meet or exceed previous year
Number of Individuals Involved With the Correctional System Exiting the VR Program Who Achieved an Employment Outcome	341	316	337	419	Meet or exceed previous year
Percentage of Community Supported Employment clients served through the Extended Employment Services program	51%	51%	52%	53%	Meet or exceed previous year

**Performance Measure Explanatory Notes:**

The benchmark of 55.8% for individuals who exit the VR program after receiving services who are determined to have achieved an employment outcome is a minimum requirement of the agency set by the Federal Rehabilitation Services Administration.

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## ***Part 1 – Agency Profile***

### **Agency Overview**

The Idaho Commission for Libraries (ICFL) is located in the Executive Branch of state government. It is governed by the Board of Library Commissioners, whose five members are appointed by the State Board of Education. The agency's name has varied over the years, but through much of its history it was known as the Idaho State Library. Effective July 1, 2006 the name changed to the Idaho Commission for Libraries.

The State Librarian, appointed by the Board of Library Commissioners (I.C. 33-2504), serves as the agency's chief executive officer and is charged with implementing the Board's policies and rules and with managing the operations of the agency. Current State Librarian Ann Joslin works with three (3) staff as a Management Team: two Associate State Librarians and one Program Supervisor. In our relatively flat organization, all employees work to support the agency mission to assist libraries to build the capacity to better serve their clientele.

The agency has 45.5 FTE positions in three (3) office locations. The central office is in Boise at 325 W. State Street. Field offices are located in Moscow and Idaho Falls.

ICFL has its origins in the Columbian Club of Boise, which established the Traveling Library System in 1899. In 1901, the Idaho Free Library Commission was organized as a state institution and received its first appropriation. In addition to providing reading materials to Idaho citizens via the traveling library, the agency was to assist in the establishment and improvement of free public and school libraries throughout the state, and to deliver, foster, and promote library services in Idaho.

Beginning in 1957, the agency was designated as the Idaho recipient of federal funds under the Library Services Act (LSA), and it was appropriated a significant increase in its general fund budget to provide the match necessary to receive the LSA funds. The federal program evolved over the years, first to the Library Services and Construction Act (LSCA), and most recently to the Library Services and Technology Act (LSTA). LSTA funds are used for pilot projects, to implement collaborative projects among Idaho libraries, and for statewide library programs that offer benefits to all Idaho residents.

Other significant benchmarks in the agency's history include:

- In 1972, legislation passed that charged the agency with distributing Idaho state public documents through a system of depository libraries.
- In the same year, the State Legislature directed the agency to establish a library for the blind and others who could not use regular print materials.
- In 1984, library development services (continuing library education, consultant services, and statewide planning) were expanded as a response to major changes occurring in the public library community.
- In 2002, after a 20% budget cut over two years, the Board discontinued several direct services and revised the agency mission to focus on statewide library development. With legislation passed by the 2006 Legislature, that mission was codified, the name of the agency was changed to the Idaho Commission for Libraries to better reflect its activities, and the Board was renamed the Board of Library Commissioners.

The 2008 legislative session produced two more substantial changes in the agency. The resulting FY2009 appropriation included ongoing operating and personnel funds for five (5) new positions to implement and maintain the programs:

- Legislation amended IC 33-2505 by replacing the state documents depository library system with a digital repository for state publications and instituting simpler requirements for compliance.
- The first of a planned 2-year line item request for state funds to significantly expand the Read to Me early literacy program was approved.

Our customers, Idaho's libraries, tell us that consistent with national trends the demand for their services is growing. Idahoans (kids, adults, students, parents, business people) want traditional library services, 24/7 electronic information services, and a place - physical or virtual, local and global - to participate in community conversations. The libraries' challenge is to plan for and maintain the necessary trained staff, collections, and technology to deliver this range of services when and where people want them. Our challenge is to help Idaho libraries sustain their services and thrive in this rapidly changing environment.

### Core Functions/Idaho Code

Consistent with our mission, the core function of ICFL is statewide library development. We provide continuing library education and consultant services to the Idaho library community, coordinate statewide library programs, administer grant programs for library development purposes, advocate for library services, and facilitate planning for library development at the local, cooperative, and state levels. Other functions include the management of the digital repository for state publications and the Idaho talking book service.

Following are the relevant citations in the Idaho Code and the US Code:

- IC 33-2501. Commission for Libraries established.
- IC 33-2503. Board of Library Commissioners - Powers and duties.
- IC 33-2504. State librarian appointed by Board of Library Commissioners - Qualifications - Powers.
- IC 33-2505. Digital repository for state publications.
- IC 33-2506. Library services improvement fund - Established.
- IC 33-2611 and 33-2726. Public library annual fiscal reports.
- US Code Title 20, Subchapter II, Library Services and Technology Act. As certified by the Idaho Attorney General, the Idaho Commission for Libraries is the official state agency in Idaho with the authority to develop, submit, and administer the State Plan under the Library Services and Technology Act.

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	\$2,552,200	\$2,687,400	\$2,779,400	\$2,879,800
Library Services Improvement Fund	\$524,200	\$985,300	\$739,000	\$719,200
Federal Grant	\$1,110,600	\$1,020,200	\$1,023,600	\$1,281,800
Miscellaneous Revenue	\$11,500	\$20,800	\$39,400	\$38,000
<b>Total</b>	<b>\$4,198,500</b>	<b>\$4,713,700</b>	<b>\$4,581,400</b>	<b>\$4,918,800</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$1,961,900	\$2,067,100	\$2,006,100	\$2,129,400
Operating Expenditures	\$1,532,200	\$1,779,500	\$1,766,100	\$2,675,900
Capital Outlay	\$157,400	\$156,400	\$186,600	\$194,200
Trustee/Benefit Payments	\$447,100	\$237,200	\$419,200	\$376,300
<b>Total</b>	<b>\$4,098,600</b>	<b>\$4,240,200</b>	<b>\$4,378,000</b>	<b>\$5,375,800</b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
LiLI Databases Sessions/Logins	874,068	819,414	896,240	958,557
LiLI Databases Full Text Views	1,481,687	1,681,022	1,269,359	1,112,300
Talking Book Service Patrons	3,392	4,185	4,197	4,295
Talking Book Service Circulations <sup>1</sup>	183,399	180,515	160,726	155,274
Attendance at Public Libraries <sup>2</sup>	6,339,728	6,989,638	7,269,216	7,553,492
Continuing Library Education				
- Events Sponsored	63	49	150	157
- Participants	1,109	1,142	1,589	2,137
E-Course Completions	385	486	374	675

<sup>1</sup> Decrease in FY2007 is due to circulation system inaccuracies and removal of large print book collection.

<sup>2</sup> Latest data available from public libraries.

### Performance Highlights:

Our strategic initiatives have served as a catalyst to significantly broaden our services to the school library community beginning in FY2008.

The increase in LiLI-Unlimited measures (see below) is largely due to school libraries joining the project and making their collections available for loan statewide. The sustained increase in registrations at summer reading programs is due in part to public libraries partnering with schools to promote summer reading to kids and their parents.

Working in collaboration with representative teacher-librarians from throughout the state, the Idaho Library Association, staff of the Department of Education, and the First Lady's Office, the Commission continues to develop several initiatives to increase the capacity of school libraries to serve their students and teachers.

- Collection of baseline data and subsequent annual statistics on Idaho school library services and resources,
- Launch of an impact study in March 2009 to assess how Idaho students, teachers, and principals benefit from strong school libraries,
- Annual professional development opportunities for teacher-librarians focusing on their role in student success, and
- Development of a statewide scope and sequence of the information, communication, and technology competencies students should have as they pass through grade levels.

## Part II – Performance Measures

Performance Measure	2005	2006	2007	2008	Benchmark
Percentage of Idaho Citizens Who Identify Libraries as Important	NA	97.5%	95%	N/A <sup>3</sup>	Maintain at least 90%
Percentage Increase in interlibrary loans through LiLI Unlimited (to/from)	NA	98,921 (base #)	15.8% (114,539)	4.42% (119,602)	2% annual increase
Percentage Increase in LiLI Unlimited Participating Libraries	88 (base #)	52.2% (134)	61.9% (217)	2.76% (223)	5% annual increase
Percentage Increase in Registrations at Summer Reading Programs <sup>4</sup>	12.9% (27,610)	32.6% (36,620)	11.1% (40,700)	9.6% (44,600)	10% annual increase
Value of LiLI Database Licenses (V) if purchased individually by all libraries compared to Actual Cost (A)	NA	V=\$10,871,113 > A=\$529,873	V=\$10,592,173 > A=\$530,600	V=\$11,015,859 > A=\$530,600	V > A

<sup>3</sup>Question inadvertently dropped from survey conducted the fall of 2007, but we anticipate its inclusion in future reports.

<sup>4</sup>Figures adjusted to correct fiscal year.

### Performance Measure Explanatory Note:

All five of the above performance measures were new as of 2006. They reflect our efforts to measure how effectively the Idaho Commission for Libraries is assisting libraries to build the capacity to better serve their clientele.

#### For More Information Contact

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## Part 1 – Agency Profile

### Agency Overview

Our history has given Idahoans a sense of direction from the beginning. Eighteen years after the Idaho Territory was established in the midst of civil war and westward expansion, and nine years before statehood in 1890, a roomful of early settlers created the Historical Society of Idaho Pioneers. As technology and time itself accelerated in the late nineteenth century, several of these founders sensed how much of their own heritage was about to be lost and how much native heritage remained to be discovered. Their efforts led to the establishment of the Idaho State Historical Society (ISHS) as a state agency in 1907.

The society has evolved in its first century to an extraordinary system of cultural and historic resources, comprised of the Idaho State Historical Museum, Public Archives and Research Library, State Historic Preservation Office, Historic Sites Program, and Agency Administration. Under the direction of a board of seven trustees, who represent the judicial districts of the state and with support from the Foundation for Idaho History, a staff of fifty professionals and 200 volunteers, and facilities statewide, the society now serves annually more than 100,000 people on-site and reaches an additional 700,000 on its web site.

The **Idaho State Historical Museum** is accredited by the American Association of Museums and is the largest and most visited museum in the state. Its many interactive programs add value to the state, illuminating Idaho's history through public programs which are authentic, relevant and exciting for children, students, families, adults, tourists, and newcomers.

The **Idaho History Center** in Boise houses the agency's administrative office, and the **Public Archives and Research Library** provides public and scholarly access to holdings in many media dealing with Idaho history, local history, and genealogy. These include manuscripts, state archives, books, periodicals, oral history interviews, films and videos, microfilms, and maps. The Office of the State Historian is located in north Idaho, in Moscow.

This **Historic Sites** program oversees sites at Pierce, Franklin, Rock Creek, and Boise. These include the old federal Assay Office, a national historic landmark, where the State Historic Preservation Office is located and the old federal Bureau of Reclamation building on Broadway Avenue, which we lease to Foothills International Baccalaureate School.

Under the terms of the National Historic Preservation Act of 1966, the **State Historic Preservation Office** administers the National Register of Historic Places and the state's historic and archaeological site inventories, the certified local government program, and the tax incentive program, and carries out federal project review duties. In 1992 the state legislature established the Archaeological Survey of Idaho with collections repositories in Pocatello, Boise, and Moscow.

### Mission Statement

Idaho State Historical Society (ISHS) preserves and promotes Idaho's cultural heritage

### Vision Statement of Purpose

Our vision is to inspire, enrich and engage all Idahoans by leading the state in preserving and sharing our dynamic cultural heritage.

### Core Functions/Idaho Code

People have wrested a living from Idaho's remarkable resources for more than 13,000 years. Our state has a rich history and prehistory, and the Idaho State Historical Society is charged with responsibility for its preservation and promotion in accordance with Chapters 41 and 46 of Title 67 of the Idaho Code and other statutory capacity assigned by Titles 9, 14, 27, 31, 33, 50, 49, 58, and 63. The society serves as an agency of the State Board of Education, with oversight provided by a seven member board of trustees.

**Revenue and Expenditures:**

<b>Revenue</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Fund	\$1,973,800	\$2,200,000	\$2,797,700	2,696,900
Federal Grant	\$1,015,000	\$1,047,400	996,900	953,300
Miscellaneous Revenue	<u>\$780,500</u>	<u>\$1,175,000</u>	<u>779,600</u>	<u>876,300</u>
<b>Total</b>	<b>\$3,769,300</b>	<b>\$4,422,400</b>	<b>\$4,574,200</b>	<b>4,526,500</b>
<b>Expenditure</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Personnel Costs	\$2,134,900	\$2,303,206	\$2,329,900	2,697,900
Operating Expenditures	\$707,600	\$956,995	1,278,200	1,443,800
Capital Outlay	\$121,300	\$233,269	488,300	97,900
Trustee/Benefit Payments	<u>\$161,800</u>	<u>\$258,012</u>	<u>132,400</u>	<u>135,700</u>
<b>Total</b>	<b>\$3,125,600</b>	<b>\$3,751,482</b>	<b>\$4,228,800</b>	<b>4,375,300</b>

**Profile of Cases Managed and/or Key Services Provided**

<b>Cases Managed and/or Key Services Provided</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Number of Public Archives/Research Library Patrons Served	11,428	10,828	12,458	15,354
Number of Paid Visitors to the Historical Museum Per Annum	21,845	32,600	26,979	32,735
Number of Students (K-12) Served by Educational Programs at the Historical Museum	5,200	14,758	14,537	15,000
Number of Students Participating in Idaho History Day Contest	992	1,213	1,100	1,100
SHPO federal project reviews	1,185	1,152	1,010	1,151
Number of Paid visitors to the Old Pen Site	NA	21,043	23,852	23,539

**Performance Highlights****Promoting Responsible Government**

- So that it could become more connected with affiliated institutions and colleagues in Idaho, ISHS began a new Community Forum initiative in 2007. The goal of this program was to create a conversation with constituents statewide, provide an ISHS agency update and information about national initiatives, and hear the concerns, needs, and successes of cultural colleagues and their programs. In FY 2008, we conducted community forums in Jerome, Rupert, Hailey, Coeur d'Alene, Moscow, Weiser, Franklin, and Sandpoint.
- Society staff served on the Capitol Commission coordinated the inventory and transfer of statehouse art, furniture, and records and planned for the restoration of historic materials. Staff also coordinated with all agency personnel within the statehouse. Working jointly with the State Records Center, ISHS staff implemented records training for statehouse agency staff, housed all statehouse agency records, cataloged records, and provided daily courier service for all agencies displaced by the renovation.
- In FY 2008, 21% of the Idaho State Historical Society's expenditures, amounting to \$920,564.62, were funded by grants. Leveraging some general funds with grants has allowed the society to accomplish the following:
  - Restoration and repair of historic sites - \$138,700
  - Creating a statewide digital consortium - \$84,900
  - Processing and indexing of Idaho Penitentiary inmates files - \$75,941
  - Operate State Historic Preservation Office - \$619,100
  - Create a Freemason Exhibit at Historical Museum - \$5,000
  - Fund Lewis and Clark Discovery Trail - \$14,800
  - Conduct research at pre-historic Cougar Bar - \$15,100
  - Collect Archeological Data - \$26,900
  - Operate Children's Summer Camp - \$6,200

- The Idaho State Historical Museum was awarded national accreditation by the American Association of Museums. Accreditation is a widely recognized seal of approval; less than 10% of our nation's museums enjoy this credential! Accredited status signifies that a museum fulfills its obligations to the public as set forth in its mission and recognizes a museums' commitment to excellence, public service, accountability, and high professional standards.
- Idaho Receives American Association for State and Local History Awards – Since 1904, the American Association of State and Local History has served as the only comprehensive national organization dedicated to the fields of state and local history. AASLH Awards of Merit went to two Idaho groups in 2008: Idaho Transportation Department for the preservation and restoration of the Rainbow Bridge on Highway 55 and Timberline High School for the Boise Architecture Project, a student project to record Boise architectural styles. State Historian and Associate Director Keith Petersen served as the Regional Director of the AASLH Awards Program, where he represented the states of Idaho, Alaska, Washington, and Oregon. Idaho State Co-Chairs included State Historic Preservation Office (ISHS) staff members Suzi Pengilly and Shelby Day.
- ISHS established a formal partnership with Idaho's five tribes to assist the agency in interpretation of historic sites, exhibition development and related projects.

### **Enhancing Economic Opportunity**

- Plans to expand its State Historical Museum by 40,000 square feet, culminating in a new 75,000 square foot museum: Museum expansion will meet the needs of Idahoans and provide additional value to the state through the creation of a world-class museum which will be a place of learning for families, educators and children. New auditorium and classroom space will allow the Idaho State Historical Society to enhance educational opportunities for the Treasure Valley and statewide.
- The museum collaborated with Idaho's Abraham Lincoln Bicentennial Commission to feature "Lincoln and Idaho" and "Forever Free," two exhibits on the life of Abraham Lincoln. Featuring the sixteenth president of the United States, the Lincoln and Idaho exhibit is currently traveling the state.
- The Pacific Northwest Historic Preservation Field School is a partnership between our Idaho State Historic Preservation Office (SHPO), Idaho State Parks, Washington and Oregon SHPOs and State Parks, the National Park Service and the University of Oregon. This year, the field school was hosted at Heyburn Lake State Park (the first state park in the northwest), and the park benefited by condition assessment of all structures within the park and the complete restoration of one of the large, historic Civilian Conservation Corps picnic shelters. This project realized three times the benefit of its materials investment, saving the state of Idaho approximately \$150,000 through in-kind labor; it strengthened partnerships and camaraderie between agencies, preserved these historic buildings and developed the skills of the 46 students from Idaho and from throughout the country

### **Empowering Idahoans**

- Idaho students Joel, Isaac and Jordan Diann Schaefer (Coeur d'Alene) and Chloe Peterson and Silas Domy (Kellog) received special recognition at this year's National History Day competition at College Park, Maryland, June 15-19. Sponsored in Idaho by the Idaho State Historical Society under the direction of the State History Museum, National History Day engages thousands of Idaho students in history each year, providing them with an opportunity that challenges their creativity and instills leadership while meeting new graduation requirements.
- In response to needs expressed through ISHS community forums and a recent study by the Idaho Association of Museums, the board of trustees has implemented a Community Enhancement Grant pilot program to provide financial support for collections care and preservation, enhancement of public access/interpretation, and development of a vibrant statewide cultural industry.

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
Number of Daily Page Views on the Web Site (average time spent 23 minutes per user session)	1,197	1,973	2,101	2316	Maintain/exceed previous fiscal year
Number of Paid Visitors to Historical Museum and Old Penitentiary	41,396	53,643	50,831	56,274	Maintain/exceed previous fiscal year
Number of Children Served by Educational Programs at the Museum	5,200	14,758	14,537	15,000	Maintain/exceed previous fiscal year
Number of Federal Projects Reviewed for Compliance With Section 106 and Done Within 30 day Deadline *	1,185	1,152	1,010	1,151	100%
Cubic Feet of Material Added to the Public Archives	4649	6020	6,423	4,397	Maintain/exceed previous fiscal year
Idaho Historical and Archaeological Sites added to the Archeological Survey of Idaho	1,068	1,112	907	908	Maintain/exceed previous fiscal year

**Performance Measure Notes:**

\*Federal Section 106 compliance reviews determine potential impact to culture properties. The Idaho State Historic Preservation Office assists federal agencies (and serves as a “monitor” on behalf of the citizens of Idaho) to insure that federal projects comply with federal law. All Section 106 reviews must be completed within 30 days.

**For More Information Contact**

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## Part 1 – Agency Profile

### Agency Overview

The College of Southern Idaho's mission, as a comprehensive community college, is to provide quality educational, social, cultural, economic, and workforce development opportunities that meet the diverse needs of the communities it serves. CSI prepares students to lead enriched, productive, and responsible lives in a global society. *Updated mission statement approved by the CSI Board of Trustees on 04/21/08.*

CSI's service area is defined in Idaho Code as the eight counties of the Magic and Wood River Valleys and a portion of Elmore County. CSI offers its programs and courses at the nearly 350 acre main campus in the center of Twin Falls, as well as at the off-campus centers in Burley (The Mini-Cassia Center), Hailey (The Blaine County Center), Gooding (The Northside Center), and Jerome (Workforce Development Center). Students can choose from a wide range of transfer and professional-technical programs – more than 120 program options ranging from short term training courses and certificates to two-year academic and technical degrees. CSI's extensive proprietary microwave system delivers classes and programs to college students as well as high school students in dual enrollment. The College offers a growing number of online courses for students who cannot attend traditional face-to-face courses due to family or work responsibilities. In order to meet the needs of students and area employers CSI also offers evening, weekend, as well as customized short courses, and summer courses. CSI shows its commitment to lifelong learning through very active community education and workforce training programs. Growing partnerships with Boise State University, University of Idaho, Idaho State University, and Northwest Nazarene University also give local residents more than two dozen bachelor's and master's degree options without having to leave Twin Falls.

As embodied in the Idaho Code, the College of Southern Idaho is governed by a locally elected five member Board of Trustees who manages the College through a total of 428 full-time faculty, administrators and staff. Trustees are elected from within the College District comprised of Jerome and Twin Falls counties. Board members serve four-year terms and are not compensated. The over 23 year average tenure of the Trustees has given continuity and stability to the College. In July of 2005, Dr. Jerry Beck succeeded Jerry Meyerhoeffer as the third President in the College's forty-three year existence. Revenue for the operation of the College comes from a combination of sources including state appropriation, local property taxes, tuition and fees, and counties not in community college districts.

The College of Southern Idaho received its first accreditation in 1968. Since that time, CSI has been continuously accredited by the Northwest Commission on Colleges and Universities (NWCCU), a regional postsecondary accrediting agency recognized by the U.S. Department of Education and the Council for Higher Education Accreditation (CHEA). Several of CSI's programs are also accredited by the appropriate accrediting agencies, and graduates are eligible to take the qualifying examinations of the respective state and national licensing and registration bodies and join professional organizations.

The College of Southern Idaho provides support and leadership to economic development efforts in South Central Idaho. CSI has been instrumental in recruiting and retaining firms that contribute to a 3.1% unemployment rate in Twin Falls (Jerome County 3.5%, Idaho 3.8%, U.S. 5.5%).\* CSI is a charter member of the Southern Idaho Economic Development Organization (SIEDO). Dr. Beck was the founding chairman of SIEDO and he still serves on the Executive Committee. \* Idaho Department of Labor <http://lmi.idaho.gov/> June 2008

CSI partners with industry, school districts and others including sister institutions of higher education. Probably more than any other industry, CSI has developed a relationship with health care providers in the Magic Valley and the State of Idaho. The critical shortage of nurses and other health care professionals has prompted the College to expand its programs. Although the number of graduates in the RN and PN programs have nearly doubled, there is still a waiting list for these programs. Health science programs will be further expanded with the addition of the new Health Science Center. Groundbreaking for the Center was held on May 16<sup>th</sup> 2008, construction is slated to begin in September 2008, with an approximate grand opening date in January 2010.

## Core Functions/Idaho Code

The College of Southern Idaho was established and is governed under Chapter 21 of Title 33, Idaho Code. While there is no formal divisional structure at the College, the primary functions may be categorized as: Instructional, Student Support, Financial Support, Administrative, and Community Relations.

### Instructional:

The primary function of the College of Southern Idaho stated in the Idaho Code is "instruction in academic subjects, and in such non-academic subjects as shall be authorized by its board of trustees." (33-2102 I.C.) Academic programs are submitted to the Idaho State Board of Education for approval. The State Board of Education acts under the authority granted in Article IX, Section 2 of the Idaho Constitution and Title 33, Chapter 1, I. C.

### Student Support:

Support for CSI students is delivered through the student services division (Admissions and Records, New Student Services, Advising, Financial Aid, Multicultural Student Services, Student Disability Services, Career and Counseling Services, Student Activities) which assists students in seeking access to college programs and services, developing while a student, as well as transitioning into the workforce or transferring to a four-year institution to continue their education. All personnel and programs are approved by the Board of Trustees under its authority in Chapter 21 of Title 33, Idaho Code.

### Financial Support:

Also under the authority of the Trustees, financial management of the College's funds is carefully overseen by the Business Office. This office manages the various sources of funds directed to the College, including: state, federal, and grant funding. Sources of funding include grants from both public and private sources, as well as the CSI Foundation, a twenty-four year old 501(c)(3) entity with over 26 million dollars in assets.

### Administrative Support and Community Relations:

Personnel who act as senior administrators are hired by the Board of Trustees. The President of the College, Gerald Beck, Ed.D; Executive Vice President and Chief Academic Officer, Jeff Fox, Ph.D; Vice President of Administration, Mike Mason, CPA; Vice President of Student Services/Planning and Grant Development, Edit Szanto, Ph.D. are the senior administrators.

Also included in administrative support, within the Office of Administration, is Plant, Facility and Security.

## Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008**
State General Fund	\$9,942,700	\$10,495,300	\$11,594,900	\$12,653,900
Dedicated Liquor Funds	\$150,000	\$150,000	\$150,000	\$150,000
Inventory Phaseout Tax	\$568,700	\$560,000	\$560,000	\$623,100
Property Taxes	\$3,340,000	\$3,564,500	\$3,745,800	\$4,165,200
Tuition and Fees	\$6,464,900	\$6,709,000	\$6,709,000	\$7,200,000
County Tuition	\$1,715,000	\$1,700,000	\$1,600,000	\$1,417,100
Misc Other Revenue	\$1,304,400	\$1,339,200	\$1,324,500	\$1,973,900
<b>Total</b>	<b>\$23,485,700*</b>	<b>\$24,518,000</b>	<b>\$25,684,200.00</b>	<b>\$28,183,200</b>
Expenditures	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$17,382,100	\$18,479,400	\$19,379,900	\$19,415,000
Operating Expenditures	\$1,913,300	\$1,913,200	\$2,094,000	\$3,685,700
Capital Outlay	\$4,125,300	\$4,125,400	\$4,210,300	\$5,082,500
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$23,420,700*</b>	<b>\$24,518,000</b>	<b>\$25,684,200.00</b>	<b>\$28,183,200</b>

\*FY05 Difference is unbudgeted 1% salary @ \$65,000

\*\*FY08 unaudited figures



**Profile of Cases Managed and/or Key Services Provided**

<b>Cases Managed and/or Key Services Provided</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008*</b>
<b>Annual (unduplicated) Enrollment Headcount</b>	11,052	11,202	11,165	11,148
Professional Technical	2,240	2,027	1,894	1,901
Undergraduate	8,812	9,175	9,271	9,247
<b>Annual Enrollment FTE</b>	3,839	3,724	3,541	3,569
Professional Technical	828	797	745	765
Undergraduate	3,011	2,927	2,796	2,804
<b>Credit Hours Taught</b>	142,346	146,975	126,206	127,124
<b>Degrees/Certificates Awarded</b>	875	824	797	821
Professional Technical Certificates	219	194	146	157
Associate Degrees Undergraduate	178	165	153	147
Associate Degrees	478	465	498	517
<b>Workforce Training Headcount</b>	4,815	5,310	6,149	5,861

\* Data as of August 2008. Official FY08 IPEDS reports have not yet been compiled; therefore some of these numbers may be understated.

**Performance Highlights****Online Learning**

CSI has been offering an increasing number and variety of online courses. The College serves a large rural geographic area and many students with family or work responsibilities choose to take online courses in order to cut down on the commute and save on gas and/or child care. Students are also more technologically savvy and often prefer online courses as opposed to the traditional face-to-face delivery.

**Dual Credit**

The number of high school students taking CSI dual credit courses has been increasing at a rapid rate. More and more students realize the benefits of earning college credit while still in high school. The College of Southern Idaho recognizes the nationwide movement toward collegiate programs that allow high school students of outstanding academic achievement and/or inclination the opportunity to earn collegiate credit towards an undergraduate degree prior to graduation. CSI accepts high school students as one of its important constituent groups and considers its dual credit programs to be a major part of its off-campus outreach effort.

**Pass Rate/Licensure/Certification**

Pass rates for CSI students on professional licensure and certification exams are consistently above the national norms.

**Outreach Public Service**

The College of Southern Idaho is committed to outreach and public service. Classes are provided on the main campus as well as through the College's four off-campus centers located in Burley (The Mini-Cassia Center), Hailey (The Blaine County Center), Gooding (The Northside Center), and Jerome (Workforce Development Center).

CSI has been serving the needs of community members of all ages. The College has a nationally recognized "Over 60 and Getting Fit" program and a growing "I'm Going to College" program that brings area sixth graders on

campus to learn about college in general, how to prepare for college, as well as some specific programs and services CSI offers. In 2008 almost 1,200 area sixth graders participated in the program.

## Part II – Performance Measures

Performance Measure	2005	2006	2007	2008*	Benchmark
Instructional Dollars per Student FTE	\$6,553	\$6,826	\$7,372	\$7,758	Instructional costs per student FTE will compare favorably to that of our peer institutions.
Academic	\$6,157	\$6,305	\$6,735	\$6,994	
Professional Technical	\$6,611	\$6,861	\$7,248	\$7,732	
Scholarship Dollars Per Student FTE	\$2,393	\$2,332	\$2,225	\$2,428	By 2012 will award CSI Foundation scholarships to at least a third of all eligible CSI students.
Market Penetration Rate**	11.2%	11%	10%		Increase to 12% by 2012.
Tuition and fees					Maintain tuition and fees at or below that of our peer institutions.
Full-Time	\$900	\$950	\$1,000	\$1,050	
Part-Time	\$900	\$950	\$1,000	\$1,050	
Retention/Persistence Rates					Maintain or increase retention/persistence rates.
Full-Time					
Completers	2.2%	2.7%	1.9%	3.1%	
Continuing Students	48.9%	46.6%	45.6%	50.9%	
Completers or Continuing Students	51.1%	49.3%	47.5%	54.0%	
Part-Time					
Completers	0.0%	0.3%	0.3%	0.3%	
Continuing Students	34.9%	29.1%	31.4%	34.0%	
Completers or Continuing Students	34.9%	29.4%	31.7%	34.3%	
Graduation Rates	21.3%	19.9%	19.0%	18.1%	The proportion of students who enroll in and subsequently complete a degree or certificate program will increase.
Employment Status of Professional/Technical Graduates***	93.2%	96.9%	91.3%		At least 90% of PTE graduates will be employed in their field of study one year after graduation.
Employee Compensation Competitiveness	94.6%	93.6%	92.9%	90.4%	CSI employee salaries will be at the mean or above for comparable positions in the Mountain States Community College Survey.
Total Yearly Dollar Amount Generated Through External Grants	\$3,537,675	\$3,764,105	\$3,725,570	\$4,042,597	Minimum of \$2,750,000 yearly external grant requests with a 30% success rate.
Funds Raised Through the CSI	\$1,270,551	\$1,222,048	\$967,247	\$1,312,826	By 2012 achieve a



Foundation					minimum of 80% participation in the Foundation's internal campaign. By 2012 award Foundation scholarships to at least a third of all eligible CSI students.
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\*Based on FY08 unaudited financial figures; FY08 audited figures will be available in November 2008.

\*\*Market penetration rates are based on calendar years; 2008 data will be available spring 2009.

\*\*\*FY08 data will be available January 2009.

### Performance Measure Explanatory Note:

CSI developed its 2008-2012 Strategic Plan this year, including a new set of performance measures and benchmarks. SBOE also developed its new strategic plan that included required cases served/performance measures for all higher education institutions.

### For More Information Contact

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## ***Part 1 – Agency Profile***

### **Agency Overview**

The College of Western Idaho exists as a State of Idaho recognized community college, but the College is still in formative stages. Instruction will not commence before Spring 2009.

The College of Western Idaho will utilize several sets of facilities beginning January 1, 2009, and continuing through July 1, 2009. Currently, CWI offices are co-located at the Boise State University-West Campus (BSU) in Ada County. On January 1, 2009, CWI will receive from BSU the entirety of the three story 66,000 sq.ft building along with 100 acres of property upon which the building sits. The building is a three year old modern, well-maintained classroom facility that houses class rooms, science laboratories, computer labs, distance learning facilities, and faculty and student services areas. This building will be used for lower division transfer, general education classes and associate of arts and associate of science degree programs. Presently, no professional-technical programs are planned for this building.

On July 1, 2009, the CWI will receive from BSU the entirety of the current Canyon County Center facility, 70,000sq.ft. building located in Nampa, Idaho. It sits on five acres of land and is 20 years old. The Canyon County Center is a well-maintained, two story building containing classrooms, computer labs, apprentice ship labs, and student services space. The building will be used for Adult Basic Education classes, lower division general education transfer, professional-technical courses (such as Licensed Practical Nurse), and various non-credit Center for Workforce Development classes and programs.

Beginning in January 2009, College of Western Idaho will also offer selected lower division transfer general education classes in both the Boise and Meridian school districts.

In keeping with directives from the Northwest Commission on Colleges and Universities, CWI is nearing the completion of an agreement among NWCCU, College of Southern Idaho, and College of Western Idaho wherein CWI will become a contract partner with CSI. Essentially, through the contract partnership, CWI will be allowed to offer CSI approved courses and programs through CWI and offer credit for credit classes through CSI. This type of partnership is a first for Idaho.

The clientele would include high school students who either desired to remain closer to home and who either could not afford a university education or who were not academically ready to begin university work, people who were ready to begin professional technical training or who desired to upgrade or retrain, people who had been denied admission to Boise State University, and others desiring incidental course work, both for credit and non-credit.

### **Core Functions/Idaho Code**

College of Western Idaho is a two-year community college as defined by Idaho Code 33, Chapter 21 and 22. The core functions of College of Western Idaho are to provide instruction in academic courses and programs and in professional technical courses and programs. As a part of professional technical education, the college also offer workforce training through short- term courses, contract training for business and industry, and non-credit, special interest courses. Additionally, the College provides course work in adult basic and developmental education for persons needing to complete high school work or who need to meet various entrance requirements.

As a second core function, the college confers the associate of arts degree and the associate of science degree for academic programs and confers the associate of applied science degree and certificates for professional technical programs. Students obtaining an associate of arts or an associate of science degree can transfer with junior standing to all other Idaho public colleges and universities.

**Revenue and Expenditures**

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
State General Fund	\$0	\$0	\$0	\$5,000,000
Liquor Funds	\$0	\$0	\$0	\$0
Property Taxes	\$0	\$0	\$0	\$0
Tuition and Fees	\$0	\$0	\$0	\$0
County Tuition	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$57,417
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,057,417</b>
Expenditure	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$0	\$0		\$725,158
Operating Expenditures	\$0	\$0		\$621,036
Capital Outlay	\$0	\$0		\$1,405,142
Trustee/Benefit Payments	\$0	\$0		\$19,852
<b>Total</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,771,188</b>

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
*				

\*CWI as a college has not offered, nor had authority for, any instructional programs since its beginning. Consequently, all Cases Managed and/or Key Services Provided measure indicators are blank.

**Part II – Performance Measures**

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
*					

**Performance Measure Explanatory Note:**

\* CWI as a college has not offered, nor had authority for, any instructional programs since its beginning. Consequently, all Performance Measure metrics are blank.

**For More Information Contact**

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## Part 1 – Agency Profile

### Agency Overview

Founded in 1933, North Idaho College (NIC) is a comprehensive community college that provides a wide array of academic, professional technical, and workforce training programs. NIC enrolls over 4,600 students in its credit courses and programs and has over 10,000 course enrollments (a headcount of 7,595) in various non-credit offerings. NIC offers associate of arts and associate of science degrees in 39 college transfer programs, and associate of applied science degrees and technical certificates in over 33 professional-technical programs.

North Idaho College is accredited by the Northwest Commission on Colleges and Universities. The NIC Nursing Program is accredited by the National League for Nursing.

NIC's 45-acre campus is located on the shores of beautiful Lake Coeur d'Alene. In addition to the main campus, the college delivers courses at the NIC Workforce Training Center in Post Falls and through outreach centers located in Ponderay, Kellogg, and Bonners Ferry. Additional courses are offered at various sites throughout the five-county service area through an extensive network of interactive video classrooms, and through the Internet. Classes are also offered at area high schools through NIC's dual enrollment program.

The college is governed by a locally elected board of trustees who hires the president of the institution. The organizational structure of the college includes senior level administration, professional staff, instructional staff and classified staff. There are over 800 people employed by North Idaho College, 438 are full-time and 338+ are part-time. As of September 2007, the count for faculty included 162 full-time instructors and 123 part-time instructors. The administrative/professional staff totaled 131, and the classified staff totals 360.

Revenue for the operation of the college and its programs comes from a combination of sources including state appropriation, local property taxes, and student tuition.

### Core Functions/Idaho Code

North Idaho College is a two-year community college as defined by Idaho Code 33, Chapter 21 and 22. The core functions of North Idaho College are to provide instruction in academic courses and programs and in professional technical courses and programs. As a part of professional technical education, the college also offer workforce training through short- term courses, contract training for business and industry, and non-credit, special interest courses.

As a second core function, the college confers the associate of arts degree and the associate of science degree for academic programs, and confers the associate of applied science degree and certificates for professional technical programs. Students obtaining an associate of arts or an associate of science degree can transfer with junior standing to all other Idaho public colleges and universities.

### Revenue and Expenditures

Revenue	FY 2005	FY 2006	FY 2007	FY 2008
State General Funds	\$9,942,800	\$10,243,400	\$10,506,000	\$10,933,800
Dedicated Liquor Funds	\$151,000	\$150,000	\$150,000	\$150,000
District Levy	\$5,847,700	\$7,362,300	\$7,994,100	\$8,986,600
Tuition and Fees	\$7,938,300	\$8,659,000	\$7,310,400	\$7,829,200
County Tuition Payments	\$876,000	\$902,300	\$735,800	\$735,800
Miscellaneous	\$1,822,400	\$1,778,800	\$1,804,200	\$1,967,400
<b>Total</b>	<b>\$26,578,200</b>	<b>\$29,095,800</b>	<b>\$28,500,500</b>	<b>\$30,602,800</b>
Expenditures	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$19,051,900	\$20,797,700	\$21,392,400	\$22,981,500
Operating Expenditures	\$6,862,800	\$7,473,900	\$5,794,500	\$6,941,500
Capital Outlay	\$663,500	\$824,200	\$1,313,600	\$679,800
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$26,578,200</b>	<b>\$29,095,800</b>	<b>\$28,500,500</b>	<b>\$30,602,800</b>

**Profile of Cases Managed and/or Key Services Provided**

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Annual (unduplicated) Enrollment Headcount				
- Professional Technical	792	775	713	733
- Transfer	4,976	4,960	5,588	5,377
<sup>1</sup> Annual Enrollment FTE				
- Professional Technical		397	375	431
- Transfer		2,835	2,833	2,861
<sup>2</sup> Credit Hours Taught		96,966	96,248	98,765
<sup>3</sup> Degrees/Certificates Awarded	602	688	581	528
Adult Basic Education Total Served	1,494	1,197	1,269	1,324
GED Credentials Awarded	564	556	656	672
Workforce Training Headcount (FY)				
- Duplicated Headcount	12,795	13,550	10,115	10,091
- Unduplicated Headcount	6,926	7,319	5,871	7,595

<sup>1</sup>Data not available for FY 2005. A new student system (Datatel Colleague) was implemented in the fall 05. StudentFTE is calculated using 30 credits.

<sup>2</sup>Data not available for FY 2005. A new student system (Datatel Colleague) was implemented in the fall 05.

<sup>3</sup>FY 2008 numbers are unaudited.

**Performance Highlights**

The [Emergency Medical Technician](#) program, which prepares students for positions in emergency medical services, is expected to begin in January 2009. Those who complete the program will earn an associate of applied science degree and a certificate at the intermediate level. Those seeking additional educational training in emergency medical systems will be prepared for entrance into paramedic and bachelor's degree programs.

The [Medical Assistant](#) program will begin in January 2009. This program is a five-semester associate's degree program that prepares students as entry-level health care providers in settings such as physician's offices, health care clinics, and hospitals. Medical assistants work under the supervision of a physician or other designated professional in office management, patient care, and the collection and processing of laboratory specimens.

Those seeking military careers can now complete the first two years of a military science degree at NIC through the college's new partnership with the [Army Reserve Officers' Training Corps \(ROTC\)](#) program and the [Idaho Army National Guard](#).

[Computer Applications](#) and [Office Technology](#) courses have been redesigned and are now offered as one-credit student-paced modules instead of three-credit classes. These courses will be taught in the new Flexible Learning Center which will be open days, evenings, and on Saturdays. Several new courses have been added as part of this redesign.

[NIC's Dual Credit Program](#) will be expanded in the Fall of 2008 to include professional-technical programs. High school students will be able to enroll in Automotive Technology, Diesel Technology, and Outdoor Power/Recreational Vehicle courses. The courses will be taught at NIC's Ramsey Technical Building which has easy access to several area high schools.

[NIC is celebrating its 75<sup>th</sup> anniversary](#) this year with several events planned to commemorate the college's opening in 1933. An all-community picnic is planned for the fall and an all-class reunion weekend is planned for

the spring. A 75<sup>th</sup> anniversary logo designed by an NIC graphic design student is being widely used to promote the anniversary.

## Part II – Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	Benchmark
<sup>1</sup> Instructional Dollars per Student FTE - Professional Technical - Transfer				\$10,750 \$4,566	Maintain existing level of support per student FTE.
<sup>2</sup> Scholarship Dollars Per Student FTE				\$1,749	Number of students assisted will meet or exceed last year.
<sup>3</sup> Number of course offerings at the NIC Outreach Centers and other off-campus sites.	91	113	120	122	Expand course offerings at the NIC Outreach Centers and other off-campus sites.

### Performance Measure Explanatory Notes:

<sup>1</sup>Prior year data is not available. The implementation of a new student system (Datatel Colleague) in the fall 05 resulted in the financial system and the student system to be one and the same system. With advances in the development of the NIC DataMarts this past year this number will be generated from this point forward. Instructional dollars are unaudited. This initiative is new this year.

<sup>2</sup>Prior year data is not available. With advances in the development of the NIC DataMarts this past year this number will be generated from this point forward. This initiative is new this year.

<sup>3</sup> NIC 08-13 Strategic Plan, Theme 1, Goal 2: Objective C. This initiative is new this year.

### For More Information Contact

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## 1. Organizational Overview FY2008

Revenue: \$4,526,500

Full Time Positions: 49.02

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Public Archives/Research Library Patrons Served	11,428	10,828	12,458	15,354
Paid Visitors to the Historical Museum Per Annum	21,845	32,600	26,979	32,735
K-12 Students Served by Educational Programs at the Historical Museum	5,200	14,758	14,537	15,000

## 2. Performance Highlights:

- In FY2008, 21% of the Idaho State Historical Society's expenditures, amounting to \$920,564.62, were funded by grants.
- The Idaho State Historical Museum was awarded national accreditation by the American Association of Museums. Accreditation is a widely recognized seal of approval; less than 10% of our nation's museums enjoy this credential.
- ISHS established a formal partnership with Idaho's five tribes to assist the agency in interpretation of historic sites, exhibition development and related projects.
- Idaho students Joel, Isaac and Jordan Diann Schaefer (Coeur d'Alene) and Chloe Peterson and Silas Domy (Kellog) received special recognition at this year's National History Day competition at College Park, Maryland, June 15-19.

## 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Daily Page Views on the Web Site (average time spent 23 minutes per user session)	1,197	1,973	2,101	2316
Paid Visitors to Historical Museum and Old Penitentiary	41,396	53,643	50,831	56,274
Children Served by Educational Programs at the Museum	5,200	14,758	14,537	15,000

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Federal Projects Reviewed for Compliance With Section 106 and Done Within 30 day Deadline *	1,185	1,152	1,010	1,151
Cubic Feet of Material Added to the Public Archives	4649	6020	6,423	4,397
Idaho Historical and Archaeological Sites added to the Archeological Survey of Idaho	1,068	1,112	907	908

**Performance Measure Notes:**

\*Federal Section 106 compliance reviews determine potential impact to culture properties. The Idaho State Historic Preservation Office assists federal agencies (and serves as a “monitor” on behalf of the citizens of Idaho) to insure that federal projects comply with federal law. All Section 106 reviews must be completed within 30 days.

**4. Strategic Questions:**

- **What would your organization like to do differently?**

The Idaho State Historical Society is an extraordinary system of cultural and historic resources comprised of the Idaho State Historical Museum, Public Archives and Research Library, State Historic Preservation Office, and Historic Sites Program. We seek to inspire, enrich and engage all Idahoans by leading the state in preserving and sharing our diverse and dynamic cultural heritage. We have spent the past year **changed** the way that we do business including:

- Performing like a team rather than a loosely aligned group of individual functions
- Adopting policies and procedures that assist us in being better at the *business* of how we operate
- Implementing a new marketing approach to create awareness about our services and (hopefully) converting that awareness into action
- Seeking new opportunities for financial support through a more aggressive program in grants and the creation of a philanthropic infrastructure
- Challenging our customer service assumptions through a study to identify our strengths and weaknesses and then adapting to meet our customer needs

We still need to be better at tracking statistics, more focused on cost-benefit analysis and recapturing costs associated with service delivery and swifter when it comes to shifting resources to meet strategic goals. We also need to challenge our assumptions about old best practices models and be more adept at positive change. We are also already operating at 35% non-state sources for budget support which puts a lot of pressure on staff – while on the one hand, being more entrepreneurial is good, the opposite side of that equation is that we have relied heavily on fees for service to drive our budget support. At some point, the organization reaches diminishing returns in raising new revenue with these limited sources or by grants written at the department level. This is why our fund development plan is so very important. In terms of how I would like to see us viewed by the public, simply put:

- Relevant
- Inspiring
- A trusted resource

- Good stewards of our historic resources and funds entrusted to us by the public, granting agencies, and donors
  - Valued for the work that we do bringing resources to the state and improving conditions in society
- **What direction do you see your organization progressing?**  
 Our strategic plan provides purposeful direction for our future, including excellent customer services, a higher public profile, and enhanced fundraising capacity. We need to move forward with one foot in our historic based mission and one foot in always thinking about how we add value to the state and our constituents. We also need to be sure that our business practices enhance our operations at every level so that we are *efficient* in the deployment of our resources through *effective* programs and services that benefit the broadest possible needs of our citizens. While this seems clear and logical, it happens systematically through leadership consensus, seeking new models, and providing staff support to learn and adapt to a more entrepreneurial way of thinking.

What does the ISHS intends to accomplish?

- We will **enhance** communities and enrich the lives of our citizens
- We will **bring** new resources to our communities statewide
- We will **advocate** for history, historic preservation, and education

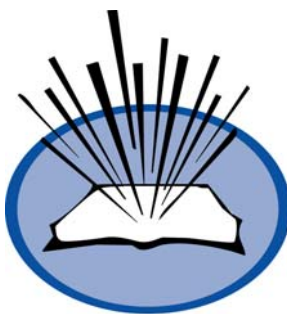
What is the outcome?

- We create memories through transformational experiences
- We inspire learning
- We connect diverse groups
- We enhance community pride
- We foster the importance of place

Key Future Projects?

- Accomplish the expansion of the new Idaho State Historical Museum with an amazing new exhibition: *Idaho: The Spirit of the Land and its People*.
- Match the annual State Historic Preservation Grant at \$350,000+ annually.
- Complete the deferred maintenance for sixty historic buildings statewide in the amount of \$3.5 million.
- Provide funding for the Archeological Survey of Idaho, including support of a western repository which would house archeological items excavated in Idaho. This facility would provide environmentally controlled storage of and public access to 20,000 items.
- Expand facilities and operating costs for the agency's public archives and research library, with particular emphasis on records of enduring historical value.

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## IDAHO COMMISSION FOR LIBRARIES

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### 1. Organizational Overview FY2008

Revenue: \$4,918,800

Full Time Positions: 40.50

#### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
LiLI Databases Full Text Views	1,481,687	1,681,022	1,269,359	1,112,300
Talking Book Service Patrons	3,392	4,185	4,197	4,295
Attendance at Public Libraries	6,339,728	6,989,638	7,269,216	7,553,492

### 2. Performance Highlights:

- Increase in school libraries joining the LiLI-Unlimited, making their collections available for loan statewide. The sustained increase in registrations at summer reading programs is due in part to public libraries partnering with schools to promote summer reading to kids and their parents.
- Working in collaboration with representative teacher-librarians from throughout the state, the Idaho Library Association, staff of the Department of Education, and the First Lady's Office, the Commission continues to develop several initiatives to increase the capacity of school libraries to serve their students and teachers.

### 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Idaho Citizens Who Identify Libraries as Important	NA	97.5%	95%	N/A <sup>3</sup>
Increase in interlibrary loans through LiLI Unlimited (to/from)	NA	98,921 (base #)	15.8% (114,539)	4.42% (119,602)
Increase in LiLI Unlimited Participating Libraries	88 (base #)	52.2% (134)	61.9% (217)	2.76% (223)
Increase in Registrations at Summer Reading Programs <sup>4</sup>	12.9% (27,610)	32.6% (36,620)	11.1% (40,700)	9.6% (44,600)
Value of LiLI Database Licenses (V) if purchased individually by all libraries compared to Actual Cost (A)	NA	V=\$10,871,113 > A=\$529,873	V=\$10,592,173 > A=\$530,600	V=\$11,015,859 > A=\$530,600

**Performance Measure Explanatory Notes:**

<sup>3</sup>Question inadvertently dropped from survey conducted the fall of 2007, but we anticipate its inclusion in future reports.

<sup>4</sup>Figures adjusted to correct fiscal year.

All five of the above performance measures were new as of 2006. They reflect our efforts to measure how effectively the Idaho Commission for Libraries is assisting libraries to build the capacity to better serve their clientele

**4. Strategic Questions:**

- **What would your organization like to do differently? What direction do you see your organization progressing?**

These two questions are directly related in that progress toward our strategic plan helps us define what we want to do differently. Our staff interaction with our customers gives us good and ongoing feedback for planning, implementing, and evaluating services for Idaho libraries.

Continuous improvement, with ongoing assessment of our work and looking for better and more efficient processes, has been part of the agency philosophy for over 15 years. More recently we began incorporating systems thinking tools.

Consistent with that philosophy, we're trying to increase our ability to balance being responsive to current needs of the library community with challenging libraries to meet the expectations of tomorrow's users. Our focus on the future includes monitoring trends in information technology and in the search for and use of information, and helping build the skills and services librarians will need to meet the emerging demands for information.

At a more specific level, our direction includes a number of long term initiatives, identified collaboratively with the library community, to build the capacity of Idaho libraries to better serve all Idahoans:

- Increasing visibility and local support for Idaho libraries,
- Developing a sustainable school library development program,
- Expanding public library services to serve all Idahoans, and
- Increasing the leverage of collaborative ventures outside of Idaho and beyond the library community

Application of continuous improvement, systems thinking, and feedback from the library community will help us identify needed changes as we proceed.

# University of Idaho

## Extension

### Agricultural Research Extension

#### 1. Organizational Overview FY2008

Revenue: \$30,735,901

Full Time Positions: 370.46

#### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Youth Participating in 4H	59,623	54,485	33,508	30,272
Individuals/Families Benefiting from Outreach Programs	423,083	430,783	355,747	373,961

#### 2. Performance Highlights:

- A team of Extension faculty have developed data tools workshops and brochures to help community decision-makers better understand and guide their communities. Local data has been compiled and is available for each Idaho County; and brochures are updated semi-annually, in order to provide the most current data available. During 2006 and 2007, 577 local elected officials, business leaders, and service administrators have learned about their local demographics and social conditions through presentations by local Extension Educators.
- The brochures, called *County at a Glance*, have been distributed to local elected officials, chambers of commerce and business persons, school district officials, economic development groups, county employees, hospital employees, school district staff and teachers, and at county and state fairs. Brochures are also available in county extension offices. *County at a Glance* brochures have been requested by realtors and other economic development interests serving local people.

#### 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Value of External Agricultural Research Grants	\$10.2M	\$9.65M	\$13.1M	\$17.4M
Number and Type of New Commercial Crop Varieties Developed	4 (Potato and Wheat)	4 (Potato and Wheat)	8 (Potato, Bean and Wheat)	4 (Potato and Barley)

#### Performance Measure Explanatory Notes:

The cases managed data for each fiscal year reflects data collected for the previous fiscal year due to the lag in gathering the information.

#### **4. Strategic Questions:**

- **What would your organization like to do differently?**

The Idaho agricultural industry is currently in a considerable state of flux. Since 2001, the livestock industry (beef and dairy) has become the predominant agricultural sector in revenue generated. The dairy industry, currently ranked 4<sup>th</sup> nationally, will soon surpass New York in liquid milk production to become the 3<sup>rd</sup> leading dairy state in the nation behind California and Wisconsin. This is driving growth and development of the Idaho's food processing industry, e.g. cheese, and the associated service sectors. Additionally, agricultural biotechnology is undergoing phenomenal growth and innovation revolutionizing production agriculture impacting management and operations, and enhancing markets for Idaho's commodities. These transitions within Idaho agriculture are also inextricably linked to the dynamics of global supply and demand.

Similarly, Idaho's population demographics are markedly changing. Approximately 60% of Idaho's population is located in four major urban areas, Coeur d'Alene, Boise, Twin Falls and Idaho Falls. Rural communities are at risk and the diversity in population is changing with the growth in the Hispanic population. Additionally, individuals and families are facing increasing economic, educational and health challenges.

Current resource constraints, our existing base resources and our ability to obtain additional state resources limit our ability to maintain required research and extension programming. In addition, meeting the increasing needs brought about by changing industry, population and economic issues is increasingly difficult. Therefore, increasing science-based research with the associated technology transfer to provide solutions and options for our stakeholders and Idaho's population is critically needed. We must strategically focus our priorities and organize the Agricultural Research and Extension System (ARES) to increase our flexibility and ability to meet the diverse and changing needs of our clientele.

- **What direction do you see your organization progressing?**

The ARES must enhance its capability through partnerships and funding opportunities. UI Extension is the only agency of the State of Idaho dedicated solely to the non-formal education of children and adult residents. UI Extension has the expertise, experience and desire to serve a more pivotal function in partnering with other State agencies, e.g., Health and Welfare, and local governments whose missions depend upon the transfer of technology, ideas and knowledge to targeted audiences in Idaho.

Consequent to providing needed science-based data to use in the transfer of technology and knowledge for solutions to Idaho's agricultural industry and family and consumer issues, nationally recognized research programs which are self-sustaining and nationally competitive must be developed. Greater reliance on and success in obtaining competitive funding must be achieved to fund needed research with less reliance on federal earmarks. In addition, ARES efforts and funding must be prioritized by adjusting land-grant research priorities with Idaho's industry and policy needs and the needs of its population.



## Forest Utilization Research

### 1. Organizational Overview FY2008

Revenue: \$626,600

Full Time Positions: 5.75

#### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Private Landowners Assisted: Pitkin Forest Nursery	2100	2200	2200	1500
Number of:				
- Research Projects:				
Experimental Forest	2	4	3	6
Pitkin Forest Nursery	10	6	5	10
- Teaching Projects:				
Experimental Forest	65	70	70	50
Policy Analysis Group	12	14	17	12
Pitkin Forest Nursery	6	20	20	5
- Service Projects:				
Policy Analysis Group	12	14	17	12
Pitkin Forest Nursery	65	70	70	10

### 2. Performance Highlights:

- The University of Idaho Pitkin Forest Nursery interacted with approximately 1500 private landowners in 2007-08 through seedling orders and advice pertaining to seedling establishment. As well, two major industry-based research projects, with numerous field sites in the region, are ongoing.
- Approximately 10 new research projects were initiated in 2007-08. The results of three of these projects have been presented at regional science and professional association meetings, while the others are ongoing and should be completed in the current fiscal year.

### 3. Review of Performance Measures

	FY 2005	FY 2006	FY 2007	FY 2008
New Research Projects Per Year:				
Experimental Forest	2	4	3	4
Pitkin Forest Nursery	4	4	5	4
Research Studies Completed/Published Per Year	2	2	2	3
Number of publications:				
Experimental Forest	2	2	2	3
Policy Analysis Group	10	13	13	14
Pitkin Forest Nursery	10	6	5	10
Number of workshops conducted:				
Experimental Forest	12	11	13	11
Policy Analysis Group	12	14	17	18
Pitkin Forest Nursery	6	20	20	15

#### **4. Strategic Questions:**

- **What would your organization like to do differently?**

1. We would like to have more flexibility to request additional funds or reallocate funds to more rapidly adapt research and teaching directions to reflect emerging forest issues that impact Idaho's timber industry. For example, we need to be able to fund additional positions to engage in areas of emerging natural resource issues, to conduct additional long-term demonstration projects on the Experimental Forest or in the Forest Nursery that emulate or evaluate best practices, to test new technologies such as mechanical thinning to reduce fire hazards, as well as explore the effects of climate change on forest productivity, and create bio-technologies and products to capitalize on forest biomass. Both applied and basic research is necessary.
2. We believe increased collaboration with state agencies, such as Idaho Department of Lands, Idaho Fish and Game, Idaho Parks and Recreation, Idaho Water Resources, as well as enhanced networks with regional universities and the private sector is necessary. We envision using some of our seasoned, practicing natural resource professionals in our state agencies to demonstrate best practices via video conferencing in our natural resource classes. In return, we would provide students to engage in service-learning and research projects addressing an agency's-identified need where students can practice some aspect of their chosen profession. This experiential education, service learning, and research approach links directly to the University of Idaho's 2005-2010 Strategic Action Plan.

- **What direction do you see your organization progressing?**

1. Adding additional social and bio-physical scientists as well as positions for practicing professionals to insure students receive an enhanced mix of academic and practice-oriented education. This will result in a well-trained workforce that meets the future need of Idaho's forest products sector as well as research to make the industry more efficient and effective.
2. More research focused on bio-materials and fuels, increased utilization of Experimental Forest to demonstrate and evaluate mechanical thinning and other new technologies, and the expansion of the Forest Nursery to include research on native plants needed to address issues of invasive species and restoration ecology. All of these changes will create additional research and practice learning opportunities for our students.
3. It is essential for our students to have access to new technologies used by forest industries and natural resource management agencies. These tools require continued investment by the University and the FUR Program to ensure the workforce we are training is state of the art and allows us to do practical research.

## Idaho Geological Survey

### 1. Organizational Overview FY2008

Revenue: \$ 874,800

Full Time Positions: 10.35

#### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Square Miles of Geological Mapping	1318	1193	1204	1262
Educational Programs for Public Audiences	15	24	12	31
Miners/Industry Supervisors Trained/Certified in Safety	1240	1299	1525	1838

### 2. Performance Highlights:

None provided.

### 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Published Reports on Geology/Hydrology/Hazards/Mineral Resources	54	51	60	47
Cumulative Percent of Idaho's Area Covered by Modern Geologic Mapping	19%	22%	29%	31%
Externally Funded Grant and Contract Dollars	\$534,302	\$521,192	\$458,615	\$456,372
Number of Web-Site Products Used	38,615	46,373	130,491	136,661

### 4. Strategic Questions:

- **What would your organization like to do differently?**

Background:

Our mission is to provide decision makers, managers, local jurisdictions, industry, government officials, and private citizens up-to-date geologic information in technologically modern formats that are compatible, for example, with Geographic Information Systems (GIS). The survey has experienced a dramatic increase in the demand for geologic products particularly with regard to (1) earth resources (minerals, construction materials, energy sources, ground water, tree and crop nutrition, parks and recreation), (2) geologic hazards (landslides, earthquakes, and environmental assessments), and (3) geologic mapping and associated baseline geologic information. To meet the demands with limited state resources, the survey currently depends on externally sponsored projects to sustain research programs and provide geologic information products.

Desired change:

The Idaho Geological Survey would like to expand our information delivery for research, service, and outreach and to better meet the needs of the state that go beyond narrowly focused sponsored projects. This will require additional state resources, especially for operations.

- **What direction do you see your organization progressing?**

The Idaho Geological Survey has made great strides in modernizing its publications and information delivery systems via the Internet. We should expand those capabilities to facilitate efficient and cost-effective distribution of information to users, and keep pace with technology. In addition, the Idaho Geological Survey should increase its cooperation with other state agencies in projects that meet their needs for applied geologic information. Both of these areas, information delivery systems and cooperative state projects, will require additional state resources.

## 1. Organizational Overview FY2008

Revenue: \$595,500

Full Time Positions: 8.50

### Profile of Cases Managed and/or Key Services Provided:

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
General Public Visitors	4,341	8,829	9,064	7,954
K12 Students on Class Tours	3,931	2,737	3,705	5,025
Public Served Through Programs	645	3,797	5,284	3,092

## 2. Performance Highlights:

- Current exhibits featured at the Idaho Museum of Natural History include the following. These exhibits are representative of the high quality programming that the Museum staff and constituencies are consistently offering the citizens of the State of Idaho.
  - “The Art of Paleontology” features the outstanding artwork of world-renowned Paleoartist Mark Hallett.
  - “A Century of Fish Hatcheries,” on loan from the Idaho Department of Fish and Game (IDFG) where it was created by Mick Hoover and Sharon Clark, celebrates the 100th anniversary of the legislative act that created the first state fish hatchery.
  - “Dinosaur Times in Idaho” features dioramas with cast skeletons of dinosaurs that roamed Idaho are enlivened with mural art by noted dinosaur reconstruction artist Robert Walters.
  - “Raising The Tolo Lake Mammoth” features the remains of a huge bull Columbian Mammoth found in northern Idaho. Expeditions led by Idaho Museum of Natural History paleontologists during 1994 and 1995 recovered more than 400 bones (now in the Museum's research collections) including most of this mammoth and parts of other animals from Tolo Lake, west of Grangeville, Idaho.
  - Focusing on Idaho's Native Peoples, “Living Off the Land” features sections on ancient tools and technologies as well as recent objects still used.

## 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
People Served by the General Public Museum Programs	4,341	8,829	9,064	11,022
Grant revenue received*	\$244,261	\$487,356	\$181,150	\$14,823
Exhibitions Developed/ Presented at Outreach Locations	**	**	**	1
Museum Store Revenue Received	\$14,281	\$18,649	\$23,249	\$22,912
Educational Programs	63	82	95	84

**Performance Measure Explanatory Notes:**

\* The amount included for the Grant Revenue Received reflects one grant from the Idaho Humanities Council.

\* Data not collected prior to 2008

**4. Strategic Questions:**

- **What would your organization like to do differently?**
- **What direction do you see your organization progressing?**

**None provided.**



## Idaho Council on Economic Education

### 1. Organizational Overview FY2008

Revenue: \$57,500

Full Time Positions: 0

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Teachers Receiving Training in Economic/Financial Education	*100	*125	175	165
Students Participating in Economic/Financial Programs By Council and Centers	*6,000	*7,000	11,000	10,600

### 2. Performance Highlights:

- Federal Reserve Bank. The Idaho Council has strengthened and expanded our relationship with the Federal Reserve Bank of San Francisco this past year. Not only has the Fed licensed and adopted our International Economic Summit program as the country's "best educational program in international economics and globalization" but it has also implemented this Idaho-grown program in Washington, California, Oregon, Utah, Hawaii, Arizona and several other states. The Fed continues to be very supportive of the Idaho Council and our Centers.
- North Idaho: With the help of our new Center Co-Director, Dr. Heidi Rogers from the University of Idaho, we were able to increase student participation at the International Economic Summits from approximately 200 students per event to over 500 students per event. In fact, the largest Economic Summit events we have ever conducted were this past year in the Coeur d'Alene area.
- Twin Falls: Our newest Center for Economic Education is based at the College of Southern Idaho in Twin Falls. Under the leadership of Bryan Matsuoka from CSI, this Center has been building its reputation and establishing its ability to serve schools for the last few years. Attendance at teacher training events as well as student events has been stronger than ever.
- China – Idaho Connection: Region 3 and the Boise State Center have also had an especially great year. During the summer we took five students and two teachers from the Boise School District to China, where they played a direct role in leading 350 Chinese students and their teachers through the International Economic Summit program and teaching them about the Free Enterprise System.

### 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Community Volunteers Participating in Providing Economic and Financial Education Programs to Idaho Students and Teachers	*275	*325	360	350

#### Performance Measure Explanatory Notes:

\*Numbers from 2005 and 2006 are approximate.

**4. Strategic Questions:**

- **What would your organization like to do differently?**
- **What direction do you see your organization progressing?**

**None provided.**





**Small Business  
Development Center**  
directions solutions impact

## 1. Organizational Overview FY2008

Revenue: \$302,700

Full Time Positions: 19.32

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Small Businesses Receiving Consulting	1,698	1,730	1,698	1,648
Small Businesses Trained	3,443	3,108	2,801	2,648
Consulting Hours (annual)	16,426	14,527	16,205	18,033

## 2. Performance Highlights:

- In the most recent SBA report on SBDC effectiveness and efficiency (June 2008), the Idaho SBDC was in the top 10% of SBDCs nationwide in all effectiveness and efficiency measures. The Center provides services at a low cost and helps businesses create significant economic growth.
- Dr. Jim Chrisman, Mississippi State University, conducts an independent impact survey of all SBDCs in the country, and the Idaho SBDC is and has been one of the top five performing SBDCs over the past 10 years.

## 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Average Sales Growth of SBDC Clients as a Percent of Sales Growth of All Idaho Small Business Sales Growth	578%	734%	369%	373%
Capital raised by clients	\$30,697,350	\$37,769,727	\$36,692,398	\$38,902,209
Total SBDC Client Employment Growth/Jobs Saved	2,542	1,948	1,827	1,538
ROI (Return on Investment) - Additional Taxes Paid/Total Cost of the Idaho SBDC Program	5.51	5.61	6.03	7.87
Sales Increase of SBDC Clients over An Average Idaho Business	\$39,980,503	\$79,402,547	\$66,070,529	\$112,768,320
New Business Started*	-	-	-	100
Customer Satisfaction Rate (1-5)	3.98	3.92	4.32	4.27

### Performance Measure Explanatory Notes:

\* Started measuring this area in FY2007.

#### **4. Strategic Questions:**

- **What would your organization like to do differently?**

We are expanding our efforts to better understand entrepreneurs/potential entrepreneurs that come to us once and do not return for additional counseling. Did they get what they needed? Are they going to start a business now or in the future?

- **What direction do you see your organization progressing?**

The Center's customer service is high and must continue.

# TECHHELP

## SOLUTIONS FOR MANUFACTURERS

### 1. Organizational Overview FY2008

Revenue: \$176,200

Full Time Positions: 5.00

#### *Profile of Cases Managed and/or Key Services Provided*

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Average State Cost Per Client Served	\$2,413	\$2,086	\$1,831	\$1,191
Manufacturers Served	67	79	120	148

### 2. Performance Highlights:

None provided.

### 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Jobs Created or Retained	130	225	724	379
Customer Satisfaction Score (scale of 1-5)	4.59	4.51	4.63	4.37*
New and Retained Client Sales	\$12.7M	\$8.0M	\$26.7M	\$33.5M
Client Cost Savings	\$13.0M	\$2.1M	\$6.6M	\$7.0M
Client Investments in Improvement	\$14.8M	\$4.8M	\$13.4M	\$5.5M
Federal Minimum Acceptable Impact Measures Performance Score	100	92.5	100	100
Federal \$ per Surveyable Project: Ratio of National Median**	1.20	.60	.43	.46
Bottom-line Client Impact: Ratio of National Median***	2.09	.42	1.53	1.19
Net Revenue from Client Projects	\$273K	\$407K	\$562K	\$474K
Grant Dollars for Operations & Projects	\$1358K	\$1067K	\$916K	\$873K

#### **Performance Measure Explanatory Notes:**

\* The survey instrument for Customer Satisfaction Score was changed in FY 2008.

\*\* The amount of federal dollars expended per surveyable (completed) project is a measure of efficiency. The fewer federal dollars expended per surveyable project, the more clients that a center is serving per federal dollar. The ratio compares TechHelp's federal dollars expended per surveyable project to the median amount for all federal MEP centers across the country. A ratio below the national median (less than 1.0) indicates that TechHelp is more efficient than most MEP centers.

\*\*\* Bottom-line Client Impact is a calculation of client sales and savings divided by federal dollars expended. The higher the impact per federal dollar, the more effective that a center is. The ratio compares TechHelp's bottom-line client impact to the median amount for all federal MEP centers. A ratio above the national median (greater than 1.0) indicates that TechHelp is more effective than most MEP centers.

#### **4. Strategic Questions:**

- **What would your organization like to do differently?**

TechHelp would like to expand its offering of Growth services in order to generate even greater economic impact for Idaho manufacturers. Growth services assist manufacturers to grow revenue and jobs through new products, new services and new markets.

Companies have two basic strategies available to them to achieve competitiveness. They can cut costs and/or grow revenue. The most competitive companies pursue both strategies.

In its twelve years, TechHelp has excelled at teaching companies to cut costs through services like Lean Manufacturing, Six Sigma, and ISO 9000. For example, in the last four years, TechHelp's clients have attributed \$80.9 million in sales, \$28.7 million in savings, and 1,458 jobs as direct results of their projects with TechHelp. Most of this success has been achieved through cost-cutting strategies.

To meet the needs of Idaho's manufacturers, TechHelp must expand its services to teach companies to grow revenue also. Through the New Product Development Laboratory at BSU, TechHelp is already assisting manufacturers with product design, prototyping and testing. An expansion of Growth services would allow TechHelp to take advantage of proven tools developed by its federal sponsor – such as Eureka! Winning Ways for developing new products and ExporTech for entering overseas markets – to lead Idaho manufacturers to stronger competitiveness and job growth.

The most competitive companies practice both strategies diligently – cutting costs and growing revenue. The need for cost-cutting services does not disappear with the introduction of Growth services. Continuous improvement is just that: continuous. Leading companies like Toyota continue to pursue lean improvements aggressively even after 40 years of continuous improvement. With the expansion of Growth services, TechHelp will teach Idaho manufacturers to continuously innovate their products, services and markets as well as their production processes.

- **What direction do you see your organization progressing?**

TechHelp is an effective and well-functioning partnership of the state's three universities. The next step for TechHelp is to expand the reach of its partnerships by developing more integrated working relationships with the state's community colleges, Department of Commerce, Department of Labor and local economic development organizations to coordinate the seamless delivery of our complementary services.

Each of us has a clear role to play in the development of job opportunities and the preparation of candidates for those job opportunities. The universities educate engineers, managers, IT specialists and accountants. Our community colleges train computer-controlled machine operators, equipment maintenance specialists, bookkeepers and welders. The Department of Commerce and local economic development organizations recruit companies and create incentives for the organic growth of Idaho companies. The Department of Labor matches job

seekers with employers and funds training for new skills. TechHelp teaches workers and managers to continuously improve competitiveness through process and product innovations.

We are each driving towards the same goal and providing a needed service in the journey of each worker and employer. To varying degrees, each of us already integrates our services seamlessly. Where this has not happened as well yet, the reason is not for lack of desire. Truly effective partnerships take time to develop and to maintain. Each of us is committed to the continuous improvement of our own partnerships. As those partnerships develop and mature, we will provide even greater impact for Idaho's students, workers and employers.

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FAMILY MEDICINE RESIDENCY  
OF IDAHO

## 1. Organizational Overview FY2008

Revenue: \$ 846,100

Full Time Positions: 0

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Residents in Training	29	29	29	29
Health Profession Students (non-physician) Receiving Clinical Training at FMR Facilities	Data not available	36	18	19

## 2. Performance Highlights:

- Federally Qualified Health Center Look-Alike Re-Certification June 14, 2008: – Enhances FMRI's ability to continue to act as a safety net provider for uninsured and underinsured individual through enhanced Medicare and Medicaid payments.
- Ryan White Care Act Part C: Federal grant dollars to support HIV primary care outpatient services.

## 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Physician Residents Graduating	100%	100%	100%	100%
Graduates Successfully Completing Board Examination	100%	100%	100%	100%
Resident Training Graduates Practicing in Idaho	75%	45%	67%	75%
Residents Matched Annually	9	9	10	11
Qualified Idaho Residents Offered an Interview for Residency Training	100%	100%	100%	100%
Retention of Full Continued Accreditation Status with a Five-Year Revisit Cycle	Full/4 Years	Full/4 Years	Full/4 Years	Full/4 Years

## 4. Strategic Questions:

- What would your organization like to do differently?**

Family Medicine Residency of Idaho would like to grow and expand our mission of educating outstanding family physicians in our three year post medical school Family Medicine training program and provide greater clinical medical service to Ada County and the State of Idaho. We would like to do this by expanding our current Residency program from a 10-10-10 program (number of Family Medicine residents in each year of training) to a 15-15-15 program over the next five years. By growing our size, we meet both of our missions of increasing family physicians for the State of Idaho and providing more clinical medical service to Ada County and the State of Idaho.

- **What direction do you see your organization progressing?**

Family Medicine Residency of Idaho, by direction of Governor Otter, and Idaho's ranking of 49<sup>th</sup> out of 50 in the number of primary care physicians to population. We already are seeing a massive shortage of primary care physician and aging populations in need of patient-centered, primary care medical homes. We wish to continue to provide an outstanding family medicine training program to prepare future family medicine physicians by further expansion of the Boise Family Medicine Residency training program, continued development of Rural Training Tracks throughout Idaho, as well as to develop fellowships in Geriatric and Palliative Care, Obstetrics, Rural Family Medicine, and HIV/Primary Care. This will help meet the anticipated primary care work force for Idaho.



# Idaho State UNIVERSITY

## ISU – Family Medicine Residency

### 1. Organizational Overview FY2008

Revenue: \$1,567,700

Full Time Positions: 3.65

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Residents in Training	13	17	18	18

### 2. Performance Highlights:

- New Title VII Award 2008-2011: ISU FMR received notice of a \$900,000 award to promote interventions in exercise, nutrition and lifestyle choices at all phases of the family life cycle. This award of \$300,000 per year, brings the total clinical grant funding to \$3,727,542.
- Research Division: The ISU FMR sponsors an active and successful research division. We are the recipients of two prestigious NIH multi-center trials, ACCORD and AIMHIGH. Between February 1995 and February 2008, the ISU FMR Research Division was successful in securing \$2,338,629 in grant funding.

### 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Physician Residents Graduating*	60%	100%	100%	100%
Graduates Successfully Completing Board Examination**	100%	80%	83%	No Data
Resident Training Graduates Practicing in Idaho	46%	47%	47%	51%
Residents Matched Annually***	5	5	6	6
Qualified Idaho Residents Offered an Interview for Residency Training	100%	100%	100%	100%
Title VII Clinical Service Grants Awarded	2	2	2	2
Retention of Full continued accreditation status with a five-year revisit cycle***	Full/5 years	Full/5 years	Full/5 years	Full/5 years

#### Performance Measure Notes:

\* Percentage of Physician Residents Graduating: Of the Class of 2005, one resident transferred to Obstetrics the other failed to complete residency due to illness. Since that time, 100% of each entering class have graduated.

\*\* Scores are not released until mid September each year.

\*\*\* Number of Residents Matched Annually: The program has undertaken a small and progressive increase in residents from its original number of four in 1996, to five in 1999, to six in 2004, with plans to accept seven in 2009 and 8 in 2011 if the Governor's expansion request is approved.

\*\*\* Accreditation Status: Accreditation status may be initial, continued, probationary or withheld. The longest time between accreditation cycles is five years. The ISU FMR has the best accreditation status possible.

**4. Strategic Questions:**

- **What would your organization like to do differently?**
- **What direction do you see your organization progressing?**

**None provided.**

# Idaho Dental Education Program

## 1. Organizational Overview FY2008

Revenue: \$1,369,700  
Full Time Positions: 3.25

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Program Applicants	78	84	111	97
Program Applicants Accepted	8	8	8	8
Graduates (since program's inception)	138	146	154	162

## 2. Performance Highlights:

- Since inception, in 1981, 67% of IDEP graduates have returned to Idaho to practice. Seventy-nine percent of graduates practice general dentistry while 21% practice as specialists. Sixty-five percent practice in Idaho's urban areas with 35% practicing in rural areas.
- With approximately twelve (12) applicants for each seat, the program has been successful in attracting the highest quality students to the program. The average DAT scores and undergraduate GPA's of our students consistently exceed that of the average marks of matriculated students in dental schools nationally. The average scores on the Dental National Board Examination for both Part I and Part II are consistently higher for IDEP students compared to the Creighton average and national average on the same examinations.

## 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Average Student Scores on Dental National Boards Part I Written Examination	85.13%	89.88%	85.75%	86.25%
Average Student Scores on Dental National Boards Part II Written Examination	85.13%	88.13%	85.5-%	84.00%
1 <sup>st</sup> Time Pass Rate on Clinical Board Examination Necessary to Obtain Dental License	100%	100%	100%	100%
Students in the Program*	8	8	8	8
Average Cost per student**	32%	32%	32%	33%
IDEP Graduates Returning to Idaho to Practice	85%	75%	75%	50%***

**Performance Measure Explanatory Notes:**

- \* Our goal is to expand the program to facilitate 10 students per year. We currently have 8 students per year in the program.
- \*\* The cost per DDSE (DDS Equivalent) is a commonly utilized measure to evaluate the relative cost of a dental education program. This information is tabulated in the *ADA Survey of Dental Education*, published by the American Dental Association. From this publication (inflation Adjusted) the national average cost per student for state programs is \$115,742 in 2008. The IDEP cost per student for 2008 was \$38,260 (33% of the national average). The program is accomplishing the goal of providing a competitive value in educating Idaho dentists.
- \*\*\* Our goal is to have greater than 50% of our program participants return to Idaho to practice Dentistry. Four of the 8 graduates in 2008 are advancing their education through post-graduate residency programs and may return to Idaho to practice upon residency completion. Of the remaining 4 graduates, 2 have returned to Idaho to practice, and 2 are practicing in other states.

**4. Strategic Questions:**

- What would your organization like to do differently?
- What direction do you see your organization progressing?

None provided.

## 1. Organizational Overview FY2008

Revenue: \$ 3,672,379

Full Time Positions: 6.57

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Idaho Students Applying for UW Medical School	140	124	150	141
Idaho Students Admitted to UW Medical School	18	18	20	20
Number/Percentage of Graduates Practicing in Idaho (cumulative)	147/43%	187/46%	203/43%	217/50%

## 2. Performance Highlights:

- WWAMI faculty generated over \$11 Million in biomedical research funding for Idaho universities and communities in FY08.
- Derek Jackson (Meridian, ID), an Idaho WWAMI student and 2008 UW School of Medicine graduate, was awarded the national Pisacano Fellowship in Family Medicine, an award that recognizes national-level leadership in medicine and social advocacy. Dr. Jackson has chosen to do his residency training at the Idaho Family Medicine Residency, in Boise, beginning in July, 2008.

## 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Idaho Applicants Per Year	140	124	150	141
- Ratio of State Applicants Per Seat	7.8 : 1	6.9 : 1	7.5 : 1	7.0 : 1
Pass Rate on the U.S. Medical Licensing Examination	100%	100%	100%	100%
WWAMI Rural Summer Medical Student Placements Per Year	18	18	20	20
Cumulative Idaho WWAMI return rate for graduates who practice medicine in Idaho (Idaho WWAMI graduates practicing in state/number of Idaho WWAMI graduates)	43%	46%	43%	50%
Overall Idaho return on investment (ROI) for WWAMI graduates (five states) who practice medicine in Idaho (all WWAMI graduates practicing in Idaho/number of Idaho WWAMI graduates)	71%	64%	71%	70%
Idaho WWAMI graduates choosing primary care specialties for residency training	59%	67%	33%	47%

**Performance Measure Notes:**

\* This is the national ratio of state applicants per seat.

\*\* The target is 50% interest in rural training experiences.

\*\*\* This target rate is per WWAMI mission.

**4. Strategic Questions:**

- **What would your organization like to do differently?**

**WWAMI's Vision for Expanded Medical Education**

- Expand the WWAMI program to all four years of medical education in Idaho, under UI leadership, continuing UWSOM accreditation, and in partnership with Idaho's other universities
- Year 1 at UI-Moscow; Years 2 through 4 in Boise and regional medical sites across Idaho
- Develop new partnerships between WWAMI, UI, and BSU, ISU, & Boise VAMC
- Support GME expansion by establishing a WWAMI GME office in Boise

- **What direction do you see your organization progressing?**

**Step-wise Expansion Utilizing Existing Resources And Cooperation With Other Institutions**

- Step 1: recommend to SBOE, Governor, and Legislature that Idaho WWAMI proceed with feasibility planning for a 4-year Medical Program in Idaho, including operating budget, capital budget, facility needs analysis, curriculum, students costs and debt loads, and implementation timeline.
- Step 2: initially increase current WWAMI medical student seats in Idaho to 40 new students per year, with a plan for further increase to 60-to-80 seats over the next 10 years; expand the corresponding number of clinical training sites in Idaho for 3<sup>rd</sup> and 4<sup>th</sup> year medical students.
- Step 3: Fund an Idaho WWAMI GME office in Boise; appoint state-wide GME Advisory Board for Idaho; expand current residencies and develop new Idaho residency options.
- Step 4: Complete development of 2<sup>nd</sup> year medical program in Boise, under UI-WWAMI leadership and in partnership with Boise hospitals, the VAMC, medical residencies, BSU, ISU, and community physicians.
- Step 5: Once all 4 years are established in Idaho and GME has been expanded, create the **Idaho College of Medicine**, a partnership among universities, residencies, hospitals, and physicians, under UWSOM's continuing accreditation.

## Idaho WOI (WI) Program/Veterinary Medicine

### 1. Organizational Overview

Revenue FY2008: \$ 1,743,700

FTP Appropriation FY2008: 6.92

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Idaho Resident Students Enrolled Each Year	44	44	44	44
Accepted Clinical Hospital Referral Cases	561	581	595	558
Accepted Veterinary Diagnostic Cases	10,183	22,358	22,185	25,574

### 2. Performance Highlights:

- Caine Center veterinarians and scientists provided diagnostics and management recommendations for the following new disease situations:
  - *Tritrichomonas fetus* diagnosed in a 2,500-cow dairy herd.
  - Johne's disease diagnosed from milk and serum samples from seven sheep flocks and two goat herds.

### 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
Senior Veterinary Students Selecting Elective Rotations at the Caine Center.	44	48	40	41
Number/Percentage of Idaho Resident New Graduates Licensed to Practice Veterinary Medicine in Idaho.	8 students (73%)	7 students (64%)	7 students (64%)	8 students (73%)
Disease Investigations Conducted by WOI Faculty Members.	324	334	139	132
Number/Dollar Amount of Grants/Contracts by WOI Faculty Members.	7 / \$366,120	8 / \$211,752	7 / \$381,382	7 / \$330,317

#### Performance Measure Notes:

FY2008 Grants/Contracts included \$21,000 from United Dairymen of Idaho awarded to Drs. Chris Schneider and M. Wayne Ayers for Year 1 of a 2-year proposal for the Idaho Bovine Veterinary Experience Program (IBVEP). Year 1 funding allowed four 1<sup>st</sup> or 2<sup>nd</sup>-year veterinary students to each spend six weeks working with veterinarians or directly on the dairies. The primary objective is to use an aggressive mentoring program to increase the number of food supply veterinarians graduating from veterinary school and practicing in Idaho.

Additional objectives include a) providing positive exposure of modern animal agriculture to an increasingly suburban veterinary school demographic b) increasing the amount of veterinary school graduates supported under the WOI veterinary training program that return to Idaho to practice c) increasing the level of Spanish language skills in program participants. The hypothesis is early mentorship on farms and with food animal veterinarians in Idaho will accomplish these objectives.

#### **4. Strategic Questions:**

- **What would your organization like to do differently?**

We, in the WI (WOI) Veterinary Program feel keenly the challenge of attracting Veterinary Students into Food Animal Medicine. There is no problem attracting students into Small Animal Medicine but with the advent of fewer and fewer families involved with agriculture, students must be recruited from non-agriculture backgrounds. This interest in food animals must really be encouraged before students actually begin their Veterinary training. In order to influence students at an earlier point in their life, we need to be more involved in the interaction of the University with high school education, University undergraduate education, volunteerism and involvement in Extension youth Programs.

- **What direction do you see your organization progressing?**

I believe that we will be spending more time and effort on Idaho students earlier in their education in an effort to attract them to a career in Food Animal Veterinary Medicine. For example, the Caine Center, in conjunction with the UI College of Agriculture and Life Sciences, is now spending effort working with Idaho High School Ag and FFA teachers helping them with offering introductory courses in Livestock care and management. These courses give dual credit for high school graduation and toward a degree in the UI curriculum in the College of Agriculture and Life Sciences. We believe we can identify potential students who may be swayed at an early point in their life to have an interest in food animal veterinary medicine as a career.

Another example of this trend is a pilot program coordinated by the Caine Center called the Idaho Bovine Veterinary Experience Training (IBVET) finance through grants from the Idaho Dairymen. Potentially interested students are identified and given a summer internship working on a dairy and the following year working with a Food Animal Practitioner. Four students started this Program during the summer of 2008 under the mentorship of Drs. Chris Schneider and Wayne Ayres of the Caine Center. So far, it appears to be hugely successful.





# North Idaho College

## 1. Organizational Overview FY2008

Revenue: \$30,602,800  
Full Time Positions: 335.90

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Annual (unduplicated) Enrollment Headcount				
- Professional Technical	792	775	713	733
- Academic	4,976	4,960	5,588	5,377
<sup>3</sup> Degrees/Certificates Awarded	602	688	581	528
Workforce Training Headcount	6,926	7,319	5,871	7,595

## 2. Performance Highlights:

- Those seeking military careers can now complete the first two years of a military science degree at NIC through the college's new partnership with the Army Reserve Officers' Training Corps (ROTC) program and the Idaho Army National Guard.
- Computer Applications and Office Technology courses have been redesigned and are now offered as one-credit student-paced modules instead of three-credit classes. These courses will be taught in the new Flexible Learning Center which will be open days, evenings, and on Saturdays. Several new courses have been added as part of this redesign.

## 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008
<sup>1</sup> Instructional Dollars per Student FTE				
- Professional Technical				\$10,750
- Transfer				\$4,566
<sup>2</sup> Scholarship Dollars Per Student FTE				\$1,749
<sup>3</sup> Number of course offerings at the NIC Outreach Centers and other off-campus sites.	91	113	120	122

### Performance Measure Explanatory Notes:

<sup>1</sup>Prior year data is not available. The implementation of a new student system (Datatel Colleague) in the fall 05 resulted in the financial system and the student system to be one and the same system. With advances in the development of the NIC DataMarts this past year this number will be generated from this point forward. Instructional dollars are unaudited. This initiative is new this year.

<sup>2</sup>Prior year data is not available. With advances in the development of the NIC DataMarts this past year this number will be generated from this point forward. This initiative is new this year.

<sup>3</sup> NIC 08-13 Strategic Plan, Theme 1, Goal 2: Objective C. This initiative is new this year.

#### **4. Strategic Questions:**

**What would your organization like to do differently?**

- Gain additional outside funding sources
- Secure opportunities for college expansion through unique land acquisition options
- Schedule educational (both credit and non-credit) opportunities with

**What direction do you see your organization progressing?**

- Aggressively pursuing additional space to meet educational needs of the region
- Working more closely with area public schools
- Better meeting the needs of the regional workforce
- Focusing on long-term employee wellness



## 1. Organizational Overview FY2008

Revenue: \$28,183,200

Full Time Positions: 304.65

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008*
Annual (unduplicated) Enrollment Headcount				
Professional Technical	2,240	2,027	1,894	1,901
Undergraduate	<u>8,812</u>	<u>9,175</u>	<u>9,271</u>	<u>9,247</u>
<b>Total</b>	11,052	11,202	11,165	11,148
Degrees/Certificates Awarded	875	824	797	821
Professional Technical				
- Certificates	219	194	146	157
- Associate Degrees	178	165	153	147
Undergraduate Associate Degrees	478	465	498	517
Workforce Training Headcount	4,815	5,310	6,149	5,861

## 2. Performance Highlights:

- The College of Southern Idaho is committed to outreach and public service. Classes are provided on the main campus as well as through the College's four off-campus centers located in Burley (The Mini-Cassia Center), Hailey (The Blaine County Center), Gooding (The Northside Center), and Jerome (Workforce Development Center).
- The College has a nationally recognized "Over 60 and Getting Fit" program and a growing "I'm Going to College" program that brings area sixth graders on campus to learn about college in general, how to prepare for college. In 2008 almost 1,200 area sixth graders participated in the program.

## 3. Review of Performance Measures

Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008*
Instructional Dollars per Student FTE	\$6,553	\$6,826	\$7,372	\$7,758
Academic	\$6,157	\$6,305	\$6,735	\$6,994
Professional Technical	\$6,611	\$6,861	\$7,248	\$7,732
Scholarship Dollars Per Student FTE	\$2,393	\$2,332	\$2,225	\$2,428
Market Penetration Rate**	11.2%	11%	10%	

Tuition and fees Full-Time Part-Time	\$900 \$900	\$950 \$950	\$1,000 \$1,000	\$1,050 \$1,050
Retention/Persistence Rates <i>Full-Time</i> Completers Continuing Students Completers or Continuing Students <i>Part-Time</i> Completers Continuing Students Completers or Continuing Students	2.2% 48.9% 51.1% 0.0% 34.9% 34.9%	2.7% 46.6% 49.3% 0.3% 29.1% 29.4%	1.9% 45.6% 47.5% 0.3% 31.4% 31.7%	3.1% 50.9% 54.0% 0.3% 34.0% 34.3%
Graduation Rates	21.3%	19.9%	19.0%	18.1%
Employment Status of Professional/ Technical Graduates***	93.2%	96.9%	91.3%	
Employee Compensation Competitiveness	94.6%	93.6%	92.9%	90.4%
Total Yearly Dollar Amount Generated Through External Grants	\$3,537,675	\$3,764,105	\$3,725,570	\$4,042,597
Funds Raised Through the CSI Foundation	\$1,270,551	\$1,222,048	\$967,247	\$1,312,826

**Performance Measure Explanatory Note:**

\*Based on FY08 unaudited financial figures; FY08 audited figures will be available in November 2008.

\*\*Market penetration rates are based on calendar years; 2008 data will be available spring 2009.

\*\*\*FY08 data will be available January 2009.

CSI developed its 2008-2012 Strategic Plan this year, including a new set of performance measures and benchmarks. SBOE also developed its new strategic plan that included required cases served/performance measures for all higher education institutions.

#### 4. Strategic Questions:

- **What would your organization like to do differently?**

Listening to feedback from stakeholders, over the last year OSBE has made positive changes to the strategic planning and annual performance reporting timeline. The new timeline has helped CSI and other institutions by more closely aligning institutional, SBOE, and legislative calendars. We are hoping that the process and communication will continue to improve in order to ensure that all guidelines are published and communicated in a timely fashion allowing institutions adequate time to consider and meet those specific guidelines.

- **What direction do you see your organization progressing?**

- Our vision is for CSI to become the higher education center of South Central Idaho providing educational services at all levels in cooperation with our sister institutions. CSI will be the higher education institution of choice because of our instructional excellence, exemplary support services, and our accessibility and affordability.
- We are hoping to have the resources necessary to meet local needs in the area of workforce development as well as new program development and support.



## **1. Organizational Overview**

Revenue FY2008: \$5,057,417

FTP Appropriation FY2008: 0

## **2. Performance Highlights:**

Significant accomplishments:

- Established CSI as our accreditation partner
- Purchased and are in the process of implementing an ERP system
- Developed a business plan along with the '08, '09, '10 budgets
- Started workforce training and adult basic education classes January, '08, in partnership with the Seland College
- Created an academic plan

## **4. Strategic Questions:**

- **What would your organization like to do differently?**
- **What direction do you see your organization progressing?**

None provided.

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**CONSENT AGENDA  
OCTOBER 9-10, 2008**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>1</b>	<b>BAHR-SECTION I BOISE STATE UNIVERSITY</b> New Positions, Changes to Positions, Deletions of Positions	Motion to approve
<b>2</b>	<b>BAHR-SECTION I IDAHO STATE UNIVERSITY</b> New Positions	Motion to approve
<b>3</b>	<b>BAHR-SECTION I UNIVERSITY OF IDAHO</b> New Positions & Reactivations of Positions	Motion to approve
<b>4</b>	<b>BAHR-SECTION II - FY 2009 Sources and Uses Report</b>	Information item
<b>5</b>	<b>IRSA – QUARTERLY REPORT – Program Changes</b> Approved by Executive Director	Motion to approve
<b>6</b>	<b>PPGAC – ALCOHOL PERMITS ISSUED BY UNIVERSITY PRESIDENTS</b>	Motion to approve

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**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**BOISE STATE UNIVERSITY**

**SUBJECT**

New positions, change to positions and deletion of positions

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Sections II.B. and II.G.1.b.

**BACKGROUND / DISCUSSION**

Boise State University requests approval to:

- Create five (5) new faculty positions (5.0 FTE) supported by appropriated funds;
- Create two (2) new professional staff positions (2.0 FTE) supported by appropriated funds; create seven (7) new professional staff positions (6.5 FTE) supported by local funds; create one (1) new professional staff position (1.0 FTE) supported by grant funds;
- Create one (1) new classified position (1.0 FTE) supported by appropriated funds; create one (1) new classified position supported by appropriated and local funds; create three (3) new classified positions (3.0 FTE) supported by local funds;
- Increase the term of one (1) classified staff position (1.0 FTE) supported by appropriated funds;
- Delete one (1) faculty position (1.0 FTE) supported by local funds; delete two (1) professional staff positions (2.0 FTE) supported by appropriated funds.

**IMPACT**

Once approved, the positions can be processed in the State Employee Information System.

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends approval.

**BOARD ACTION**

A motion to approve the request by Boise State University for twenty (20) new positions (19.5 FTE); term, salary, and FTE change to one (1) position (1.0 FTE); and deletion of three (3) positions (3.0 FTE); supported by appropriated, non-appropriated, grant and local funding.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes\_\_\_\_\_ No\_\_\_\_\_

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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**NEW POSITIONS**

Position Title	Professor/Director, Masters of Community and Regional Planning
Type of Position	Faculty
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	6/30/2009
Salary Range	\$95,000
Funding Source	Appropriated
New or Reallocation	Reallocation
Area/Department of Assignment	Public Policy and Administration
Duties and Responsibilities	Teach core curriculum and specialized courses; manage diverse groups of faculty and students; develop curriculum; recruit and advise students; lead program in accreditation process.
Justification of Position	Additional position needed for new Masters of Community and Regional Planning program.

Position Title	Assistant Professor (2 positions)
Type of Position	Faculty
FTE	1.0 FTE each
Term of Appointment	12 Months each
Effective Date	6/30/2009
Salary Range	\$55,500 each
Funding Source	Appropriated
New or Reallocation	Reallocation
Area/Department of Assignment	Public Policy and Administration
Duties and Responsibilities	Provide instruction for Community and Regional Planning courses.
Justification of Position	Additional positions needed for new Masters of Community and Regional Planning program.

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Position Title	Special Lecturer
Type of Position	Faculty
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$31,554
Funding Source	Appropriated
New or Reallocation	Reallocation
Area/Department of Assignment	English Department
Duties and Responsibilities	Provide instruction for English courses.
Justification of Position	Ongoing initiative to convert adjunct faculty positions into permanent special lecturer positions.

Position Title	Special Lecturer
Type of Position	Faculty
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$32,989
Funding Source	Appropriated
New or Reallocation	Reallocation
Area/Department of Assignment	Physics Department
Duties and Responsibilities	Provide instruction for Physics courses.
Justification of Position	Ongoing initiative to convert adjunct faculty positions into permanent special lecturer positions.

Position Title	Government Relations Coordinator
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$50,000
Funding Source	Appropriated
New or Reallocation	Reallocation
Area/Department of Assignment	President's Office
Duties and Responsibilities	Provide support to the Director of Government Relations and the President's Office in building and maintaining productive relationships among key university partners.
Justification of Position	Additional professional support needed to assist in the President's Office.

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Research Support Engineer
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$65,000
Funding Source	Appropriated
New or Reallocation	Reallocation
Area/Department of Assignment	College of Engineering
Duties and Responsibilities	Provide daily engineering support for ongoing research projects and facility operations.
Justification of Position	Growth in college research requires additional professional support position.

Position Title	Associate Director, Booking/Events
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$52,000
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Taco Bell Arena
Duties and Responsibilities	Responsible for daily management and operation of the front of the house, including booking, marketing and advertising, food and beverage services, event and guest management, event security, and ticketing operations.
Justification of Position	New position needed due to reorganization of department to increase profitability.

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Production Manager
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$36,733
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Taco Bell Arena
Duties and Responsibilities	Responsible for supervision and coordination of production requirements for events at the Taco Bell Arena and other locations as assigned.
Justification of Position	New position needed due to reorganization of department to increase profitability.

Position Title	Technical Manager
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$34,508
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Taco Bell Arena
Duties and Responsibilities	Responsible for supervision and coordination of technical requirements for events at the Taco Bell Arena and other locations as assigned.
Justification of Position	New position needed due to reorganization of department to increase profitability.

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Assistant Production Coordinator
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	10 Months
Effective Date	11/1/2008
Salary Range	\$28,756
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Morrison Center for the Performing Arts
Duties and Responsibilities	Assist with maintenance, design and arrangement of complex facility sound, lighting and stage systems and equipment.
Justification of Position	New position needed to improve operations.

Position Title	Web Coordinator
Type of Position	Professional
FTE	.50 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$18,375
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Student Union and Student Involvement
Duties and Responsibilities	Develop and maintain websites.
Justification of Position	Additional position needed due to growth in Associated Students of Boise State University (ASBSU), Student Program Board, and Volunteer Service Board programs.

Position Title	Senior Accountant
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$45,000
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Student Affairs
Duties and Responsibilities	Perform professional accounting work and budget planning.
Justification of Position	Additional financial assistance needed for Student Activity programs due to department reorganization.

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Position Title	Student Insurance/Human Resources Coordinator, Athletics
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$34,507
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Intercollegiate Athletics
Duties and Responsibilities	Work with senior Athletic staff in analysis of current and future staffing needs and processes; analyze and implement student insurance payments and ensure all matters meet best practices.
Justification of Position	Growth due to Title IX compliance requires additional staff to meet human resource and insurance coordination needs.

Position Title	Project Coordinator
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$35,000
Funding Source	Grant
New or Reallocation	Reallocation
Area/Department of Assignment	Special Education and Early Childhood Studies
Duties and Responsibilities	Responsible for daily management of program to include data collection and analysis, coordination with stakeholder groups, and dissemination of project outcomes.
Justification of Position	Grant from the U. S. Department of Education, Technology Accentuated Transformative Education for Rural Specialists requires support/coordination functions.

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Position Title	Administrative Assistant 1
Type of Position	Classified
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$23,962
Funding Source	Appropriated
New or Reallocation	Reallocation
Area/Department of Assignment	Public Policy and Administration
Duties and Responsibilities	Provide administrative support functions; maintain financial and student records; assist students and faculty.
Justification of Position	Additional position needed to meet support needs of new Master of Community and Regional Planning program.

Position Title	Administrative Assistant 2
Type of Position	Classified
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$28,704
Funding Source	.5 Appropriated; .5 Local
New or Reallocation	Reallocation
Area/Department of Assignment	International Business
Duties and Responsibilities	Perform administrative and public relations support tasks; coordinate community outreach events and international logistics.
Justification of Position	Change position from grant funded (Limited Service) to appropriated funds to meet department needs.



**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Box Office Manager
Type of Position	Classified
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$28,018
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Taco Bell Arena
Duties and Responsibilities	Supervise box office operations, plan, order, distribute and account for all ticket sales; establish and maintain seating plans and ticket inventory.
Justification of Position	New position needed due to reorganization of department to increase profitability.

Position Title	Administrative Assistant 2
Type of Position	Classified
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$28,018
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	Intercollegiate Athletics
Duties and Responsibilities	Provide administrative support for new Stueckle Sky Club staff and facility.
Justification of Position	Additional support needed for functional operations of new facility.

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Administrative Assistant 1
Type of Position	Classified
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	\$23,962
Funding Source	Local
New or Reallocation	Reallocation
Area/Department of Assignment	University Advancement
Duties and Responsibilities	Compose correspondence, compile and analyze information for reports, schedule and coordinate arrangements, communicate with donors and the public.
Justification of Position	Additional position needed to provide administrative support to the Associate Vice President and Director, Grants and Fundraising Initiatives.

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**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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**CHANGE IN POSITIONS**

Position Title	Administrative Assistant 1
Type of Position	Classified
FTE	1.0 FTE
Term of Appointment	Change from 10 to 12 Months
Effective Date	11/1/2008
Salary Range	Change from \$20,813 to \$24,981
Funding Source	Appropriated
New or Reallocation	Reallocation
Area/Department of Assignment	Nursing Department
Duties and Responsibilities	Provide administrative support for Nursing faculty, staff and students.
Justification of Position	Expansion of nursing programs requires additional administrative support.

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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**DELETED POSITIONS**

Position Title	Interim Instructor
Type of Position	Faculty
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	Less \$60,195
Funding Source	Local
New or Reallocation	n/a
Area/Department of Assignment	Applied Academics
Duties and Responsibilities	Provide instruction in health related programs.
Justification of Position	Position no longer needed due to transition to the College of Western Idaho.

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Position Title	Managing Director
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	Less \$57,866
Funding Source	Appropriated
New or Reallocation	n/a
Area/Department of Assignment	International Business
Duties and Responsibilities	Provide direction and oversight of consortium projects, manage daily administration and recommend and solicit new external funding sources.
Justification of Position	Reorganization of department resulted in reassignment of duties.

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Data Support Manager/Teacher
Type of Position	Professional
FTE	1.0 FTE
Term of Appointment	12 Months
Effective Date	11/1/2008
Salary Range	Less \$34,507
Funding Source	Appropriated
New or Reallocation	n/a
Area/Department of Assignment	Adult Basic Education
Duties and Responsibilities	Manage, analyze and interpret Adult Basic Education tracking system statistical database; teach basic skills courses.
Justification of Position	Functions related to Math instruction have transitioned from Applied Technology to the Mathematics Department.

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**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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**IDAHO STATE UNIVERSITY**

**SUBJECT**

New positions

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Sections II.B. and II.G.1.b.

**BACKGROUND / DISCUSSION**

Idaho State University requests approval to:

- Create four (4) new professional staff positions (3.5 FTE) supported by appropriated and local funds;
- Create one (1) new classified position (1.0 FTE) supported by appropriated funds.

**IMPACT**

Once approved, the positions can be processed on the State Employee Information System.

**STAFF AND COMMENTS AND RECOMMENDATIONS**

Staff recommends approval.

**BOARD ACTION**

A motion to approve the request by Idaho State University for five (5) new positions (4.5 FTE) supported by appropriated and local funding.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes\_\_\_\_\_ No\_\_\_\_\_

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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**NEW POSITIONS**

Position Title	Pharmacy Director of Student Services - Meridian
Type of Position	Non-Classified/Faculty
FTE	1.0
Term of Appointment	12 month
Effective Date	January 5, 2009
Salary Range	\$131,000.00
Funding Source	Local Funds
New or Reallocation	New
Area/Department of Assignment	College of Pharmacy Student Affairs
Duties and Responsibilities	Conduct student affairs activities and oversee day-to-day operations; work with pre-pharmacy advisors at local universities and colleges to assist in development of pre-pharmacy students; mentor students; teach introductory pharmacy courses; and oversee experiential student site placement in the Treasure Valley.
Justification of Position	To provide additional administrative and teaching support for Pharmacy student services in Meridian as part of the Doctor of Pharmacy Program expansion.

Position Title	Human Resource Information System Analyst
Type of Position	Non-Classified
FTE	1.0
Term of Appointment	12 month
Effective Date	November 1, 2008
Salary Range	\$40,000.00 - \$50,000.00
Funding Source	Appropriated Funds
New or Reallocation	Reallocation
Area/Department of Assignment	Human Resources
Duties and Responsibilities	Serve as information and data security administrator for the SunGard Banner human resources/payroll module; set up and maintain security for the University HRIS; assess and perform complex analysis, reports and programs on human resources and payroll data available through various University software and resources; serve as a technical liaison between HR and ITS for maintenance, troubleshooting, and system upgrades.
Justification of Position	To provide technical support required for implementation of the Banner system.



**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Director of Basketball Operations
Type of Position	Non-Classified
FTE	.75
Term of Appointment	9 month
Effective Date	October 13, 2008
Salary Range	\$25,880.00
Funding Source	Local Funds
New or Reallocation	New
Area/Department of Assignment	Intercollegiate Athletics
Duties and Responsibilities	Oversee the production of all video needs; arrange all facets of team travel; coordinate the hiring of student managers; assist in designing camp brochures, posters, etc.; coordinate promotion of camps; assist the head coach in organizing the fall coaching clinic; and other duties as assigned.
Justification of Position	Serving both men's and women's basketball, this position will provide the support needed to make the ISU basketball programs comparable with the rest of the Big Sky Conference.

Position Title	2 <sup>nd</sup> Assistant Coach, Women's Soccer
Type of Position	Non-Classified
FTE	.75
Term of Appointment	9 month
Effective Date	October 13, 2008
Salary Range	\$17,745.00
Funding Source	Local Funds
New or Reallocation	New
Area/Department of Assignment	Intercollegiate Athletics
Duties and Responsibilities	Assist the head coach in coordinating all aspects of a Division 1 soccer program, including: program planning and development; student-athlete recruiting; training and development; academic monitoring; on-field coaching; sport scheduling; staff management; fundraising; summer camps; and event promotions.
Justification of Position	To provide additional coaching staff to bring the ISU Soccer program in line with the rest of the Big Sky Conference.

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Administrative Assistant 1
Type of Position	Classified
FTE	1.0
Term of Appointment	12 month
Effective Date	October 13, 2008
Salary Range	\$24,000.00
Funding Source	Appropriated Funds
New or Reallocation	Reallocation
Area/Department of Assignment	International Programs
Duties and Responsibilities	Provide clerical/secretarial support; compile information to prepare reports; schedule and coordinate meetings and conferences; act as liaison with other ISU units and external customers; monitor budgets; prepare financial transactions; prepare and process legal documents.
Justification of Position	To provide secretarial/administrative support to the department director.

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**SUBJECT**

New positions and reactivations of positions

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures Sections II.B.3 and II.G.1.b

**DISCUSSION**

The University of Idaho requests approval to:

- Create five (5) new positions (5.0 FTE) supported by non-appropriated and grant funds
- Two (2) reactivations (2.0 FTE) supported by appropriated and non-appropriated funds

**IMPACT**

Once approved, the changes can be processed on the State Employee Information System.

**STAFF COMMENTS AND RECOMMENDATIONS**

The University will need to reallocate appropriated funds for the Assistant Professor once the funding shifts from EPSCOR.

Staff recommends approval.

**BOARD ACTION**

A motion to approve the request by the University of Idaho to establish five (5) new positions and reactivate two (2) positions supported by appropriated funds.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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Position Title	Assistant Professor
Type of Position	Faculty
FTE	1.0 (1560 hours/year)
Term of Appointment	Academic Year
Effective Date	June 28, 2009
Salary Range	\$60,008.00
Funding Source	Grant and Non-appropriated funds
New or Reallocation	New EPSCOR Position
Area/Department of Assignment	College of Science/Geography
Duties	Responsible for research in climatology
Justification	Position funded by EPSCOR grant for three years then by College of Science

Position Title	Administrative Assistant II
Type of Position	Classified
FTE	1.0 (2080 hours/year)
Term of Appointment	Fiscal Year
Effective Date	November 1, 2008
Salary Range	\$32,032.00
Funding Source	Non-appropriated funds
New or Reallocation	New PCN from reallocation of resources
Area/Department of Assignment	College of Business and Economics/Administration
Duties	Responsible for administrative duties and reception
Justification	Additional assistance needed to support programs

Position Title	Assistant Women's Basketball Coach
Type of Position	Exempt
FTE	1.0 (2080 hours/year)
Term of Appointment	Fiscal Year
Effective Date	November 1, 2008
Salary Range	\$25,001.60
Funding Source	Non-appropriated funds
New or Reallocation	New PCN from reallocation of resources
Area/Department of Assignment	President's Area/Athletics
Duties	Responsible for assisting the head coach in the basketball program
Justification	To align with the strategic plan and conform with WAC guidelines of three Assistant Coaches

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
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Position Title	Buyer
Type of Position	Exempt
FTE	1.0 (2080 hours/year)
Term of Appointment	Fiscal Year
Effective Date	November 1, 2008
Salary Range	\$35,006.40
Funding Source	Non-appropriated funds
New or Reallocation	New PCN from reallocation of resources
Area/Department of Assignment	Division of Finance and Administration/Purchasing
Duties	Responsible for purchasing supplies, services, material, and equipment for campus departments
Justification	Increased workload requires increase in staffing

Position Title	Programmer Analyst
Type of Position	Classified
FTE	1.0 (2080 hours/year)
Term of Appointment	Fiscal Year
Effective Date	November 1, 2008
Salary Range	\$48,006.40
Funding Source	Non-appropriated funds
New or Reallocation	New PCN from reallocation of resources
Area/Department of Assignment	Enrollment Management/Registrar's Office
Duties	Responsible for providing programming, design and analysis work, systems development, and data report development
Justification	Converting a temporary position to permanent

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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**REACTIVATIONS**

Position Title	Assistant Professor
Type of Position	Faculty
FTE	1.0 (1560 hours/year)
Term of Appointment	Academic Year
Effective Date	November 1, 2008
Salary Range	\$59,777.80
Funding Source	Appropriated and non-appropriated funds
New or Reallocation	Reactivation of PCN 2812
Area/Department of Assignment	College of Education/Adult, Career & Technology Education
Duties	Responsible for instruction
Justification	Position deleted after being vacant for 12 months due to reorganizations

Position Title	Administrative Assistant I
Type of Position	Classified
FTE	1.0 (2080 hours/year)
Term of Appointment	Fiscal Year
Effective Date	November 1, 2008
Salary Range	\$28,641.60
Funding Source	Appropriated funds
New or Reallocation	Reactivation of PCN 7706
Area/Department of Assignment	Division of Finance and Administration/Auxiliary Services
Duties	Responsible for administrative duties and reception
Justification	Position deleted after being vacant for 12 months due to reorganizations

**CONSENT AGENDA - BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

FY 2009 College and University "Summary of Sources and Uses of Funds"

**APPLICABLE STATUTES, RULE OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Sections V.B.4.b.(1), V.B.5.c. and V.B.6.b.

**BACKGROUND / DISCUSSION**

Idaho's public higher education institutions receive funding from a variety of sources. General Account and Endowment funds and student fees are appropriated annually by the Legislature. In addition, the College and Universities receive student activity fees; federal, state, and private grant funds; receipts from sales of products and services, and funds from other sources.

Most revenues are used for instruction, research, public service, academic support, libraries, student services, institutional support, physical plant, scholarships and fellowships, and auxiliary enterprises.

An estimate of the sources and uses of funds for Fiscal Year 2009 is displayed in pages 3 through 7. Included on pages 8 and 9 are two charts which display a seven-year history of sources and uses of funds. This report is prepared each year based on estimates for the upcoming year. Pages 10 and 11 display the Fiscal Year 2009 sources and uses of funds by percentage.

**IMPACT**

Board members, researchers, and the general public are able to review sources of funding, and expenditures, for the higher education institutions.

**STAFF COMMENTS AND RECOMMENDATIONS**

For sources of funds, Auxiliary Enterprise & General Funds revenues include Sales & Services, Indirect Costs, and Other revenues. From FY 2003 to FY 2009, the percentage of the total budget funded by state general funds has decreased from 33.2% to 29.8%, while the student fees percentage has increased from 16.8% to 18.1%.

For uses of funds, the percentage of the total expenditures used for Instruction continues to decrease from 30.8% to 27.5%, while Scholarships/Fellowships increased from 18.2% to 19.6%.

**ATTACHMENTS**

Attachment 1 - Sources and Uses of Funds Reports

Page 3

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**College & Universities Summary**  
**Summary of Sources and Uses of Funds**  
**Fiscal Year 2009**

	A	B	C	D	E	F	G	H
	Operating Budgets							
	Board Approved Budgets			CEO Approved	Estimated Budgets		Total	%
	General	Professional- Technical	Special	Auxiliary	Instit	Grants &	Operating	%
	Education	Education	Programs	Enter. (1)	Accounts	Contracts	Budgets	Total
<b>SOURCES OF FUNDS:</b>								
State Appropriations								
1	General Account	\$274,017,300	\$22,466,627	\$38,029,900	\$0	\$0	\$0	\$334,513,827 29.8%
2	General Acct - One time funds	8,019,183	0	19,200	0	0	0	8,038,383 0.7%
3	Endowment Funds	8,595,000	0	0	0	0	0	8,595,000 0.8%
4	Student Fees	133,665,217	0	152,720	0	0	0	133,817,937 11.9%
5	Student Fees/Other - One time	1,455,700	0	0	0	0	0	1,455,700 0.1%
6								
7	Total Appropriations	\$425,752,400	\$22,466,627	\$38,201,820	\$0	\$0	\$0	\$486,420,847 43.3%
8								
9	Other Student Fees	\$0	\$0	\$341,200	\$27,724,507	\$40,712,460	\$0	\$68,778,167 6.1%
10	Federal Approp	0	0	0	0	4,814,700	4,814,700	0.4%
11	Federal Grants & Contracts	0	0	0	79,600	0	287,855,336 (3)	287,934,936 25.6%
12	State Grants & Contracts	0	0	0	0	458,536	22,121,228	22,579,764 2.0%
13	Private Gifts, Grts & Contr	0	0	0	5,296,932	27,438,605	18,699,290	51,434,827 4.6%
14	Sales & Serv of Educ Act	0	0	0	371,907	37,444,649	0	37,816,556 3.4%
15	Sales & Serv of Aux Ent	0	0	0	97,464,677	18,124,699	0	115,589,376 10.3%
16	Indirect Costs	0	0	0	0	16,219,905	0	16,219,905 1.4%
17	Other	138,500	0	150,000	4,473,324	27,253,364	575,863	32,591,051 2.9%
18								
19	Total Revenue	\$425,890,900	\$22,466,627	\$38,693,020	\$135,410,947	\$167,652,218	\$334,066,417	\$1,124,180,129 100.0%
<b>20 USES OF FUNDS:</b>								
21	Instruction	\$207,179,587	\$21,596,517	\$7,603,120	\$0	\$49,081,750	\$21,690,740	\$307,151,714 27.5%
22	Research	12,395,097	0	18,252,149	0	11,980,279	85,157,819	127,785,344 11.4%
23	Public Service	932,063	0	12,821,351	0	6,700,858	27,208,462	47,662,734 4.3%
24	Academic Support	35,825,632	624,007	0	0	14,568,825	525,790	51,544,254 4.6%
25	Libraries	21,291,869	0	0	0	1,355,681	811,700	23,459,250 2.1%
26	Student Services	23,239,078	176,936	0	0	6,131,912	924,441	30,472,367 2.7%
27	Institutional Support	49,637,605	0	0	0	39,371,955	1,093,354	90,102,914 8.1%
28	Physical Plant	53,598,016	0	0	0	9,594,961	1,277,100	64,470,077 5.8%
29	Scholarships & Fellowships	3,735,768	0	0	3,478,778	16,375,143	195,377,011 (3)	218,966,700 19.6%
30	Auxiliary Enterprises (1) & (3)	9,439,585	0	0	132,602,519	5,344,700	0	147,386,804 13.2%
31	Mandatory Transfers	0	0	0	0	0	0	0 0.0%
32	Other	0	0	0	0	0	0	0 0.0%
33	One-time Replacement Capital	8,616,600	69,167	16,400	0	0	0	8,702,167 0.8%
34								
35	Total Uses	\$425,890,900	\$22,466,627	\$38,693,020	\$136,081,297	\$160,506,064	\$334,066,417	\$1,117,704,325 100.0%
36								
37								
38	Incr/(Decr) to Balance	\$0	\$0	\$0	(\$670,350)	\$7,146,154	\$0	\$6,475,804
39								
40								
41	Employee FTE	3,976.23	294.56	366.96	666.53	786.02	451.13	6,541.43
42								
43	(1) General Education program supports intercollegiate athletics which is an auxiliary enterprise and reported in the General Education							
44	column not the auxiliary enterprise column.							
45	(2) Auxiliary Enterprises includes University of Idaho's Kibbie Dome operations							
46	(3) Includes Federal Direct Student Loan funds							

**Boise State University**  
**Summary of Sources and Uses of Funds**  
**Fiscal Year 2009**

	A	B	C	D	E	F	G	H
	Operating Budgets							
	Board Approved Budgets			CEO Approved	Estimated Budgets		Total	%
	General	Professional- Technical	Special	Auxiliary	Instit	Grants &	Operating	of
	Education	Education	Programs	Enter. 1)	Accounts	Contracts	Budgets	Total
<b>SOURCES OF FUNDS:</b>								
State Appropriations								
1 General Account	\$87,587,000	\$7,580,247	\$533,600				\$95,700,847	27.0%
2 General Acct - One time fund	1,561,183		2,800				1,563,983	0.4%
3 Endowment Funds							0	0.0%
4 Student Fees	50,322,017						50,322,017	14.2%
5 Student Fees/Other - One tim	339,100						339,100	0.1%
6								
7 Total Appropriations	\$139,809,300	\$7,580,247	\$536,400	\$0	\$0	\$0	\$147,925,947	41.7%
8								
9 Other Student Fees				\$9,743,413	\$20,636,684		\$30,380,097	8.6%
10 Federal Approp							0	0.0%
11 Federal Grants & Contracts						84,068,486 (2)	84,068,486	23.7%
12 State Grants & Contracts						3,246,324	3,246,324	0.9%
13 Private Gifts, Grts & Contr				939,203	10,561,916	1,808,214	13,309,333	3.8%
14 Sales & Serv of Educ Act							0	0.0%
15 Sales & Serv of Aux Ent				54,242,696	2,723,825		56,966,521	16.1%
16 Indirect Costs					3,022,557		3,022,557	0.9%
17 Other				1,878,792	13,777,800		15,656,592	4.4%
18								
19 Total Revenue	\$139,809,300	\$7,580,247	\$536,400	\$66,804,104	\$50,722,782	\$89,123,024	\$354,575,857	100.0%
<b>20 USES OF FUNDS:</b>								
21 Instruction	\$69,001,703	\$7,580,247			\$13,047,943	\$5,373,525	\$95,003,418	27.3%
22 Research	2,437,980				2,298,549	13,154,845	17,891,374	5.1%
23 Public Service	826,501		536,400		3,515,387	8,252,367	13,130,655	3.8%
24 Academic Support	14,592,921				3,906,164	355,306	18,854,391	5.4%
25 Libraries	7,122,122				285,381		7,407,503	2.1%
26 Student Services	8,331,912				1,824,459	113,584	10,269,955	2.9%
27 Institutional Support	18,558,940				11,144,273	792,854	30,496,067	8.8%
28 Physical Plant	14,594,321				2,442,888		17,037,209	4.9%
29 Scholarships & Fellowships				1,608,278	5,596,843	61,080,543 (2)	68,285,664	19.6%
30 Auxiliary Enterprises (1)	2,442,600			65,520,496			67,963,096	19.5%
31 Mandatory Transfers							0	0.0%
32 Other (Incl One-Time Funds)							0	0.0%
33 One-time Replacement Capital	1,900,300						1,900,300	0.5%
34								
35 Total Uses	\$139,809,300	\$7,580,247	\$536,400	\$67,128,774	\$44,061,887	\$89,123,024	\$348,239,632	100.0%
36								
37								
38 Incr/(Decr) to Balance	\$0	\$0	\$0	(\$324,670)	\$6,660,895	\$0	\$6,336,225	
39								
40								
41 Employee FTE	1,319.36	99.69	5.00	369.62	209.75	170.00	2,173.42	
42								
43 (1) General Education program supports intercollegiate athletics which is an auxiliary enterprise and reported in the General Education								
44 column not the auxiliary enterprise column.								
45 (2) Includes Federal Direct Student Loan funds								

**Idaho State University**  
**Summary of Sources and Uses of Funds**  
**Fiscal Year 2009**

	A	B	C	D	E	F	G	H
	Operating Budgets							
	Board Approved Budgets			CEO Approved	Estimated Budgets		Total	%
	General	Professional- Technical	Special	Auxiliary	Instit	Grants &	Operating	of
	Education	Education	Programs	Enter. 1)	Accounts	Contracts	Budgets	Total
<b>SOURCES OF FUNDS:</b>								
State Appropriations								
1 General Account	\$74,418,200	\$10,664,746	\$2,539,500				\$87,622,446	30.2%
2 General Acct - One time fund	2,959,900		16,400				2,976,300	1.0%
3 Endowment Funds	2,020,700						2,020,700	0.7%
4 Student Fees	33,860,500		152,720				34,013,220	11.7%
5 Student Fees/Other - One time							0	0.0%
6								
7 Total Appropriations	\$113,259,300	\$10,664,746	\$2,708,620	\$0	\$0	\$0	\$126,632,666	43.6%
8								
9 Other Student Fees				\$9,042,594	\$9,239,176		\$18,281,770	6.3%
10 Federal Approp							0	0.0%
11 Federal Grants & Contracts				79,600		89,067,350 (2)	89,146,950	30.7%
12 State Grants & Contracts					86,836	7,473,404	7,560,240	2.6%
13 Private Gifts, Grts & Contr				669,729	1,744,589	9,597,876	12,012,194	4.1%
14 Sales & Serv of Educ Act				371,907	4,558,149		4,930,056	1.7%
15 Sales & Serv of Aux Ent				10,650,140	11,572,474		22,222,614	7.7%
16 Indirect Costs					6,612,348		6,612,348	2.3%
17 Other				745,032	1,627,064	575,863	2,947,959	1.0%
18								
19 Total Revenue	\$113,259,300	\$10,664,746	\$2,708,620	\$21,559,002	\$35,440,636	\$106,714,493	\$290,346,797	100.0%
<b>20 USES OF FUNDS:</b>								
21 Instruction	\$59,415,551	\$10,664,746	\$2,109,320		\$14,997,807	\$5,578,115	\$92,765,539	31.9%
22 Research	3,015,928				4,286,930	22,671,074	29,973,932	10.3%
23 Public Service	0		582,900		159,171	4,084,095	4,826,166	1.7%
24 Academic Support	8,854,082				4,295,261	170,484	13,319,827	4.6%
25 Libraries	5,186,926				203,100		5,390,026	1.9%
26 Student Services	6,618,099				1,026,053	810,857	8,455,009	2.9%
27 Institutional Support	11,018,110				7,557,882		18,575,992	6.4%
28 Physical Plant	13,794,504				1,782,173		15,576,677	5.3%
29 Scholarships & Fellowships					1,119,000	73,399,868 (2)	74,518,868	25.6%
30 Auxiliary Enterprises (1)	3,089,100			22,400,060			25,489,160	8.8%
31 Mandatory Transfers							0	0.0%
32 Other (One-Time)							0	0.0%
33 One-time Replacement Capital	2,267,000	0	16,400	0	0	0	2,283,400	0.8%
34								
35 Total Uses	\$113,259,300	\$10,664,746	\$2,708,620	\$22,400,060	\$35,427,377	\$106,714,493	\$291,174,596	100.0%
36								
37								
38 Incr/(Decr) to Balance	\$0	\$0	\$0	(\$841,058)	\$13,259	\$0	(\$827,799)	
39								
40								
41 Employee FTE	1,117.69	138.86	15.40	140.90	214.94	171.02	1,798.81	
42								
43 (1) General Education program supports intercollegiate athletics which is an auxiliary enterprise and reported in the General Education								
44 column not the auxiliary enterprise column.								
45 (2) Includes Federal Direct Student Loan funds								

# University of Idaho

## Summary of Sources and Uses of Funds

### Fiscal Year 2009

	A	B	C	D	E	F	G	H
	Operating Budgets							
	Board Approved Budgets			CEO Approved	Estimated Budgets		Total	%
	General	Professional- Technical	Special	Auxiliary	Instit	Grants &	Operating	of
	Education	Education	Programs	Enter. 1)	Accounts	Contracts	Budgets	Total
<b>SOURCES OF FUNDS:</b>								
State Appropriations								
1 General Account	\$95,959,300		\$34,956,800				130,916,100	30.2%
2 General Acct - One time funds	3,498,100						3,498,100	0.8%
3 Endowment Funds	5,307,300						5,307,300	1.2%
4 Student Fees	40,948,900						40,948,900	9.5%
5 Student Fees/Other - One time	1,116,600						1,116,600	0.3%
6								
7 Total Appropriations	146,830,200		34,956,800	0	0	0	181,787,000	42.0%
8								
9 Other Student Fees			341,200	7,572,500	7,186,600		15,100,300	3.5%
10 Federal Approp						4,814,700	4,814,700	1.1%
11 Federal Grants & Contracts						112,719,500 (2)	112,719,500	26.0%
12 State Grants & Contracts					371,700	9,001,500	9,373,200	2.2%
13 Private Gifts, Grts & Contr				3,688,000	15,132,100	6,893,200	25,713,300	5.9%
14 Sales & Serv of Educ Act					30,586,500		30,586,500	7.1%
15 Sales & Serv of Aux Ent				30,370,900	3,828,400		34,199,300	7.9%
16 Indirect Costs					6,435,000		6,435,000	1.5%
17 Other	138,500		150,000	1,597,800	10,248,500		12,134,800	2.8%
18								
19 Total Revenue	146,968,700		35,448,000	43,229,200	73,788,800	133,428,900	432,863,600	100.0%
<b>20 USES OF FUNDS:</b>								
21 Instruction	66,551,538		5,493,800		18,742,700	8,486,500	99,274,538	23.0%
22 Research	6,791,628		18,252,149		5,394,800	49,145,000	79,583,577	18.4%
23 Public Service	3,500		11,702,051		2,560,600	13,323,200	27,589,351	6.4%
24 Academic Support	10,471,929				6,361,200		16,833,129	3.9%
25 Libraries	7,957,602				310,100		8,267,702	1.9%
26 Student Services	6,431,706				2,939,400		9,371,106	2.2%
27 Institutional Support	16,156,700				18,940,600	300,500	35,397,800	8.2%
28 Physical Plant	22,375,236				5,018,300	1,277,100	28,670,636	6.6%
29 Scholarships & Fellowships	3,735,768			1,870,500	9,566,000	60,896,600 (2)	76,068,868	17.6%
30 Auxiliary Enterprises (1) & (3)	2,994,993			40,869,100	3,683,100		47,547,193	11.0%
31 Mandatory Transfers							0	0.0%
32 Other-Incl One-Time								
33 One-time Replacement Capital	3,498,100						3,498,100	
34								
35 Total Uses	146,968,700		35,448,000	42,739,600	73,516,800	133,428,900	432,102,000	99.2%
36								
37								
38 Incr/(Decr) to Balance	0		0	489,600	272,000	0	761,600	
39								
40								
41 Employee FTE	1,230.95		346.56	138.65	329.25	62.66	2,108.07	
42								
43 1) The General Education program supports intercollegiate athletics, which is an auxiliary enterprise. General Education support for athletics								
44 is reported in the General Education column, not the auxiliary enterprise column.								
45 2) Includes Federal Direct Student Loan funds.								
46 3) Auxiliary Enterprises includes Kibbie Dome operations and the Student Recreation Center.								

**Lewis-Clark State College**  
**Summary of Sources and Uses of Funds**  
**Fiscal Year 2009**

	A	B	C	D	E	F	G	H
	Operating Budgets							
	Board Approved Budgets			CEO Approved	Estimated Budgets		Total	%
	General	Professional- Technical	Special	Auxiliary	Instit	Grants &	Operating	%
	Education	Education	Programs	Enter. 1)	Accounts	Contracts	Budgets	of Total
<b>SOURCES OF FUNDS:</b>								
State Appropriations								
1 General Account	\$16,052,800	\$4,221,634					\$20,274,434	43.7%
2 General Acct - One time funds							0	0.0%
3 Endowment Funds	1,267,000						1,267,000	2.7%
4 Student Fees	8,533,800						8,533,800	18.4%
5 Student Fees/Other - One time							0	0.0%
6								
7 Total Appropriations	\$25,853,600	\$4,221,634	\$0	\$0	\$0	\$0	\$30,075,234	64.8%
8								
9 Other Student Fees				1,366,000	3,650,000		5,016,000	10.8%
10 Federal Approp							0	0.0%
11 Federal Grants & Contracts						2,000,000	2,000,000	4.3%
12 State Grants & Contracts						2,400,000	2,400,000	5.2%
13 Private Gifts, Grts & Contr						400,000	400,000	0.9%
14 Sales & Serv of Educ Act					2,300,000		2,300,000	5.0%
15 Sales & Serv of Aux Ent				2,200,941			2,200,941	4.7%
16 Indirect Costs					150,000		150,000	0.3%
17 Other				251,700	1,600,000		1,851,700	4.0%
18								
19 Total Revenue	\$25,853,600	\$4,221,634	\$0	\$3,818,641	\$7,700,000	\$4,800,000	\$46,393,875	100.0%

**20 USES OF FUNDS:**

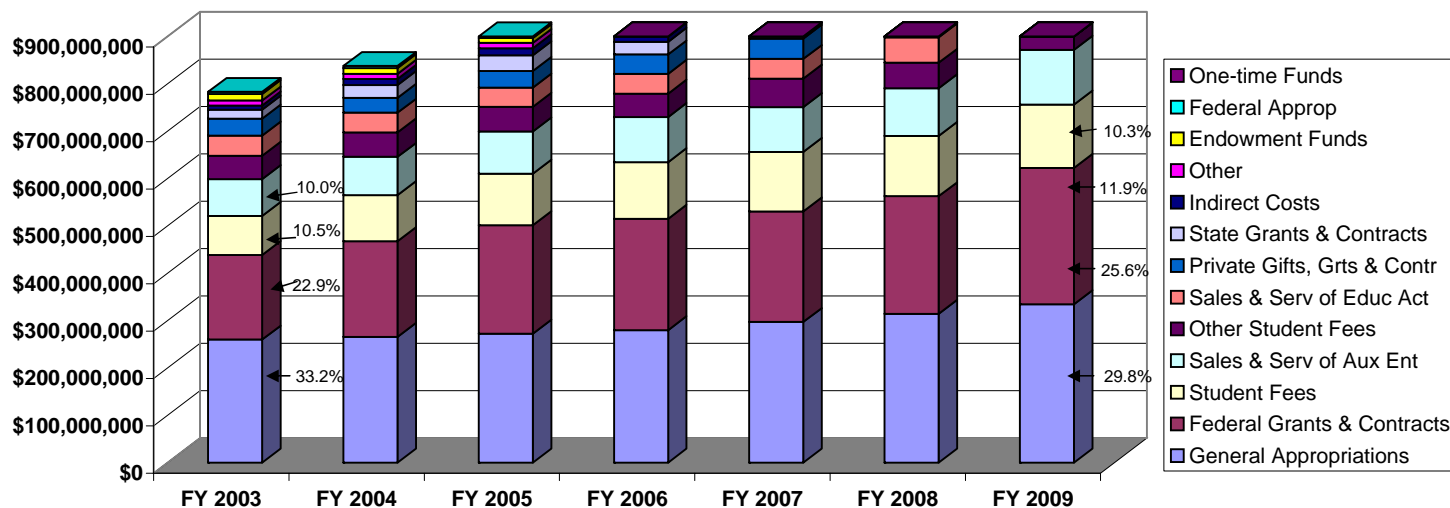
21 Instruction	\$12,210,795	\$3,351,524			2,293,300	2,252,600	\$20,108,219	43.5%
22 Research	149,561				0	186,900	336,461	0.7%
23 Public Service	102,062				465,700	1,548,800	2,116,562	4.6%
24 Academic Support	1,906,700	624,007			6,200		2,536,907	5.5%
25 Libraries	1,025,219				557,100	811,700	2,394,019	5.2%
26 Student Services	1,857,361	176,936			342,000	0	2,376,297	5.1%
27 Institutional Support	3,903,855				1,729,200		5,633,055	12.2%
28 Physical Plant	2,833,955				351,600		3,185,555	6.9%
29 Scholarships & Fellowships					93,300		93,300	0.2%
30 Auxiliary Enterprises (1)	912,892			3,812,863	1,661,600		6,387,355	13.8%
31 Mandatory Transfers							0	0.0%
32								
33 One-time Replacement Capital	951,200	69,167					1,020,367	2.2%
34								
35 Total Uses	\$25,853,600	\$4,221,634	\$0	\$3,812,863	\$7,500,000	\$4,800,000	\$46,188,097	100.0%
36								
37								
38 Incr/(Decr) to Balance	\$0	\$0	\$0	\$5,778	\$200,000	\$0	\$205,778	
39								
40								

41 Employee FTE 308.23 56.01 17.36 32.08 47.45 461.13

43 (1) General Education program supports intercollegiate athletics which is an auxiliary enterprise and reported in the General Education  
 44 column not the auxiliary enterprise column.

45

# State of Idaho College and Universities All Funds Revenues FY 2003-2009

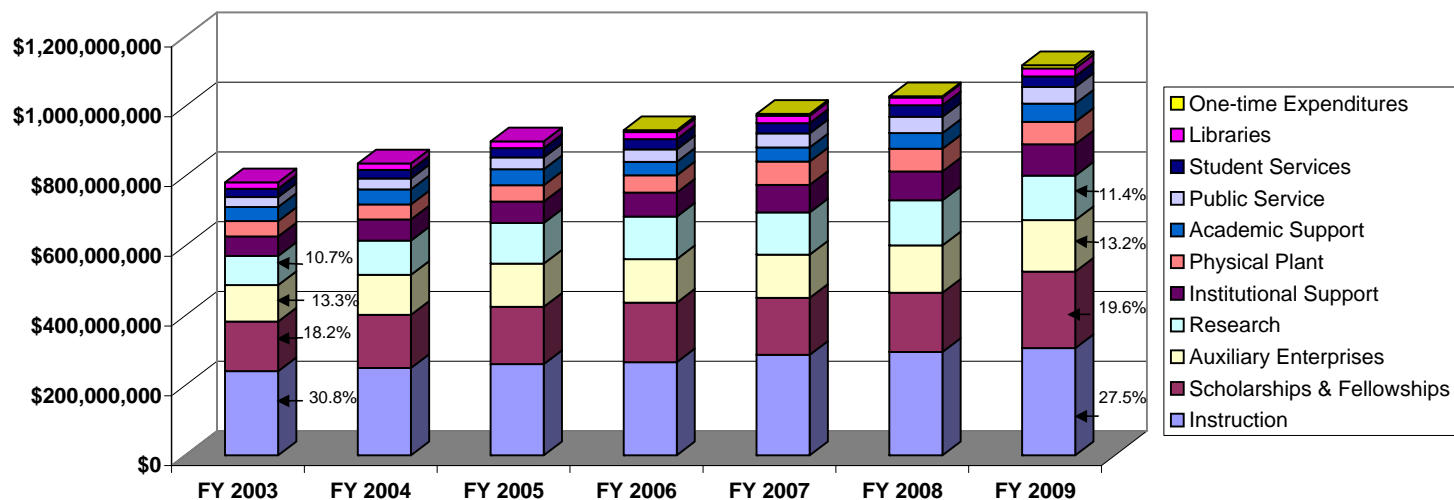


# State of Idaho

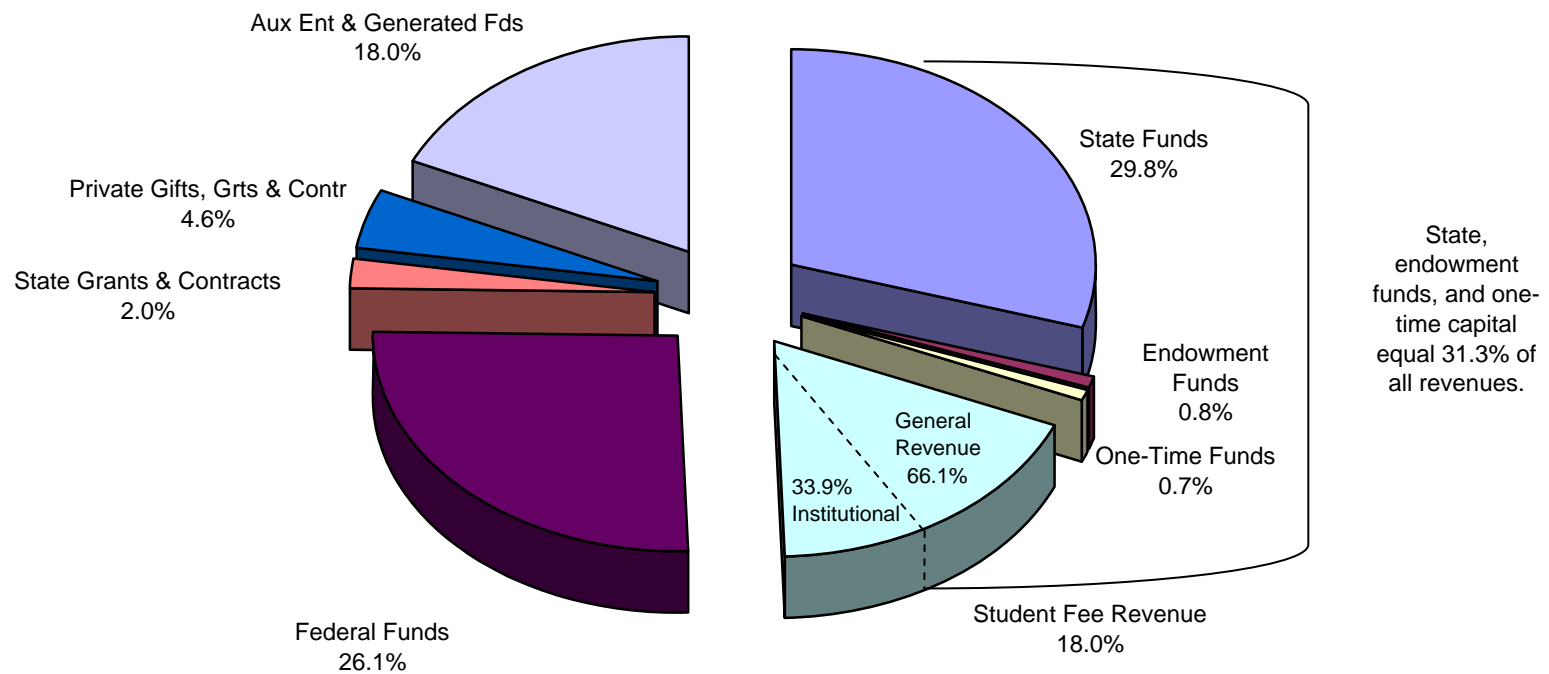
## College and Universities

### All Funds Expenditures

#### FY 2003-2009

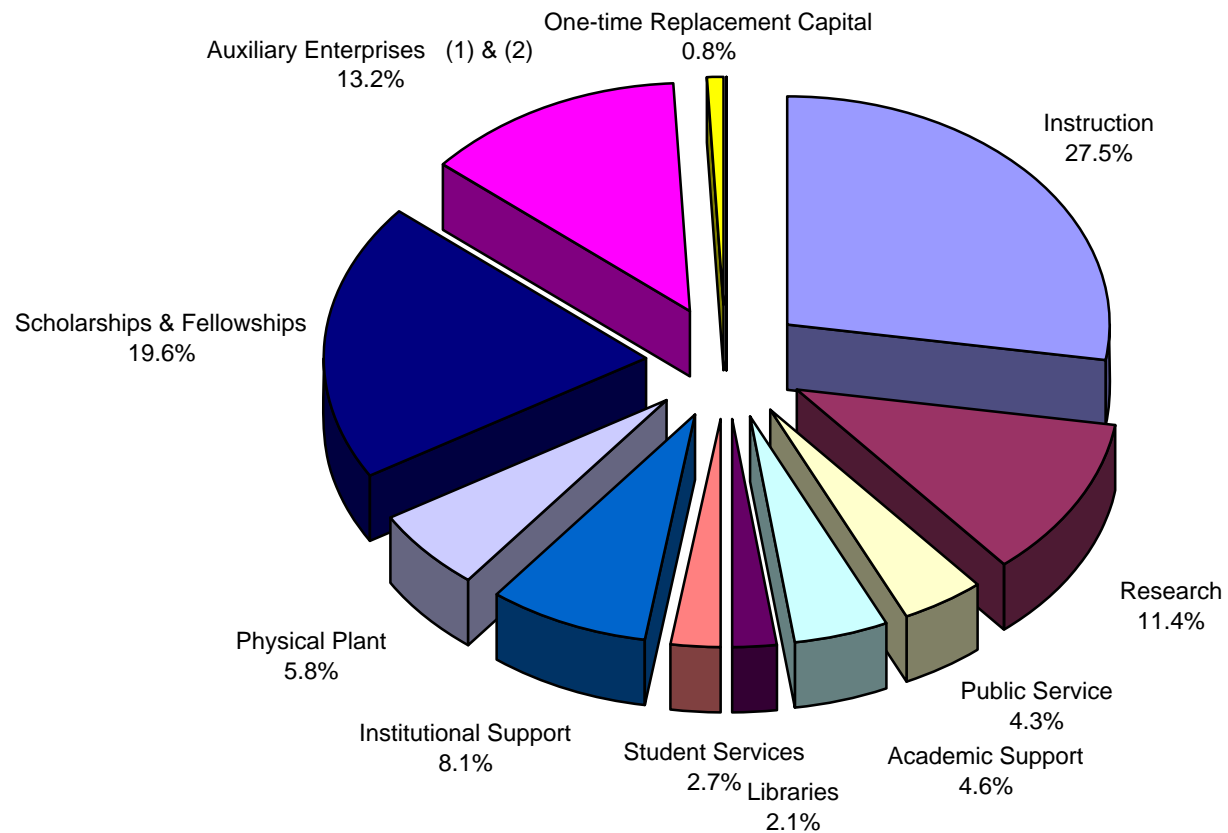


Idaho's College and Universities  
Revenue Budget for all Funds by Source  
Fiscal Year 2009





Idaho's College and Universities  
Expenditure Budget for all Funds by Functional Classification  
Fiscal Year 2009



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**CONSENT - INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

Quarterly Report: Program Changes Approved by Executive Director

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies and Procedures, Section III.G.4.b.(2), Program Approval and Discontinuance

**BACKGROUND/DISCUSSION**

In accordance with Board Policy III.G.4.a and b.(2), Executive Director approval prior to implementation is required for any new academic or professional-technical program, major, minor, option, emphasis or instructional unit with a financial impact of less than \$250,000 per year. Board policy also requires Executive Director approval for "Changes, additions, expansions, and consolidations to existing instructional programs, majors, minors, options, emphases or instructional units with a financial impact of less than \$250,000.

In accordance with Board policy III.G.4.b.(2), "All modifications approved by the executive director shall be reported quarterly to the Board." The Board office is providing a report of program changes, additions, etc. from Idaho's public colleges and universities that were approved by the Executive Director.

**ATTACHMENTS**

Attachment 1 – List of Program Changes Approved by the  
Executive Director

Page 3

**STAFF COMMENTS AND RECOMMENDATIONS**

Board staff offers no comments or recommendations.

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**CONSENT - INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS  
OCTOBER 9-10, 2008**

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**Academic Programs**  
**Approved by Executive Director**  
**July 2008 – September 2008**

<b>Boise State University</b>
New Graduate Certificate – Workplace E-Learning and Performance Support
New Minor in Latin American and Latino Studies
Bifurcation of MS in Exercise and Sports Studies into two master's programs: <ul style="list-style-type: none"><li>• Master of Science in Exercise and Sports Studies – requires a thesis</li><li>• Master of Kinesiology (requires a capstone course)</li></ul>

<b>Idaho State University</b>
B.S. degree in Fire Service Administration to be offered online
New Bachelor of Business Administration in Insurance
Expansion of existing MS, Speech-Language Pathology to be offered online

<b>University of Idaho</b>
New Human Resource Development Certificate

**Professional - Technical Education Programs**  
**Approved by Executive Director**

<b>Program Activity</b>	<b>Institution</b>
New Medical Coding Program	<b>CSI</b>
New Technical Certificate, Wind Energy Technician	<b>CSI</b>
Change title of Drafting Design & Technology to Computer Aided Design Technology and inactivate the following options: Drafting Design & Technology – Architectural, Civil, Mechanical, and Drafting Technology	<b>NIC</b>
Change title of the Business and Office Technology program to Computer Applications and Office Technology (courses have been renumbered and restructured to reflect levels of competency and to remove duplication)	<b>NIC</b>
Change the curriculum for the Resort/Recreation Management program	<b>NIC</b>
Discontinuance of four options of the Computer Software Development Technology: <ul style="list-style-type: none"><li>• Computer Programmer</li><li>• Computer Programmer/Analyst</li><li>• Computer Operator</li><li>• Language Specialist</li></ul>	<b>ISU</b>
Addition of new Graphic Design in Print Media option to the Graphic Arts/Printing Technology program	<b>ISU</b>

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**CONSENT AGENDA – PLANNING, POLICY, AND GOVERNMENTAL AFFAIRS  
OCTOBER 9-10, 2008**

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**SUBJECT**

Alcohol Permits Approved by University Presidents

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies and Procedures, I.J.2.b.

**BACKGROUND / DISCUSSION**

The chief executive officer of each institution may waive the prohibition against possession or consumption of alcoholic beverages only as permitted by and in compliance with this policy. Immediately upon issuance of an Alcohol Beverage Permit, a complete copy of the application and the permit shall be delivered to the Office of the State Board of Education, and Board staff shall disclose the issuance of the permit to the Board no later than the next Board meeting.

The last update presented to the Board was at the August 2008 Board meeting. Since that meeting, Board staff has received 16 permits from Boise State University, 15 permits from Idaho State University, and 13 permits from the University of Idaho.

Board staff has prepared a brief listing of the permits issued for use. The list is attached for the Board's review.

**ATTACHMENTS**

List of Approved Permits by Institution

page 3

**STAFF COMMENTS AND RECOMMENDATIONS**

State Board staff offers no comments or recommendations.

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**CONSENT AGENDA – PLANNING, POLICY, AND GOVERNMENTAL AFFAIRS  
OCTOBER 9-10, 2008**

<b>APPROVED ALCOHOL SERVICE AT BOISE STATE UNIVERSITY August 2008 - October</b>		
<b>EVENT</b>	<b>LOCATION</b>	<b>DATE (S)</b>
Alumni Association Board of Directors Quarterly Mtg	Micron/Engineering Center	08/06/08
Lewis Black	Morrison Center Main Hall	08/24/08
Stueckle Sky Club Grand Opening	Stueckle Sky Club	08/27/08
Presidential Alumni Dinner	Stueckle Sky Club	09/12/08
Boise Philharmonic	Morrison Center Main Hall	09/13/08
Citi Stars Recognition Banquet – Employee Recognition	Stueckle Sky Club	09/17/208
Trey McIntyre Project	Morrison Center Main Hall	09/20/08
Moffatt Thomas Barrett Rock & Fields	Stueckle Sky Club	09/26/08
US Bank Reception	Stueckle Sky Club	09/30/08
Broadway in Boise – Forever Tango	Morrison Center Main Hall	10/02-04/08
Ballet Idaho – Fall Collage Production	Hatch A	10/03/08
Ballet Idaho – Fall Collage	Hatch A	10/04/08
Make-A-Wish Foundation	Stueckle Sky Club	10/08/08
Reba & Kelly Concert	Taco Bell Arena	10/09/08
Behind the curtain Concert – Rachael Sage	Morrison Center Main Hall	10/11/08
Boise Philharmonic - Beethoven	Morrison Center Main Hall	10/18/08

**CONSENT AGENDA – PLANNING, POLICY, AND GOVERNMENTAL AFFAIRS  
OCTOBER 9-10, 2008**

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<b>APPROVED ALCOHOL SERVICE AT IDAHO STATE UNIVERSITY Augusts 2008 – December 2008</b>		
<b>EVENT</b>	<b>LOCATION</b>	<b>DATE (S)</b>
New Faculty Orientation - Reception	Stephens Performing Arts Center	08/19/08
College of Education 50 <sup>th</sup> Celebration	Sebian Hall (Outside)	09/11/08
ISLS Concert	Stephans Performing Arts Center	10/03/08
SHF Reception (Alumni Event)	Sports and Orthopedic Center	10/03/08
Marilynne Robinson Pre Reading	Marshall Rotunda/PAC	10/04/08
Alumni Art Show	Transition Gallery	10/06/08
JFAC Dinner	CAES, Idaho Falls	10/09/08
Foundation Board of Directors Dinner	PAC/Bennion Promenade/Ruettgers Promenade	10/16/08
Sigma Phi Epsilon 50yr Reunion	Performing Arts Center – Rotunda	10/18/08
ISLS Concert	Stephans Performing Arts Center	11/14/08
UFG Business after Hours	Stephans Performing Arts Center	11/20/08
A Season of Change	Performing Arts Center	11/22/08
Festival of Trees	Performing Arts Center - Rotunda	12/02/08
Festival of Trees	Performing Arts Center – Rotunda	12/06/08
ISLS Concert	Stephans Performing Arts Center	12/12/08

**CONSENT AGENDA – PLANNING, POLICY, AND GOVERNMENTAL AFFAIRS  
OCTOBER 9-10, 2008**

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<b>APPROVED ALCOHOL SERVICE AT University of Idaho September 2008 – October 2008</b>		
<b>EVENT</b>	<b>LOCATION</b>	<b>DATE (S)</b>
Pre-Study Abroad Event	N. Field/Kibbie Dome	09/03/08
Alumni/Administration Reception	409 Panorama Dr.	09/08/08
UI Prichard Art Gallery friends Annual Meeting	UI Prichard Art Gallery	09/25/08
Block & Bridle Reunion	Ag Pavilion	10/04/08
Alpha Phi 80 <sup>th</sup> Anniversary	SUB Ballroom	10/04/08
UI Engineering Career Fair	Silver and Gold Room	10/06/08
College of Art & Architecture Advisory Council Reception	UI Prichard Art Gallery	10/08/08
UI Women's Law Caucus Reception	UI Prichard Art Gallery	10/14/08
Jeff Harkins Retirement Reception	Bogey's	10/16/08
Women's Leadership Conference Reception	Crest & Horizon Room	10/17/08
Russell Chrysler Birthday	ALB 311	10/21/08
Alumni Board of Directors Meeting Welcome Social	409 Panorama Drive	10/22/08
College of Law Homecoming Reception	College of Law Foyer	10/24/08

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**PLANNING, POLICY & GOVERNMENTAL AFFAIRS  
OCTOBER 9-10, 2008**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
1	<b>PRESIDENTS' COUNCIL REPORT</b>	Informational Item
2	<b>LEWIS-CLARK STATE COLLEGE ANNUAL REPORT</b>	Informational Item
3	<b>IDAHO STATE HISTORICAL SOCIETY ANNUAL REPORT</b>	Informational Item
4	<b>BOARD POLICY SECTION I.M. – ANNUAL PLANNING AND REPORTING – SECOND READING</b>	Motion to Approve
5	<b>BOARD POLICY SECTION III.P. – STUDENTS – 1<sup>ST</sup> READING</b>	Motion to Approve
6	<b>2009 LEGISLATION LANGUAGE</b>	Motion to Approve

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**PLANNING, POLICY & GOVERNMENTAL AFFAIRS**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

Presidents' Council Report

**BACKGROUND/ DISCUSSION**

Dr. Dene Thomas, President of the Lewis-Clark State College will be presenting on behalf of Dr. Jerry Beck, the current Chair of the Presidents' Council.

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**PLANNING, POLICY & GOVERNMENTAL AFFAIRS**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

Lewis-Clark State College Progress Report

**BACKGROUND/DISCUSSION**

Periodically, the institutions of higher education in the State of Idaho are requested to provide a progress report to the members of the State Board of Education. It has been one year since Lewis-Clark State College has supplied an overview of its status and accomplishments.

Dr. Dene Thomas, President of Lewis-Clark State College, will be in attendance at the meeting and will present a summary of the accomplishments and future goals of the university.

**IMPACT**

President Thomas' presentation will provide the State Board members and others with current status information about Lewis-Clark State College.

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**PLANNING, POLICY & GOVERNMENTAL AFFAIRS**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

Idaho State Historical Society (ISHS) Agency Report

**BACKGROUND/DISCUSSION**

In an effort to allow the agencies under the authority of the State Board of Education an opportunity to present to the State Board of Education on a more regular basis, one of the agencies will be making a presentation before the Board at each meeting. This report will be a progress report and an opportunity for the agency to supply an overview of its status and accomplishments.

Ms. Janet Gallimore, Executive Director, will be in attendance at the meeting and will present a summary of the accomplishments and future goals of ISHS.

**IMPACT**

Ms. Gallimore's presentation will provide the State Board members and others with current status information about ISHS.

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**PLANNING, POLICY & GOVERNMENTAL AFFAIRS**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

Second Reading – Board Policy Section I.M.

**REFERENCE**

August 2008

First Reading, Board Policy Section I.M approved

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section I.A.5.b., and I.M.

Section 67-1901 through 16-1905, Idaho Code.

**BACKGROUND/DISCUSSION**

The Board approved the first reading of policy changes to Section I.M. at its August 2008 regularly scheduled meeting. Since that time the board office has received no comments or concerns from the agencies or the institutions regarding the proposed changes. There have been no additional changes to the proposed policy since the first reading.

**ATTACHMENTS**

Attachment 1 – Policies & Procedures, Section I.M.

Page 3

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends approval of Board policy, section I.M.

**BOARD ACTION**

A motion to approve the second reading of the Idaho State Board of Education Governing Policies & Procedures, Section I.M.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**Idaho State Board of Education**

**GOVERNING POLICIES AND PROCEDURES**

**SECTION: I. GENERAL GOVERNING POLICIES AND PROCEDURES**

**SUBSECTION: M. Annual Planning and Reporting**

**March 2008 October 2008**

**M. Annual Planning and Reporting**

This subsection shall apply to Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, North Idaho College, College of Southern Idaho, College of Western Idaho, Eastern Idaho Technical College, Division of Professional-Technical Education, Division of Vocational Rehabilitation, Idaho Public Television, School for the Deaf and the Blind, Idaho State Historical Society, and Idaho Commission for Libraries.

**1. Strategic Plans**

- ~~a. Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, North Idaho College, College of Southern Idaho, College of Western Idaho, Eastern Idaho Technical College, Division of Professional-Technical Education, Division of Vocational Rehabilitation, Idaho Educational Public Broadcasting System Television, and the School for the Deaf and the Blind~~ Each institution, agency, and school will develop and maintain five-year strategic plans.

(1) Institution, school, and agency strategic plans shall be aligned with the Board's strategic plan, be created in accordance with Board guidelines, and be consistent with assigned role and mission statements.

(2) Plans shall be updated annually and submitted to the Board for approval.

(3) Plans shall be submitted by the Board to the appropriate state administrative entity in order to meet the state's annual planning requirements.

- ~~b. The Idaho State Historical Society and Idaho Commission for Libraries are recognized as unique collaborators in the state education system and are encouraged to report annually to the Board in accordance with these guidelines.~~

**eb. Format**

Plans submitted to the Board annually should be as concise as possible and in accordance with a schedule and format established by the executive director.

Plans should contain:

- (1) A comprehensive mission and vision statement covering the major programs, functions and activities of the organization.

**PLANNING, POLICY & GOVERNMENTAL AFFAIRS**  
**OCTOBER 9-10, 2008**

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- (2) General goals and objectives for the major programs, functions and activities of the organization, including a description of how they are to be achieved.
  - (a) Institutions (including Professional-Technical Education) and the School for the Deaf and the Blind should address, at a minimum, instructional issues (including accreditation and student issues), infrastructure issues (including personnel, finance, and facilities), advancement (including foundation activities), and the external environment served by the institution.
  - (b) Agencies should address, at a minimum, constituent issues and service delivery, infrastructure issues (including personnel, finance, and facilities), and advancement (if applicable).
- (3) Identification of key factors external to the organization that could significantly affect the achievement of the general goals and objectives.
- (4) A brief description of the evaluations or processes to be used in establishing or revising general goals and objectives in the future.

**2. Performance Measures**

Performance measures will be developed in conjunction with the Board's planning process and will be updated annually for Board approval. Performance Measures shall be submitted to the Board annually, and in accordance with a schedule and format established by the Executive Director. Performance measures will be used to measure results, ensure accountability, and encourage continuous improvement to meet goals and objectives.

- a. ~~Postsecondary institutions~~ The Office of the State Board of Education will develop a set of uniform performance measures for the institutions that will gauge progress in such areas as enrollment, retention, and graduation.
- b. Each institution, agency, and the school will develop unique measures tied to its strategic plan.

**3. Progress Reports**

Progress reports that include, but are not limited to, progress on the approved strategic plan, details of implementation, status of goals and objectives, and expanded information on points of interest and special appropriations will be provided to the Board at least once annually in accordance with a schedule and format established by the Executive Director.



**PLANNING, POLICY & GOVERNMENTAL AFFAIRS**  
**OCTOBER 9-10, 2008**

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**4. Statewide Reporting**

Each institution, agency, and the school will provide to the Board, upon request or in accordance with a schedule and format established by the Executive Director, any data or report.

**45. Self-Evaluation**

Each year, the Board will conduct a self-evaluation in conjunction with annual strategic planning activities. The self-evaluation methodology will include a staff analysis of all institution, agency, and school annual performance reporting, and comments and suggestions solicited from Board constituency groups to include the Governor, the Legislature, agency heads, institution presidents and other stakeholders identified by the Board President. The Executive Committee of the Board will annually develop a tailored Board self-evaluation questionnaire for use by individual Board members and the Board collectively to evaluate their own performance. Annually, in conjunction with a regular or special meeting, the Board will discuss the key issues identified in the institution, agency and school performance reporting assessment, comments and suggestions received from constituency groups, and the self-evaluation questionnaire in order to further refine Board strategic goals, objectives and strategies for continuous improvement of Board governance and oversight. Self-evaluation results will be shared with constituent groups and should heavily influence strategic plan development.

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**PLANNING, POLICY & GOVERNMENTAL AFFAIRS**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

First reading - Board Policy III.P.

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Sections I.A.5. and III.P.7.

**BACKGROUND / DISCUSSION**

Current Board policy defines a "full-time" undergraduate student as any student carrying eight (8) or more credits (or equivalent in audit and zero-credit registrations) and graduate students on full appointments (instructional and graduate assistants), regardless of the number of credits for which they are registered. A review of policy history indicates that this definition has not been revised in well over 10 years.

The attached revision of Board policy will align the Board's definition of a full time student with Federal Financial Aid Guidelines and reduce confusion to students. This definition is also consistent with WICHE and other national definitions.

**IMPACT**

This revision will align the Board's definition of a full-time student so that it is consistent with the Federal Financial Aid definition, as well as with national standards. While the impact of these changes will increase the number of undergraduate credits from 8 to 12, in order to be considered a full-time student. This change will not limit the total number of credits that a student can take and will not impact the overload fee institutions can assess when students take a higher number of credits. The Federal definition of a full-time undergraduate student is already required for all federal reports, and therefore, this change will have no impact at the federal level.

**ATTACHMENTS**

Attachment 2 - Revised Governing Policy Section III.P.

Page 3

**STAFF COMMENTS AND RECOMMENDATIONS**

The revised policies will allow the institutions to consistently apply financial aid policies. CAAP and the VP's of Finance have both reviewed and approve the proposed change to the full-time student definition. If any additional comments or concerns are received they will be brought to the Board at the December meeting. Staff recommends approval.

**BOARD ACTION**

A motion to approve the first reading of the amendment to Board Policy III.P. 7. Definition of a full-time student.

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**Idaho State Board of Education**  
**GOVERNING POLICIES AND PROCEDURES**

**SECTION: III. POSTSECONDARY AFFAIRS**

**SUBSECTION: P. STUDENTS**

**August 2002 December 2008**

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**P. Students**

The following policies and procedures are applicable to or for any person designated as a student at an institution under governance of the Board. A "student" means any person duly admitted and regularly enrolled at an institution under governance of the Board as an undergraduate, graduate, or professional student, on a full-time or part-time basis, or who is admitted as a non-matriculated student on or off an institutional campus.

**1. Nondiscrimination**

It is the policy of the Board that institutions under its governance must provide equal educational opportunities, services, and benefits to students without regard to race, color, religion, sex, national origin, age, handicap, or veterans status, including disabled veterans and veterans of the Vietnam era in accordance with:

- a. Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d *et seq.*, which prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving federal financial assistance.
- b. Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of handicap in programs and activities receiving federal financial assistance.
- c. Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681 *et seq.*, which prohibits discrimination on the basis of sex in education programs and activities receiving federal financial assistance.
- d. The Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 *et seq.*, which prohibits discrimination on the basis of age in programs or activities receiving federal financial assistance.
- e. Chapter 59, Title 67, Idaho Code, and other applicable state and federal laws.

**2. Sexual Harassment**

Each institution must establish and maintain a positive learning environment for students that is fair, humane, and responsible. Sexual discrimination, including sexual harassment, is inimical to any institution.

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Sexual harassment violates state and federal laws and the Governing Policies and Procedures of the Board. "Sexual harassment" means an un-welcomed sexual advance, request for sexual favors, or behavior, oral statements, or physical conduct of a sexual nature when:

- a. submission to such conduct is made either explicitly or implicitly a term or condition of a student's grade, receipt of a grade, or status as a student;
- b. an individual student's submission to or rejection of such conduct is used as a basis for a decision affecting the student; or
- c. such conduct has the purpose or effect of substantially interfering with a student's learning or learning performance, or creating an intimidating, hostile, or offensive learning environment.

Each institution must develop and make public procedures providing for the prompt, confidential, and equitable resolution of student complaints alleging an act of sex-based discrimination, including sexual harassment.

### 3. Academic Freedom and Responsibility

Institutions of postsecondary education are conducted for the common good and not to further the interests of either the individual student or the institution as a whole. Academic freedom is fundamental for the protection of the rights of students in learning and carries with it responsibilities as well as rights.

Membership in an academic community imposes on students an obligation to respect the dignity of others, to acknowledge the right of others to express differing opinions, and to foster and defend intellectual honesty, freedom of inquiry and instruction, and free expression on and off the campus of an institution. Expression of dissent and attempts to produce change may not be carried out in ways which injure individuals, damage institutional facilities, disrupt classes, or interfere with institutional activities. Speakers on the campuses must not only be protected from violence but must also be given an opportunity to be heard. Those who seek to call attention to grievances must do so in ways that do not significantly impede the functioning of the institution.

Students are entitled to an atmosphere conducive to learning and to fair and even treatment in all aspects of student-teacher relationships. Teaching faculty may not refuse to enroll or teach a student because of the student's beliefs or the possible uses to which the student may put the knowledge gained from the course. Students must not be forced by the authority inherent in the instructional role to make personal or political choices.

**4. Catalog and Representational Statements**

Each institution will publish its official catalogue and admissions, academic, and other policies and procedures which affect students. (See also "Roles and Missions," Section III, Subsection I-2.)

Each institutional catalogue must include the following statement:

Catalogues, bulletins, and course or fee schedules shall not be considered as binding contracts between [institution] and students. The [institution] reserves the right at any time, without advance notice, to: (a) withdraw or cancel classes, courses, and programs; (b) change fee schedules; (c) change the academic calendar; (d) change admission and registration requirements; (e) change the regulations and requirements governing instruction in and graduation from the institution and its various divisions; and (f) change any other regulations affecting students. Changes shall go into force whenever the proper authorities so determine and shall apply not only to prospective students but also to those who are matriculated at the time in [institution]. When economic and other conditions permit, the [institution] tries to provide advance notice of such changes. In particular, when an instructional program is to be withdrawn, the [institution] will make every reasonable effort to ensure that students who are within two (2) years of completing graduation requirements, and who are making normal progress toward completion of those requirements, will have the opportunity to complete the program which is to be withdrawn.

No employee, agent, or representative of an institution may make representations to, or enter into any agreement with, or act toward any student or person in a manner which is not in conformity with Board Governing Policies and Procedures or the approved policies and procedures of the institution.

**5. Student Records**

The collection, retention, use, and dissemination of student records is subject to the requirements of the Family Educational Rights and Privacy Act of 1974, as amended, and implementing regulations. Each institution will establish policies and procedures for maintenance of student records consistent with the act and implementing regulations and will establish and make public an appeals procedure which allows a student to contest or protest the content of any item contained in his or her institutional records.

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6. Residency Status - Procedure for Determination

Rules and procedures for the determination of residency status for purposes of paying nonresident tuition are found in the State Board of Education Rule Manual IDAPA 08.01.04.

7. Full-Time Students

~~For fee and tuition purposes, a "full-time student" means any student carrying eight (8) or more credits (or equivalent in audit and zero-credit registrations) and graduate students on full appointments (instructional and graduate assistants), regardless of the number of credits for which they are registered.~~

a. Undergraduate Student

For fee and tuition purposes, a "full-time" undergraduate student means any undergraduate student carrying twelve (12) or more credits (or equivalent in audit and zero-credit registrations).

ai. Student Body Officers and Appointees

For fee and tuition purposes, the president, vice president, and senators of the associated student body government are considered full-time students when carrying at least the following credit loads: (a) president, three (3) credits and (b) vice president and senators, six (6) credits.

ðii. Editors

Editors of student-published newspapers are recognized as full-time students when carrying a three-credit load, and associate editors are recognized as full-time students when carrying a six-credit load.

b. Graduate Student

For fee and tuition purposes, a "full-time" graduate student means any graduate student carrying nine (9) or more credits, or any graduate student on a full appointment as an instructional or graduate assistant, regardless of the number of credits for which such instructional or graduate assistant is registered.

8. Student Governance

The students at each institution may establish a student government constitution for their own duly constituted organization, which must be consistent with Board Governing Policies and Procedures. Each student constitution must be reviewed and approved by the Chief Executive Officer. Any amendments to the student constitution must also be reviewed and approved by the Chief Executive Officer.

9. Student Financial Aid



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Each institution will establish policies and procedures necessary for the administration of student financial aid.

- a. Transfer of Delinquent National Direct Student Loans. (See Section V, Subsection P)
- b. Student Financial Aid Fraud

Each institution under governance of the Board should, as a matter of policy, initiate charges against individuals who fraudulently obtain or misrepresent themselves with respect to student financial aid.

#### 10. Fees and Tuition

- a. Establishment

Policies and procedures for establishment of fees, tuition, and other charges are found in Section V, Subsection R, of the Governing Policies and Procedures.

- b. Refund of Fees

Each institution will develop and publish a schedule for refund of fees in the event a student withdraws in accordance with regulations governing withdrawal.

#### 11. Student Employees

- a. Restrictions

No student employee may be assigned to duties which are for the benefit of personal and private gain, require partisan or nonpartisan political activities, or involve the construction, operation, or maintenance of any part of any facility which is used for sectarian instruction or religious worship. No supervisor may solicit or permit to be solicited from any student any fees, dues, compensation, commission, or gift or gratuity of any kind as a condition of or prerequisite for the student's employment.

- b. Policies and Procedures

Each institution will develop its own policies and procedures regarding student employment, including use of student employment as a part of financial assistance available to the student. Such policies and procedures must ensure that equal employment opportunity is offered without discrimination and that wage administration is conducted in a uniform manner. Such policies also must include a statement of benefits available to student employees, if appropriate.

c. Graduate Assistants

Each institution is delegated the authority to appoint within the limitations of available resources graduate assistants in a number consistent with the mission of the institution. Graduate assistantships are established to supplement a graduate student's course of study, with employment appropriate to the student's academic pursuits.

Each institution will establish its own procedures for appointment of graduate assistants which will include (a) qualifications, (b) clear and detailed responsibilities in writing, and (c) maximum number of hours expected and wages for meeting those requirements.

Matriculation, activity, and facility fees for graduate assistants will be paid either by the student or by the department or academic unit on behalf of the student. Graduate students will be covered by appropriate insurance in accordance with institutional procedures for work-related illness or injury.

d. Hourly or Contractual Employment

Each institution may employ students on an hourly or contractual basis in accordance with the needs of the various departments or units, available funds, and rules of the Division of Human Resources (or the University of Idaho classified employee system) or federal guidelines when work-study funds are used.

12. Student Conduct, Rights, and Responsibilities

Each institution will establish and publish a statement of student rights and a code of student conduct. The code of conduct must include procedures by which a student charged with violating the code receives reasonable notice of the charge and is given an opportunity to be heard and present testimony in his or her defense. Such statements of rights and codes of conduct, and any subsequent amendments, are subject to review and approval of the chief executive officer.

Sections 33-3715 and 33-3716, Idaho Code, establish criminal penalties for conduct declared to be unlawful.

13. Student Services

Each institution will develop and publish a listing of services available to students, eligibility for such services, and costs or conditions, if any, of obtaining such services.

**14. Student Organizations**

Each student government association is responsible, subject to the approval of the institution's chief executive officer, for establishing or terminating student organizations supported through allocation of revenues available to the association. Expenditures by or on behalf of such student organizations are subject to rules, policies, and procedures of the institution and the Board.

**15. Student Publications and Broadcasts**

Student publications and broadcasts are independent of the State Board of Education and the institutional administration. The institutional administration and the State Board of Education assume no responsibility for the content of any student publication or broadcast. The publishers or managers of the student publications or broadcasts are solely liable for the content.

**16. Student Health Insurance (Effective July 1, 2003)**

The Board's student health insurance policy is a minimum requirement. Each institution, at its discretion, may adopt policies and procedures more stringent than those provided herein.

**a. Health Insurance Coverage Offered through the Institution**

Each institution shall provide the opportunity for students to purchase health insurance. Institutions are encouraged to work together to provide the most cost effective coverage possible. Health insurance offered through the institution shall provide benefits in accordance with state and federal law.

**b. Mandatory Student Health Insurance**

Every full-fee paying student (as defined by each institution) attending classes in Idaho shall be covered by health insurance. Students shall purchase health insurance offered through the institution, or may instead, at the discretion of each institution, present evidence of health insurance coverage that is at least substantially equivalent to the health insurance coverage offered through the institution. Students without evidence of health insurance coverage shall be ineligible to enroll at the institution.

(1) Students presenting evidence of health insurance coverage not acquired through the institution shall provide at least the following information:

- (a) Name of health insurance carrier
- (b) Policy number

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- (c) Location of an employer, insurance company or agent who can verify coverage
- (2) Each institution shall monitor and enforce student compliance with this policy.
- (3) Each institution shall develop procedures that provide for termination of a student's registration if he or she is found to be out of compliance with this policy while enrolled at the institution. Each institution, at its discretion, may provide a student found to be out of compliance the opportunity to come into compliance before that student's registration is terminated, and may provide that a student be allowed to re-enroll upon meeting the conditions set forth herein, and any others as may be set forth by the institution.

**17. Students Called to Active Military Duty**

The Board strongly supports the men and women serving in the National Guard and in reserve components of the U.S. Armed Forces. The Board encourages its institutions to work with students who are called away to active military duty during the course of an academic term and provide solutions to best meet the student's current and future academic needs. The activated student, with the instructor's consent, may elect to have an instructor continue to work with them on an individual basis. Additionally, institutions are required to provide at least the following:

- a. The activated student may elect to completely withdraw. The standard withdrawal deadlines and limitations will not be applied. At the discretion of the institution, the student will receive a "W" on his or her transcript, or no indication of enrollment in the course(s).
- b. One hundred percent (100%) of the paid tuition and/or fees for the current term will be refunded, as well as a pro-rated refund for paid student housing fees, meal-plans, or any other additional fees. Provided, however, that if a student received financial aid, the institution will process that portion of the refund in accordance with each financial aid program.

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**SUBJECT**

Legislation for the 2009 Legislative Session

**REFERENCE**

June 2008

The Board approved Idea Forms for Legislation

**BACKGROUND/DISCUSSION**

As an agency of the Governor, the State Board of Education is required to submit all proposed legislation to the Division of Financial Management (DFM) for the Governor's approval. Legislative Idea Forms were approved by the Board in June and submitted to DFM by August 1<sup>st</sup>. Legislative Proposals for DFM approved Legislative Idea forms were submitted September 19<sup>th</sup>.

Of the five Legislative Idea forms submitted, DFM has cleared the transfer of property legislation to advance to the legislature, has kept the proprietary school bonding, school district boundary notification, and Idaho Council for Technology in Learning (ICTL) legislation in the development stage and has disapproved IDVR's legislation regarding counselor student loan forgiveness.

**IMPACT**

If the Board approves the legislative language as submitted, staff will continue to work with the governor's office to move the legislation through the legislative process. If the Board does not approve the legislative language as submitted, staff will withdraw the requests and the legislation will not move forward.

**ATTACHMENTS**

Attachment 1 – Proprietary School Bonding – Leg Idea #501-01	Page 3
Attachment 2 – Transfer of Property-Leg Idea #501-02	
Attachment 3 – Boundary Change Reporting-Leg Idea #501-03	Page 10
Attachment 4 – IDVR Counselor Student Loan- Leg Idea #501-04	Page 12
Attachment 5 – Council for Technology in Learning- Leg Idea #501-05	Page 19

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends approval of the legislation as submitted.

**BOARD ACTION**

A motion to approve the legislation relating to proprietary school bonding, transfer of property, school district boundary change notification, and the Council for Technology in Learning as submitted, to direct the Executive Director to make revisions as necessary, and to continue with the Governor's legislative process.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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IN THE SENATE

SENATE BILL NO.

BY EDUCATION COMMITTEE

AN ACT RELATING TO

REGULATION OF PROPRIETARY SCHOOLS; AMENDING SECTION 33-2401, IDAHO CODE, TO PROVIDE DEFINITIONS AND TO REVISE DEFINITIONS; AMENDING SECTION 33-2404, IDAHO CODE, TO REDESIGNATE THE SECTION, TO PROVIDE FOR AN AGENT'S CERTIFICATE OF IDENTIFICATION, TO PROVIDE REQUIREMENTS FOR THE CERTIFICATE OF IDENTIFICATION AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 33-2406, IDAHO CODE, RELATING TO A SURETY BOND; REPEALING SECTION 33-2407, IDAHO CODE, RELATING TO REQUIREMENTS FOR AND CONDITIONS FOR RECOVERY FROM THE STUDENT TUITION RECOVERY ACCOUNT; AND REPEALING SECTION 33-2408, IDAHO CODE, RELATING TO ASSESSMENT MECHANISMS FOR THE STUDENT TUITION RECOVERY ACCOUNT.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 33-2401, Idaho Code, be, and the same is hereby amended to read as follows:

33-2401. DEFINITIONS. For the purposes of chapter 24, title 33, Idaho Code, the following words have the following meanings:

(1) "Accredited" means that a postsecondary educational institution has been recognized or approved as meeting the standards established by an accrediting agency recognized by the board.

(2) "Agent" means any individual within the state of Idaho who solicits students for or on behalf of a proprietary school.

(3) "Agent's ~~permit~~" ~~means a nontransferable written document issued to an agent by the board.~~ **certificate of identification** means a nontransferable written document issued to an agent by the proprietary school that the agent represents.

(4) "Board" means the state board of education.

(5) "Course" means instruction imparted in a series of lessons or class meetings to meet an educational objective.

(6) "Course or courses of study" means either a single course or a set of related courses for which a student enrolls, either for academic credit or otherwise.

(7) "Degree" means **any writing or** any academic, ~~vocational, professional-technical or honorary title or designation, mark, appellation, series of letters, numbers or words such as, but not limited to, "bachelor's," "master's," "doctorate," "fellow," which signifies, purports, or is generally taken to signify satisfactory completion of the requirements of an academic, vocational, professional-technical, educational or professional~~

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~~program of study beyond the secondary school level or for a recognized title conferred for meritorious recognition and an associate of arts or associate of science degree awarded by a community college or other public or private postsecondary educational institution or other entity which may be used for any purpose whatsoever~~  
**title which contains, in any language, the word "associate", "bachelor", "baccalaureate", "master", or "doctor", or any abbreviation thereof, and which indicates or represents, or which is intended to indicate or represent, that the person named thereon, in the case of any writing, or the person it is awarded thereto, in the case of any academic title, is learned in or has satisfactorily completed a prescribed course of study in a particular field or that the person has demonstrated proficiency in any field of endeavor as a result of formal preparation or training.**

(8) "Postsecondary educational institution" means an individual, or educational, business or other entity, whether legally constituted or otherwise, which maintains a presence within, or which operates or purports to operate, from a location within, the state of Idaho, and which provides **a course or courses of study** ~~or programs~~ that lead to a degree, or which provides, offers or sells degrees.

(9) "Proprietary school" means an individual, or educational, business or other entity, whether legally constituted or otherwise, which maintains a presence within, or which operates or purports to operate, from a location within, the state of Idaho and which conducts, provides, offers or sells a course or courses of study, but which does not provide, offer or sell degrees.

SECTION 2. That Section 33-2402, Idaho Code, be, and the same is hereby amended to read as follows:

**33-2402. REGISTRATION OF POSTSECONDARY EDUCATIONAL INSTITUTIONS.**

(1) Unless exempted as provided herein, each postsecondary educational institution which maintains a presence within the state of Idaho, or which operates or purports to operate from a location within the state of Idaho, shall register annually with and hold a valid certificate of registration issued by the board. A public postsecondary educational institution or agency supported primarily by taxation from either the state of Idaho or a local source in Idaho shall not be required to register under this section. The board may exempt a nonprofit postsecondary educational institution from the registration requirement in accordance with standards and criteria established in rule by the board. The board may permit a postsecondary educational institution required to register under this section to instead register as a proprietary school under section 33-2403, Idaho Code, in accordance with standards and criteria established in rule by the board.

(2) The board shall prescribe by rule the procedure for registration, which shall include, but is not limited to, a description of each degree, course or ~~program~~ **courses of study**, for academic credit or otherwise, that a postsecondary educational institution intends to conduct, provide, offer or sell. Such rule shall also prescribe the standards and criteria to be utilized by the board for recognition of accreditation organizations.



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(3) The board may deny the registration of a postsecondary educational institution that does not meet accreditation requirements or other standards and criteria established in rule by the board. The administrative procedure act, chapter 52, title 67, Idaho Code, shall apply to any denial of registration under this section.

(4) The board shall assess an annual registration fee on each postsecondary educational institution required to be registered under this section ~~based on the respective degrees, courses or programs that each such post-secondary educational institution intends to conduct, provide, offer or sell, not to exceed one hundred dollars (\$100) for each degree, course or program~~ **as established in rule by the board.** Such annual registration fee shall be collected by the board and shall be dedicated for use by the board in connection with its responsibilities under this chapter.

SECTION 3. That Section 33-2403, Idaho Code, be, and the same is hereby amended to read as follows:

33-2403. REGISTRATION OF PROPRIETARY SCHOOLS. (1) Unless exempted as provided in subsection (4) of this section, each proprietary school which maintains a presence within the state of Idaho, or which operates or purports to operate from a location within the state of Idaho, shall register annually with and hold a valid certificate of registration issued by the board or its designee.

(2) The board shall prescribe by rule the procedure for registration, which shall include, but is not limited to, a description of each course or ~~program~~, **courses of study** for academic credit or otherwise, that a proprietary school intends to conduct, provide, offer or sell.

(3) The board may deny the registration of a proprietary school that does not meet the standards or criteria established in rule by the board. The administrative procedure act, chapter 52, title 67, Idaho Code, shall apply to any denial of registration under this section.

(4) The following individuals or entities are specifically exempt from the registration provisions required by this section:

(a) An individual or entity that offers instruction or training solely avocational or recreational in nature, as determined by the board.

(b) An individual or entity that offers courses recognized by the board which comply in whole or in part with the compulsory education law.

(c) An individual or entity that offers a course or courses of study sponsored by an employer for the training and preparation of its own employees, and for which no tuition fee is charged to the student.

(d) An individual or entity which is otherwise regulated, licensed or registered with another state agency pursuant to title 54, Idaho Code.

~~(e) Aviation school or instructors approved by and under the supervision of the federal aviation administration.~~

(f) An individual or entity that offers intensive review courses designed to prepare students for certified public accountancy tests, public accountancy tests, law school aptitude tests, bar examinations or medical college admissions tests, or similar instruction for test preparation.

(g) An individual or entity offering only workshops or seminars lasting no longer than three (3) calendar days.

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(h) A parochial or denominational institution providing instruction or training relating solely to religion and for which degrees are not granted.

(i) An individual or entity that offers postsecondary credit through a consortium of public and private colleges and universities under the auspices of the western governors.

(5) The board shall assess an annual registration fee on each proprietary school required to be registered under this section **as established in rule by the board**. ~~Such annual registration fee shall be composed of a fixed portion in an amount not to exceed one hundred dollars (\$100) for each proprietary school, and a variable portion based on the respective course or courses of study that each such proprietary school intends to conduct, provide, offer or sell, not to exceed one hundred dollars (\$100) for each course or courses of study.~~ Such annual registration fee shall be collected by the board **or its designee**, and shall be dedicated for use by the board in connection with its responsibilities under this chapter.

SECTION 4. That Section 33-2404, Idaho Code, be, and the same is hereby amended to read as follows:

**33-2404. AGENT'S ~~PERMIT~~ CERTIFICATE OF IDENTIFICATION.**

**(1)** No individual may act as an agent of a proprietary school required to be registered under the provisions of this chapter unless that individual holds a valid agent's ~~permit~~ **certificate of identification** issued by the ~~board and maintains at all times a surety bond as described in section 33-2406, Idaho Code~~ **proprietary school that the agent represents**. ~~The application for an agent's permit shall be furnished by the board and shall include the following: (1) A statement signed by the applicant that he or she has read the provisions of this chapter and the rules promulgated pursuant thereto. (2) An annual fee for each permit not to exceed fifty dollars (\$50.00). The board shall set by rule the amount of such annual agent's permit fee.~~

**(2)** ~~All agent's permits shall be renewed annually upon reapplication and proper qualifications~~ **Each agent's certificate of identification shall be reissued annually by the proprietary school that the agent represents** on the first day of July. If courses are solicited or sold by more than one (1) agent, a separate ~~permit~~ **certificate of identification** is required for each agent.

**(3)** The agent's ~~permit~~ **certificate of identification** shall consist of a pocket card and shall bear:

**(a)** ~~T~~**he** name and address of the agent;

**(b)** ~~T~~**he** name and address of the proprietary school, ~~and~~ **that the agent represents**;

**(c)** ~~A~~**a** statement that the bearer is an authorized agent of the proprietary school, and may solicit ~~and sell courses~~ **students** for the proprietary school.

**(4)** The agent shall surrender the agent's ~~permit~~ **certificate of identification** to the proprietary school upon termination of employment **or agency relationship**.

**(5)** An agent representing more than one (1) proprietary school shall obtain a separate agent's ~~permit~~ **certificate of identification** for each proprietary school represented.

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**(6)** ~~No individual shall be issued an agent's permit~~ Prior to issuing the agent a certificate of identification, the proprietary school shall complete a criminal history check that includes the state bureau of identification, federal bureau of investigation and statewide sex offender registry and other guidelines established in rule by the board for every agent having direct contact with minors. No agent shall be issued an agent's certificate of identification if he or she has been previously found in any judicial or administrative proceeding to have violated this chapter.

**(7)** An agent's ~~permit~~ certificate of identification shall be valid for the state's fiscal year in which it is issued, unless sooner revoked or suspended. ~~by the board for fraud or misrepresentation in connection with the solicitation for the sale of any course of study, for any violation of the provisions of this chapter or rules promulgated pursuant to this chapter, or for the existence of any condition in respect to the agent or the proprietary school he or she represents, which if in existence at the time the agent's permit was issued, would have been grounds for denial for the agent's permit.~~

**(8)** The agent shall carry the agent's ~~permit~~ certificate of identification with him or her for identification purposes when engaged in the solicitation ~~for the sale and the selling of courses of study~~ of students away from the premises of the proprietary school, and shall produce the ~~agent's permit~~ certificate of identification for inspection upon request. ~~The administrative procedure act, chapter 52, title 67, Idaho Code, shall apply to any denial of an agent's permit or proceeding to revoke or suspend an agent's permit of the board conducted pursuant to this section.~~

**(9)** The issuance of an agent's ~~permit~~ certificate of identification pursuant to this section shall not be interpreted as, and it shall be unlawful for any individual holding any agent's ~~permit~~ certificate of identification to expressly or impliedly represent by any means ~~whatever~~ whatsoever, that the board has made any evaluation, recognition, accreditation or endorsement of any proprietary school or of any course of study being offered ~~for sale~~ by the agent of any such proprietary school. Any oral or written statement, advertisement or solicitation by any proprietary school or agent which refers to the board shall state:

"(Name of school) is registered with the State Board of Education in accordance with Section 33-2403, Idaho Code."

**(10)** It shall be unlawful for any agent holding an agent's ~~permit~~ certificate of identification under the provisions of this section to expressly or impliedly represent, by any means whatsoever, that the issuance of the agent's ~~permit~~ certificate of identification constitutes an assurance by the board that any course of study being offered ~~for sale~~ by the agent or proprietary school will provide and require of the student a course of education or training necessary to reach a professional, educational, or vocational objective, or will result in employment or personal earning for the student, or that the board has made any evaluation, recognition, accreditation, or endorsement of any course of study being offered ~~for sale~~ by the agent or proprietary school.

**(11)** No agent shall make any untrue or misleading statement or engage in sales, collection, credit, or other practices of any type that are illegal, false, deceptive, misleading or unfair.

**(12)** The ~~board~~ proprietary school shall maintain records for five (5) years of each application for an agent's ~~permit, each bond~~ certificate of identification, and

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each issuance, denial, termination, suspension and revocation of an agent's ~~permit~~ **certificate of identification**.

**(13) The proprietary school shall provide as part of the annual registration process the names and results of the criminal history check for each agent to whom it has issued a certificate of identification. The criminal history check will be valid for five (5) years.**

**(14)** The board or a student may bring an action pursuant to the Idaho rules of civil procedure for an agent's violation of the provisions of this chapter or any rule promulgated pursuant to this chapter, or any fraud or misrepresentation. The court shall determine which party is the "prevailing party" and the prevailing party shall be entitled to the recovery of damages, reasonable attorney's fees and costs both at trial and on appeal.

**(15)** ~~Additionally, a~~Any agent who violates the provisions of this section is also guilty of a misdemeanor punishable by imprisonment in the county jail not exceeding six (6) months, or by a fine not exceeding five thousand dollars (\$5,000), or both.

SECTION 5. That Section 33-2405, Idaho Code, be, and the same is hereby amended to read as follows:

33-2405. PURCHASE STATEMENT. At the time of depositing any moneys to purchase the product of any proprietary school, the proprietary school shall require the student to execute the following statement on an appropriate form which shall be maintained on record by the proprietary school in the individual student's file:

"I understand that (Name of proprietary school) is registered with the State Board of Education in accordance with Section 33-2403, Idaho Code. I also understand that the State Board of Education has not accredited or endorsed any course of study being offered by (Name of proprietary school), and that these courses ~~will~~ **may** not be accepted for transfer into any Idaho public postsecondary institution."

SECTION 6. That Section 33-2406, Idaho Code, be, and the same is hereby amended to read as follows:

33-2406. SURETY BOND. ~~As a condition of registration, a proprietary school shall obtain a~~ **As a condition of registration, a proprietary school shall obtain a** surety bond issued by an insurer duly authorized to do business in this state in favor of the state of Idaho for the indemnification of any student for any loss suffered as a result of ~~the occurrence, during the period of coverage, of any fraud or misrepresentation used in connection with the solicitation for the sale or the sale of any course of study~~ **a failure by such proprietary school to satisfy its obligations pursuant to the terms and conditions of any contract for tuition or other instructional fees entered into between the propriety school and a student,** or as a result of any violation of this chapter or the rules promulgated pursuant to this chapter ~~shall be required of an agent. The term of the bond shall extend over the period of the permit. The bond shall be supplied by the proprietary school~~ **registration, and shall be in such amount as is established in rule by the board.**

~~The bond shall provide for liability in the penal sum of one hundred thousand dollars (\$100,000) for a proprietary school with one hundred (100) or more students; fifty thousand~~

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~~dollars (\$50,000) for a proprietary school with fifty (50) to ninety-nine (99) students; twenty-five thousand dollars (\$25,000) for a proprietary school with less than fifty (50) students. Notwithstanding the above, for a proprietary school that submits evidence acceptable to the board that the total unearned tuition of the proprietary school will not exceed ten thousand dollars (\$10,000) at any given time during the period of registration, a bond in the penal sum of ten thousand dollars (\$10,000) may be provided, regardless of the number of students.~~

The board **or its designee** may submit a demand upon the surety on the bond on behalf of a student or students when it is reasonably believed that a loss has occurred due to ~~fraud or misrepresentation used in connection with the solicitation for the sale or the sale of any course of study~~ **a failure by such proprietary school to satisfy its obligations pursuant to the terms and conditions of any contract for tuition or other instructional fees entered into between the propriety school and a student,** or as a result of any violation of the provisions of this chapter or the rules promulgated pursuant to this chapter.

Neither the principal nor surety on the bond may terminate the coverage of the bond, except upon giving one hundred twenty (120) days' prior written notice to the board, ~~and contemporaneously surrendering all agents' permits.~~

~~Each proprietary school shall certify, at the time of registration, the number of students presently enrolled at the proprietary school and shall make available, upon request of the board, proof of enrollment numbers.~~

SECTION 7. That Section 33-2407, Idaho Code, be, and the same is hereby repealed.

SECTION 8. That Section 33-2408, Idaho Code, be, and the same is hereby repealed.

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IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO.

BY EDUCATION COMMITTEE

AN ACT RELATING TO

THE STATE BOARD OF EDUCATION; AMENDING SECTION 33-107, IDAHO CODE, TO PROVIDE FOR AUTHORITY OF THE STATE BOARD OF EDUCATION TO TRANSFER OR CONVEY TITLE, RIGHTS AND INTERESTS IN CERTAIN REAL AND PERSONAL PROPERTY.

Be It Enacted by the Legislature of the State of Idaho:

Section 1. That Section 33-107, Idaho Code, be, and the same is hereby amended to read as follows:

33-107. GENERAL POWERS AND DUTIES OF THE STATE BOARD. The state board shall have power to:

- (1) Perform all duties prescribed for it by the school laws of the state;
- (2) Acquire, hold and dispose of title, rights and interests in real and personal property. **The state board shall have authority to transfer or convey title, rights and interests in real and personal property held by the state board or any entity of public postsecondary education supported in whole or in part by state funds to the government of the United States, any other agency or unit of the state of Idaho, any city, any county, any hospital district organized under chapter 13, title 39, Idaho Code, any school district in the state of Idaho, any library district, any community college district, or any recreation district, without any consideration or payment therefore when, in the judgment of the state board, it is in the best interest of the public that such transfer or conveyance be made and the governing bodies of the entities involved have approved the transfer or conveyance;**
- (3) Have general supervision, through its executive departments and offices, of all entities of public education supported in whole or in part by state funds;
- (4) Delegate to its executive secretary, to its executive officer, or to such other administrators as the board may appoint, such powers as said officers require to carry out the policies, orders and directives of the board;
- (5) Through its executive departments and offices:
  - (a) Enforce the school laws of the state,
  - (b) Study the educational conditions and needs of the state and recommend to the legislature needed changes in existing laws or additional legislation;
- (6) In addition to the powers conferred by chapter 24, title 33, Idaho Code:
  - (a) Maintain a register of postsecondary educational institutions approved to provide programs and courses that lead to a degree or which provide, offer and

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sell degrees in accordance with the procedures established in chapter 24, title 33, Idaho Code,

(b) Determine whether to accept academic credit at public postsecondary educational institutions in Idaho. Academic credit shall not be transferred into any Idaho public postsecondary institution from a postsecondary educational institution or other entity that is not accredited by an organization recognized by the board,

(c) Maintain a register of proprietary schools approved to conduct, provide, offer or sell a course or courses of study in accordance with the procedures established in chapter 24, title 33, Idaho Code;

(7) Prescribe the courses and programs of study to be offered at the public institutions of higher education, after consultation with the presidents of the affected institutions;

(8) Approve new courses and programs of study to be offered at community colleges organized pursuant to chapter 21, title 33, Idaho Code, when the courses or programs of study are academic in nature and the credits derived therefrom are intended to be transferable to other state institutions of higher education for credit toward a baccalaureate degree, and when the courses or programs of study have been authorized by the board of trustees of the community college.

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IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO.

BY EDUCATION COMMITTEE

AN ACT RELATING TO

THE PROCEDURES TAKEN BY THE STATE BOARD OF EDUCATION AFTER APPROVING CONSOLIDATION, DECONSOLIDATION, AND BOUNDARY CHANGE REQUESTS. AMENDING SECTION 33-307, IDAHO CODE, RELATING TO THE CORRECTION OR ALTERING OF SCHOOL DISTRICT BOUNDARIES; AMENDING SECTION 33-308, IDAHO CODE, RELATING TO THE EXCISION AND ANNEXATION OF TERRITORY; AMENDING SECTION 33-311, IDAHO CODE, RELATING TO THE PLAN OF CONSOLIDATION SUBMITTED TO ELECTORS; AMENDING SECTION 33-312, IDAHO CODE, RELATING TO THE DIVISION OF SCHOOL DISTRICT; AMENDING SECTION 33-407, IDAHO CODE, RELATING TO THE RETURN AND CANVASS OF ELECTIONS

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 33-307, Idaho Code, be, and the same is hereby amended to read as follows:

33-307. CORRECTING OR ALTERING SCHOOL DISTRICT BOUNDARIES. (1) Whenever the state board of education shall find that **school district boundaries should be corrected or altered**, because of error in the legal description of the boundaries of any school district, or for any other reason, **including but not limited to**

(a) any part of the area of the state is not included within the area of a school district, or

(b) is included in more than one (1) school district, or

(c) ~~that any area of less than fifty (50) square miles in which no school is operated should be excised from the school district in which it lies and annexed to a contiguous school district when the interests of the school children residing in each of the affected districts of such areas will be served thereby,~~ **the approval in any school election involving the excision and annexation of territory, or the consolidation of school districts, the division of a school district, or the lapse of a school district, then** the said state board of education shall make an appropriate order including an omitted area into any school district, or districts, or correcting or altering the boundaries of the districts, in such manner as, in its judgment, is just and proper.

(2) A copy of any such order shall be sent by the state board of education or **its designee** to the board of trustees of any school district affected by the order, ~~and to the board of county commissioners of any county in which any such district, or part thereof,~~



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~~shall lie.~~ **which shall notify the state tax commission and the county assessor and county recorder in accordance with the provisions of section 63-215, Idaho Code.**

(3) Within thirty (30) days of receipt of the order, the ~~state tax commission, the board of county commissioners and the county assessor~~ shall correct the legal description of the school district or districts, as the same may appear in ~~its~~ **their respective** records, ~~and immediately thereafter shall notify the state board of education that the county records have been corrected in accordance with the order of the said state board of education.~~ The state tax commission in accordance with the provisions of section 63-215, Idaho Code. The proposal shall become effective ~~state tax commission shall notify the board of trustees of the affected school district and at the same time the state board of education and the state tax commission shall also be notified in accordance with the provisions of section 63-215, Idaho Code.~~ **that the county records have been corrected as ordered and** ~~The proposal shall become effective at the same time the state board of education and the state tax commission have been notified by the county commissioners that the county records have been corrected as ordered.~~ **upon such notification, provided that in the case of either the consolidation or division of a school district, the proposal shall become effective the first day of July next following the date of the order.**

(4) The state board of education may promulgate rules to govern the procedures for correcting or altering school district boundaries, and may designate the Superintendent of Public Instruction to implement these procedures.

SECTION 2. That Section 33-308, Idaho Code, be, and the same is hereby amended to read as follows:

33-308. EXCISION AND ANNEXATION OF TERRITORY. (1) A board of trustees of any school district including a specially chartered school district, or one-fourth (1/4) or more of the school district electors, residing in an area of **not less than one (1) square mile and** not more than fifty (50) square miles within which there is no schoolhouse or facility necessary for the operation of a school district, may petition in writing proposing the annexation of the area to another and contiguous school district.

(2) Such petition shall be in duplicate, one (1) copy of which shall be presented to the board of trustees of the district from which the area is proposed to be excised, and the other to the board of trustees of the district to which the area is proposed to be annexed. The petition shall contain:

- (a) The names and addresses of the petitioners;
- (b) A legal description of the area proposed to be excised from one district and annexed to another contiguous district;
- (c) Maps showing the boundaries of the districts as they presently appear and as they would appear should the excision and annexation be approved;
- (d) The names of the school districts from and to which the area is proposed to be excised, and annexed;
- (e) A description of reasons for which the petition is being submitted; and
- (f) An estimate of the number of children residing in the area described in the petition.

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(3) The board of trustees of each school district, no later than ten (10) days after its first regular meeting held subsequent to receipt of the petition, shall transmit the petition, with recommendations, to the state board of education.

(4) The state board of education shall approve the proposal provided:

(a) The excision and annexation is in the best interests of the children residing in the area described in the petition; and

(b) The excision of the territory, as proposed, would not leave a school district with a bonded debt in excess of the limit then prescribed by law. If either condition is not met, the state board shall disapprove the proposal. The approval or disapproval shall be expressed in writing to the board of trustees of each school district named in the petition.

(5) If the state board of education shall approve the proposal, it shall be submitted to the school district electors residing in the area described in the petition, at an election held in the manner provided in chapter 4, title 33, Idaho Code. Such election shall be held within sixty (60) days after the state board approves the proposal.

(6) At the election there shall be submitted to the electors having the qualifications of electors in a school district bond election and residing in the area proposed to be annexed:

(a) The question of whether the area described in the petition shall be excised from school district no. ( ) and annexed to contiguous school district no. ( ); and

(b) The question of assumption of the appropriate proportion of any bonded debt, and the interest thereon, of the proposed annexing school district.

(7) If a majority of the school district electors in the area described in the petition, voting in the election, shall vote in favor of the proposal to excise and annex the said area, and if in the area the electors voting on the question of the assumption of bonded debt and interest have approved such assumption by the proportion of votes cast as is required by section 3, article VIII, of the constitution of the state of Idaho, the proposal shall carry and be approved. Otherwise, it shall fail.

(8) If the proposal shall be approved by the electors in the manner prescribed, **the board of canvassers shall thereupon promptly notify the state board of education and the affected school districts of such results.** ~~The~~ state board of education shall make an appropriate order for the boundaries of the affected school districts to be altered; and the legal descriptions of the school districts shall be ~~corrected~~ **altered**, as prescribed in section 33-307(2), Idaho Code.

SECTION 3. That Section 33-311, Idaho Code, be, and the same is hereby amended to read as follows:

33-311. PLAN OF CONSOLIDATION SUBMITTED TO ELECTORS. The state board of education may approve or disapprove any plan proposing consolidation, and if it approves the same it shall give notice thereof to the board of trustees of each school district proposing to consolidate and to the board of county commissioners in each county in which the proposed consolidated district would lie. Notice to the board of county commissioners shall include the legal description of the boundaries of the

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proposed consolidated district and a brief statement of the approved proposal, and shall be accompanied by a map of the proposed consolidated district.

Not more than ten (10) days after receiving the notice from the state board of education, each board of county commissioners receiving such notice shall enter the order calling for an election on the question of approving or disapproving, and shall cause notice of such election to be posted and published. The notice shall be posted and published, the election shall be held and conducted and its results canvassed, in the manner and form of sections 33-401 through 33-406, Idaho Code.

If the qualified school electors of any one (1) district proposing to consolidate, and voting in the election, shall constitute a majority of all such electors voting in the entire area of the proposed consolidated district, the proposed consolidation shall not be approved unless a majority of such electors in such district, voting in the election, and a majority of such electors in each of the remaining districts, voting in the election, shall approve the proposed consolidation.

If the qualified school electors in no one (1) of the districts proposing to consolidate, and voting in the election, constitute a majority of all such electors voting in the entire area of the proposed consolidated district, the proposed consolidation shall not be approved unless a majority of all such electors in each district, voting in the election, shall approve the proposed consolidation.

In any plan of consolidation the existing bonded debt of any district or districts proposing to consolidate, shall not become the obligation of the proposed consolidated school district. The debt or debts shall remain an obligation of the property within the districts proposing the consolidation. Upon voter approval of the proposed consolidation, the districts proposing to consolidate shall become subdistricts of the new district as if they had been created under the provisions of section 33-351, Idaho Code. The subdistricts shall be called bond redemption subdistricts. The powers and duties of such bond redemption subdistricts shall not include authority to incur new indebtedness within the subdistricts.

When a consolidation is approved, as hereinabove prescribed, a new school district is thereby created; ~~and the board of county commissioners of any county in which the consolidated district lies~~ **The board of canvassers shall promptly thereupon notify the state board of education and the affected school districts of such result. The state board of education** shall ~~enter its~~ make an appropriate order showing the creation of the district and a legal description of its boundaries; **and the legal descriptions of the affected school districts shall be altered, as prescribed in section 33-307, Idaho Code.**

SECTION 4. That Section 33-312, Idaho Code, be, and the same is hereby amended to read as follows:

33-312. DIVISION OF SCHOOL DISTRICT. A school district may be divided so as to form not more than two (2) districts each of which must have continuous boundaries, in the manner hereinafter provided, except that any district which operates and maintains a secondary school or schools shall not be divided unless the two (2) districts created out of the division shall each operate and maintain a secondary school or schools immediately following such division.

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A proposal to divide a school district may be initiated by its board of trustees and submitted to the state board of education. Such proposal shall contain all of the information required in a proposal to consolidate school districts as may be relevant to a proposal to divide a school district. It shall also show the manner in which it is proposed to divide or apportion the property and liabilities of the district, the names and numbers of the proposed new districts, and legal description of the proposed trustee zones.

Before submitting any proposal to divide a school district, the board of trustees shall hold a hearing or hearings on the proposal within the district. Notice of such hearing or hearings shall be posted by the clerk of the board of trustees in not less than three (3) public places within the district, one (1) of which places shall be at or near the main door of the administrative offices of the school district, for not less than ten (10) days before the date of such hearing or hearings.

The state board of education may approve or disapprove any such proposal submitted to it, and shall give notice thereof in the manner of a proposal to consolidate school districts; except, that the state board of education shall not approve any proposal which would result in a district to be created by the division having or assuming a bonded debt in an amount exceeding the limitations imposed by law, or which would leave the area of any city or village in more than one school district.

If the state board of education shall approve the proposal to divide the district, notice of the election shall be published, the election shall be held and conducted, and the ballots shall be canvassed, according to the provisions of sections 33-401--33-406. The division shall be approved only if a majority of all votes cast at said special election by the school district electors residing within the entire existing school district and voting in the election are in favor of the division of such district, and a majority of all votes cast at said special election by the qualified voters within that portion of the proposed new district having a minority of the number of qualified voters, such portion to be determined by the number of votes cast in each area which is a contemplated new district, are in favor of the division of the district, and upon such approval two (2) new school districts shall be thereby created. The organization and division of all school districts which have divided since June 30, 1963, are hereby validated.

If the division be approved, as herein provided, ~~the board of canvassers shall thereupon notify the state board of education and the trustees of the district which has been divided. The state board shall give notice to the board of county commissioners of any county in which the newly created districts may lie.~~ **two (2) new school districts are thereby created. The board of canvassers shall thereupon promptly notify the state board of education and the affected school districts of such result. The state board of education shall make an appropriate order showing the creation of the districts and a legal description of the boundaries, and the legal descriptions of the affected school districts shall be altered, as prescribed in Section 33-307, Idaho Code.**

SECTION 5. That Section 33-407, Idaho Code, be, and the same is hereby amended to read as follows:

33-407. RETURN AND CANVASS OF ELECTIONS. In any school election involving the excision and annexation of territory, or the consolidation of school districts, or the

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division of a school district, the board of county commissioners of the county in which the election is held, or, in the case of a joint school district, the board of county commissioners of the home county of the school district, shall constitute the board of canvassers. In all other school elections, the board of trustees of each school district shall act as the board of canvassers.

Following the close of the polls at the time stated in the notice of election, each board of election shall open the ballot boxes and compute the results in public view. Any ballot or part of a ballot from which it is impossible to determine the elector's choice shall be void and shall not be counted. In the event of a bond election or any other election requiring more than a simple majority conducted by a school district, any qualified elector casting such ballot or part of a ballot shall be deemed not to have voted at or participated in such bond election and the ballot or part of a ballot shall not be counted in determining the number of qualified electors voting at or participating in such elections. Within not more than three (3) days thereafter each board of election shall make return to the chairman of the board of canvassers. Said return shall include the computation of the results of the election and all ballots cast at the election, both those counted and those rejected.

At its next meeting after receiving all returns from the board or boards of election, the board of trustees or the board of county commissioners, when acting as a board of canvassers shall canvass all returns of the election. The board of canvassers shall examine and make a statement of the total number of votes cast for all candidates or questions that shall have been voted upon at the election. The statement shall set forth the names of the candidates or questions for which the votes have been cast. It shall also include the total number of votes cast for each candidate and/or the total number of affirmative and negative votes cast for any question voted upon at the election. The board of trustees of the school district, when acting as a board of canvassers, shall enter the results of the election as reflected in such a statement in the minutes of the board of trustees.

The board of county commissioners, when acting as a board of canvassers, shall canvass the returns and shall ~~give notice of the result of the election as reflected in such statement to the board of trustees of any school district involved in the election. If the proposals have been approved by the majority or majorities required by law, the board of county commissioners shall thereupon enter its order showing the proposals as having been approved, and shall also give notice of such approval to the board of county commissioners of any other county in which shall lie any part of the territory of any school district affected by the result of the election. The board of county commissioners of each county shall thereupon make appropriate corrections in the legal descriptions of any school district boundaries, within its county whenever the result of the election requires such correction.~~ **thereupon promptly notify the state board of education and the affected school districts of such results. Whenever the results requires the alteration of school district boundaries, the state board of education shall make an appropriate order for the boundaries of the affected school districts to be altered, and the legal descriptions of the school districts shall be altered, as prescribed in section 33-307, Idaho Code.**

All returns of elections, including ballots cast thereat, shall be kept and retained by the clerk of the board of trustees, or by the clerk of the board of county

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commissioners, as the case may be, for not less than eight (8) months after the date of the election.

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IN THE SENATE

SENATE BILL NO.

BY EDUCATION COMMITTEE

AN ACT RELATING TO

IDAHO EDUCATIONAL TECHNOLOGY INITIATIVE, STATE COUNCIL FOR TECHNOLOGY; REPEALING SECTION 33-4804, IDAHO CODE, RELATING TO THE CREATIONS OF THE STATE COUNCIL FOR TECHNOLOGY AND LEARNING; REPEALING SECTION 33-4805, IDAHO CODE, RELATING TO THE RESPONSIBILITIES OF THE STATE COUNCIL FOR TECHNOLOGY AND LEARNING; AMENDING 33-4806, IDAHO CODE, TO ELIMINATE REFERENCE TO THE COUNCIL; AMENDING 33-4807, IDAHO CODE, RELATING TO REPORTING REQUIREMENTS; REPEALING SECTION 33-4809, IDAHO CODE, RELATING TO THE HIGHER EDUCATION INFORMATION TECHNOLOGY COMMITTEE; REPEALING SECTION 33-4810, IDAHO CODE, RELATING TO THE PUBLIC EDUCATION INFORMATION TECHNOLOGY COMMITTEE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 33-4804, Idaho Code, be, and the same is hereby repealed.

SECTION 2. That Section 33-4805, Idaho Code, be, and the same is hereby repealed.

SECTION 3. That Section 33-4806, Idaho Code, be, and the same is hereby amended to read as follows:

33-4806~~4~~. PUBLIC SCHOOL TECHNOLOGY GRANTS. There is hereby established the public school technology grant program **to be implemented by the state department of education**, which shall make available grants for schools to provide Idaho classrooms, including classrooms at the Idaho school for the deaf and blind, with the equipment and resources necessary to integrate information age technology with instruction and to further connect those classrooms with external telecommunications services. Grant applications shall include a project plan that describes proposed equipment and software purchases; how the proposed equipment and software will be used effectively in the classroom; provision for training teachers to make optimal use of the technology; **and** provision for local matching funds as prescribed ~~by the council; and other elements as prescribed by the council.~~

SECTION 4. That Section 33-4807, Idaho Code, be, and the same is hereby amended to read as follows:

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33-480~~75~~**5**. EVALUATIONS AND AUDITS. The legislative services office shall, from time to time as directed by the legislature, evaluate and audit the relative impact, costs and benefits of each of the educational technology programs conducted pursuant to this chapter. The state ~~board~~ **department** of education shall report to the legislature and the governor each year on or before October 1 as to the relative impact, cost and benefit of the educational technology program conducted pursuant to this chapter.

SECTION 5. That Section 33-4809, Idaho Code, be, and the same is hereby repealed.

SECTION 6. That Section 33-4810, Idaho Code, be, and the same is hereby repealed.



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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>1</b>	<b>NURSING WORKFORCE ADVISORY COUNCIL PRESENTATION</b>	Information Item
<b>2</b>	<b>THIS ITEM HAS BEEN PULLED FROM AGENDA</b>	
<b>3</b>	<b>APPROVAL OF NOTICE OF INTENT TO REPLACE A MASTER OF ARTS IN ENGLISH, ENGLISH EDUCATION DEGREE WITH A MASTER OF ARTS IN TEACHING ENGLISH LANGUAGE ARTS DEGREE – BOISE STATE UNIVERSITY</b>	Motion to Approve
<b>4</b>	<b>APPROVAL OF NOTICE OF INTENT TO SUSPEND ADMISSION TO THE ASSOCIATES OF ARTS IN NURSING PROGRAM – BOISE STATE UNIVERSITY</b>	Motion to Approve
<b>5</b>	<b>RECOMMENDATIONS FOR THE EDUCATION OF STUDENTS WHO ARE BLIND/VISUALLY IMPAIRED OR DEAF/HARD OF HEARING</b>	Motion to Approve

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**SUBJECT**

Nursing Workforce Advisory Council Presentation

**BACKGROUND/DISCUSSION**

To gain an understanding of Idaho's nursing shortage, the Idaho Legislature passed House Bill 155 to establish the Governor's Nursing Workforce Advisory Council. The Council was created within the Department of Labor with the purpose of advising the Governor, Legislature, State Board of Education, state colleges and universities as well as other agencies and organizations on nursing workforce issues.

The Council is comprised of 22 members representing the Governor's office, Legislature, Office of the State Board of Education, Idaho's colleges and universities' nursing programs, rural and urban hospitals, Department of Labor, Idaho Board of Nursing, and Idaho Alliance of Leaders in Nursing. A membership list is provided in Attachment 1.

The Council has held several meetings since November 2007 and most recently held a meeting on September 15, 2008. The Council has reviewed substantial state and regional data and developed strategic priorities in anticipation of the release of a comprehensive report and strategic plan. The Department of Labor has prepared a one page summary of this information in Attachment 1.

Several members of the Nursing Workforce Advisory Council will review the progress the Council has made and present the report to the Board. Those members are: B.J. Swanson, Chair of the Council and Chair of the Board, Gritman Memorial Hospital; Steve Millard, President of the Idaho Hospital Association; and Roger Madsen, Director of the Idaho Department of Labor. Representative Margaret Henbest will be participating by phone.

**ATTACHMENT**

Attachment 1 – October Update and Membership List

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**STAFF COMMENTS AND RECOMMENDATIONS**

Staff has no comments or recommendations.

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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# Governor Otter's Nursing Workforce Advisory Council Update

October 9, 2008

## Background

- By 2016 Idaho's population over the age of 54 will increase by nearly 50 percent.<sup>1</sup>
- With fewer nurses per capita than any surrounding state except Nevada, the number of nurses per capita in Idaho falls more than 20 percent below the national average.<sup>2</sup>
- Only one in five nurses currently practicing in Idaho is under age 35, and two in five are over age 50.<sup>3</sup>
- Employment projections up until 2016 find seven of the 10 hottest jobs in Idaho are in health care, with nursing at the top of the list.<sup>4</sup>
- By 2013, 25 percent of the state's current nursing faculty are expected to leave the labor force.<sup>5</sup>
- Only one in 10 of Idaho's current nursing faculty members is under 40 years of age.<sup>5</sup>

## Seeking Solutions

In the Fall of 2007 Governor Otter appointed 22 of Idaho's top health care practitioners, academics and policymakers to the Idaho Nursing Workforce Advisory Council. The council's charge is to define the scope of the perceived problem, address supply / demand and develop strategies to ensure Idaho has an adequate supply of nurses for future expansions. In the meantime, several buildings are being built to expand nursing education in Idaho. Efforts to fund the faculty positions needed to carry the programs are critical. Without the ability to educate, recruit and hire additional nursing faculty, Idaho will have great difficulty addressing the shortage of nurses.



## Progress to Date

- Leaders in education, government and industry are working together to define the issue, streamline data collection and develop workable recommendations. Their efforts have resulted in substantial savings and improved data.
- A statistical picture of the current status of the nursing occupation in Idaho will be finalized in October.
- A full report and recommendations will be delivered to Governor Otter in November.

## Draft Goals / Objectives / Recommendations

- Address faculty needs.
- Expand educational capacity.
- Incorporate innovative practices involving the private sector.
- Establish employment practices that encourage work force retention in all sectors.
- Ensure the availability of critical work force data and informed planning.

## Plans for FY09

- Finalize and implement the council's recommendations.
- Seek an investment of Workforce Investment Act funds to match Idaho Hospital Association scholarships for advanced degrees.
- Educate legislators on the need to address nursing faculty issues.
- Upgrade the data collection process at the Idaho Nursing Licensing Board, continue gathering information from healthcare and educational institutions and monitor the supply / demand.

## Immediate Needs

The current charter and funding for the Idaho Nursing Workforce Advisory Council expires in June of 2009. To continue the progress of the council, legislation will be required this next legislative session to remove the sunset and continue funding. Also, Idaho's nursing programs and the state's higher education institutions need to share additional data with the Idaho Department of Labor so the agency can identify where graduates receive their degrees and where they are ultimately employed. Graduate migrations, emigrations and current education pipeline and capacity plans will allow for more accurate supply /demand information and data driven decisions when targeting the allocation of limited resources.

1. EMSI Complete Employment - March 2008. 2. Health Resources and Services Administration. 3. Idaho Board of Nursing Licensure Database 4. Idaho Department of Labor 2006-2016 Employment Projections 5. Idaho Nursing Workforce Center RN Satisfaction Survey, September 2007.

# Idaho Nursing Workforce Advisory Council Membership

Established November 2007

**B.J. Swanson**

Council Chair, Chairman of the Board  
of Gritman Medical Center, Moscow

**Dr. Carol Ashton**

Associate Dean and Director of the  
School of Nursing, Idaho State  
University, Pocatello

**Susan Ault**

Executive Director of the Idaho  
Alliance of Leaders in Nursing, Boise

**Sen. Diane Bilyeu**

Pocatello

**Dr. Claudeen Buettner**

Executive Vice President and Chief  
Academic Officer for the College of  
Southern Idaho

**Rep. Margaret Henbest**

Boise

**Karen Hodge**

Director of Women's and Children's  
Services at St. Alphonsus Regional  
Medical Center, Boise

**Roger B. Madsen**

Director of the Idaho Department of  
Labor, Boise

**Sen. John McGee**

Marketing Director for West Valley  
Medical Center, Caldwell

**Steve Millard**

President of the Idaho Hospital  
Association, Boise

**Kathleen Nelson**

Division Manager for Health  
Professions at Eastern Idaho  
Technical College, Idaho Falls

**Tammy Perkins**

Office of the Governor, Boise

**Dr. Mike Rush**

Executive Director of the State Board of  
Education, Boise

**Dr. David Schmitz**

President of the Idaho Academy of  
Family Physicians, Boise

**Dr. Pamela Springer**

Associate Dean of the College of Health  
Sciences and Chair of the Department of  
Nursing at Boise State University, Boise

**Robert Vande Merwe**

Executive Director of the Idaho Health  
Care Association, Boise

**Rep. Fred Wood**

Medical Director for the Cassia Regional  
Medical Center, Burley

**Dr. Manuelita Burns**

Director of Health Professions and  
Nursing at North Idaho College,  
Coeur d'Alene

**Noreen Davis**

Vice President of Nursing and Patient  
Care Services for St. Luke's Health  
System, Boise

**Sandra Evans**

Executive Director of the Idaho Board of  
Nursing, Boise

**Dr. Tony Fernandez**

Provost and Vice President for Academic  
Affairs at Lewis-Clark State College,  
Lewiston

**Steve Frei**

Chief Nursing Officer for Syringa  
General Hospital, Grangeville

**THIS ITEM HAS BEEN PULLED FROM THE AGENDA**

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**BOISE STATE UNIVERSITY**

**SUBJECT**

Replace a Master of Arts in English, English Education degree with a Master of Arts in Teaching English Language Arts degree – Boise State University

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies and Procedures, Section III.G. 4(a) and 5(a), Program Approval and Discontinuance  
Section 33-107 (7) and 33-4005, Idaho Code  
Role and Mission – Boise State University

**BACKGROUND/ DISCUSSION**

In accordance with Board Policy III.G.5.(a) (2), *Board Approval Procedures*, The Chief Academic Officer shall forward program requests to CAAP for its review and recommendation. If CAAP recommends approval, the proposal shall be forwarded to the Board for action.

Boise State University (BSU) is proposing a Master of Arts in Teaching English Language Arts degree program, which would replace the university's current Master of Arts in English, English Education degree. The first aspect of the proposed change is to discontinue the Master of Arts in English, English Education degree, which was intended for students with baccalaureate degrees who have returned to the university to seek secondary school teaching certification in English. Recently, to better serve the needs of such students, the College of Education created a Graduate Certificate in Secondary/K-12 Teaching. Therefore, the MA in English, English Education is no longer needed.

The second aspect of the proposed change is to replace the discontinued program with a new Master of Arts in Teaching English Language Arts. The new program is designed to meet the needs of practicing teachers from elementary through high school who are interested in learning more about how to support the achievement of their students in writing, reading, literary study, language, and general literacy. In addition, the program is set up to be more flexible than traditional programs, including offerings during weekends and summers, possibly in various locations, to accommodate teachers' schedules. The program of study and many courses will address literacy-related subject matter and teaching skills within the teacher's current instructional context.

**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS**  
**OCTOBER 9-10, 2008**

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**IMPACT**

There is no fiscal impact with the request to discontinue the Master of Arts in English, English Education degree (see page 14); however, there is some fiscal impact with the request to replace this degree with a Master of Arts in Teaching English Language Arts degree as depicted below.

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Expenditures			
A. Personnel***	\$5,460	\$5,623	\$5,792
B. Operating Expenditures	0	0	0
C. Capital Outlay	0	0	0
D. Physical Facilities	0	0	0
E. Indirect Costs	0	0	0
Total Expenditures	<b>\$5,460</b>	<b>\$5,623</b>	<b>\$5,792</b>
Revenue			
A. Source of Funds			
1. Appropriated funds -- Reallocation	\$5,460	\$5,623	\$5,792
2. Appropriated funds -- New MCO	0	0	0
3. Federal funds	0	0	0
4. Other grants	0	0	0
5. Fees	0	0	0
6. Other:	0	0	0
Total Revenues	<b>\$5,460</b>	<b>\$5,623</b>	<b>\$5,792</b>
B. Nature of Funds			
1. Recurring*	\$5,460	\$5,623	\$5,792
2. Non-recurring**	0	0	0
Total Revenues	<b>\$5,460</b>	<b>\$5,623</b>	<b>\$5,792</b>

\* Recurring is defined as ongoing operating budget for the program, which will become of the base.

\*\* Non-recurring is defined as one-time funding in a fiscal year and not part of the base.

\*\*\* Students in the proposed degree program would draw their course work from existing graduate courses, of which at least eight are offered each fall and spring semester. With an average of 10 students per course now, there is sufficient room for the additional 10-15 students expected in the new program, or one or two additional students in each course. The exception is the need for one additional summer or weekend course specifically designed for the students (teachers) in this degree program.

**ATTACHMENTS**

Attachment 1 – Notices of Intent

Page 5

**STAFF COMMENTS AND RECOMMENDATIONS**

BSU's request for an M.A. in Teaching English Language Arts was not listed in their Eight-year Plan for Delivery of Academic Programs in the Southwest Region. BSU indicated that the need to make the program change did not become apparent until after formulation of the Eight-Year plan; however, the

**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS**  
**OCTOBER 9-10, 2008**

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change is consistent with identified needs. IRSA, CAAP, and Board staff recommends approval as presented.

**BOARD ACTION**

A motion to approve the request by Boise State University to discontinue their M.A. in English, English Education and replace it with an M.A. in Teaching English Language Arts as presented.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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# IDAHO STATE BOARD OF EDUCATION

## ACADEMIC/PROFESSIONAL-TECHNICAL EDUCATION

Vice President

JUN 04 2008

### NOTICE OF INTENT

To initiate a

**New, Expanded, Cooperative, Discontinued, program component or Off-Campus Instructional Program or Instructional/Research Unit**

Finance and  
Instructional  
AdministrationInstitution Submitting Proposal: Boise State UniversityName of College, School, or Division: College of Arts and SciencesName of Department(s) or Area(s): Department of English

Indicate if this Notice of Intent (NOI) is for an Academic or Professional Technical Program  
 Academic X Professional - Technical \_\_\_\_\_

A **New**, Expanded, Cooperative, Contract, or Off-Campus Instructional Program or Administrative/Research Unit  
 (indicate one) leading to:

Master of Arts in Teaching English Language Arts

(Degree or Certificate)

Proposed Starting Date: Fall 2008**For New Programs:**
**MASTER OF ARTS IN TEACHING  
 ENGLISH LANGUAGE ARTS**

Program (i.e., degree) Title & CIP 2000  
 CIP 2000 13.1305

**For Other Activity:**

- ☐ Program Component (major/minor/option/emphasis)  
☐ Off-Campus Activity/Resident Center  
☐ Instructional/Research Unit  
☐ Addition/Expansion  
☐ Discontinuance/consolidation  
☐ Contract Program  
☐ Other

McDermott 6-4-08  
 College Dean (Institution) Date

Joe Pearson 6-5-08  
 Chief Fiscal Officer (Institution) Date

Mark Anderson 6/6/08  
 Chief Academic Officer (Institution) Date

Robert H. Kuntz 6/23/08  
 President Date

VP Research & Graduate Studies Date

State Administrator, SDPTE Date

Chief Academic Officer, OSBE Date

SBOE/OSBE Approval Date

**Before completing this form, refer to Board Policy Section III.G. (Program Approval and Discontinuance).**

1. Briefly describe the nature of the request e.g., is this a new program (degree, program, or certificate) or program component (e.g., new, discontinued, modified, addition to an existing program or option).

The proposed new Master of Arts in Teaching English Language Arts is designed to meet the needs of practicing teachers from elementary through high school who are interested in learning more about how to support their students' achievement in writing, reading, literary study, language, and general literacy.

The field of literacy teaching is broad, and this program acknowledges and reflects this breadth by combining course work from several existing university resources, including: courses offered by the English department, the Literacy Education department in the College of Education, and the Boise State Writing Project. Also reflecting our teacher population, the program is set up to be relatively more flexible than traditional programs, including offerings during weekends and summers, possibly in various locations, to accommodate teachers' schedules. The program is designed with the practicing teacher in mind: the program of study itself and many particular courses will address literacy-related subject matter and teaching skills within the teacher's current instructional context. The dominant theme of the program is that of connecting research and theory in literacy learning with effective classroom teaching practices.

The proposed new M. A. will replace the existing English Education emphasis of the Master of Arts in English, which is being discontinued via a separate Notice of Intent. The existing M. A. emphasis was designed for post-baccalaureate students who return to the university to earn a secondary school English teaching certificate. The recently established Graduate Certificate Program in the College of Education now provides for this need and so the existing English Education emphasis is no longer needed. At the same time, the original English Masters degree which was long ago intended mainly for teachers has since then become much more specialized in the study of literature or rhetoric and composition, not secondary level teaching. The proposed M. A. would bring us back to our original purpose.

2. Provide a statement of need for program or a program modification. Include student and state need, demand, and employment potential. **Attach a Scope and Sequence, SDPTE Form Attachment B, for professional-technical education requests.** (Use additional sheets if necessary.).

This program fills a gap because English and literacy teachers in the Boise area (and indeed throughout southwestern Idaho) lack many continuous high-quality professional development opportunities and graduate programs of study that meet their specific needs as teachers of literacy and the English language arts. Other programs, such as those offered by the University of Phoenix or Leslie College, are completed largely on-line and do not offer extended specific coursework in the language arts, or the rigor and personal relationships that will be offered through this proposed degree.

Local teacher interest in professional development opportunities and graduate study at Boise State University has been apparent during the past three years, over 450 area teachers applied for admission into the invitational National Writing Project program held at Boise State. All 25 invitees in 2005, and all 27 in 2006 and 2007 accepted their invitation. Of these 79 teachers, about 40 indicated serious interest in pursuing an M.A. in English/language arts at Boise State. We believe that the Boise State Writing Project, then, could act as a springboard for further graduate work and professional development with the general goal of improvement of teaching effectiveness in literacy.

While one incentive for students to enroll in the proposed Masters program stems from the fact that local teachers can move up the salary scale by earning graduate credits and degrees, we have found that good teachers are always looking for high-quality professional development programs that address their teaching questions and needs. Currently the Boise State Writing Project has a database of over 450 teachers who

have attended or indicated interest in our professional development activities – this provides a rich starting point for recruitment for the proposed program. Also, several studies over the past thirty years indicate that up to 50% of new teachers leave the profession in the first five years due in large part to lack of mentorship and professional development –making this a top concern for schools and school leaders, and a need, we believe, that can be addressed in part by the proposed degree program.

3. Briefly describe how the institution will ensure the quality of the program (e.g., accreditation, professional societies, licensing boards, etc.).

The three major strands (writing/composing, reading/literature, language) in the program of study reflect the three areas of concentration required by the national standards for English language arts teachers articulated by the National Council of Teachers of English (NCTE) and National Council for Accreditation of Teacher Education (NCATE), and required by the National Professional Board of Teaching Standards (NPBTS).

Quality will be ensured by accreditation of the academic program by three entities. The English department regularly undergoes accreditation review, and all English degree programs (including the proposed program) are evaluated in this review. In addition, since teacher education is a main focus of this degree, it will also be reviewed by both the Idaho State Department of Education and the National Council for Accreditation of Teacher Education (NCATE) whenever teacher education units at Boise State University undergo accreditation review.

4. Identify similar programs offered within the state of Idaho or in the region by other colleges/universities. If the proposed request is similar to another program, provide a rationale for the duplication. This may not apply to PTE programs if workforce needs within the respective region have been established.

**Idaho State University's** Master of Education with Literacy Emphasis is a much more general education degree than the proposed BSU degree. A College of Education degree, the ISU program requires, among other courses, Applied Educational Statistics and Theories of Learning. Even ISU's courses like Psychology of Literacy, Remediation of Literacy Problems, Clinical Methods in Literacy, Developmental Literacy reflect a central focus on educational psychology. Instead, the BSU program would be derived more from best teaching approaches and teaching practices in literacy/ English language arts, applied within the classroom settings of the teachers in the program.

**University of Idaho's** Master of Arts in Teaching (M.A.T.) is an English department degree. Its culminating project is somewhat similar to the BSU portfolio in its emphasis on classroom-based, hands-on applications of learning, but the mode of assessment (project vs. portfolio) is different. A more significant difference is that coursework at U of I requires only one course on teaching writing, and only one on language/linguistics (without teaching applications), and all the rest are literature courses. The BSU Masters in Teaching English Language Arts requires students to spread their coursework more evenly across the three literacy areas of reading/literature, writing, and language, and each area specifically requires advanced study of teaching skills in that area. In addition, the BSU program is intended for teachers of any subject (not just English), and any grade level (not just high school) whose teaching effectiveness would be enhanced by advanced understanding of methods for teaching literacy to their K-12 students. Finally, although the University of Idaho does have the only other National Writing Project site in the state, their M.A.T. does not make room to use credits earned in their writing project. The BSU proposal, however, assumes that the writing project experience, shown by research to be a more effective model of teacher professional development than university course work alone, deserves a legitimate place in our Masters degree.

Finally, of course, many potential Master's students who are teachers in or near the Treasure Valley

cannot travel to Pocatello or Moscow for course work and rely upon programs offered by Boise State University or its private competitors in the Treasure Valley.

Enrollment and Graduates (i.e., number of majors or other relevant data)  
By Institution for the Proposed Program  
Last three years beginning with the current year and the 2 previous years

Institution	Relevant Enrollment Data			Number of Graduates		
	Current	Previous Year	Previous Year	Current	Previous Year	Previous Year
BSU						
CSI						
EITC						
ISU						
LCSC						
NIC						
UI						

Degrees offered by school/college or program(s) within disciplinary area under review

Institution and Degree name	Level	Specializations within the discipline (to reflect a national perspective)	Specializations offered within the degree at the institution
BSU  Existing program to be discontinued:  MA English, English Education Emphasis		English Education	English Education
CSI	NA		
EITC	NA		
ISU	M. Ed.	Education/ Behavioral Psychology	Master of Education with Literacy Emphasis
LCSC	NA		
NIC	NA		
UI	M. A. T.	Literature/ English	Master of Arts in Teaching



5. Describe how this request is consistent with the State Board of Education's policy or role and mission of the institution. (i.e., centrality).

Included in Boise State University's academic and program plan is a primary emphasis on teacher education. We believe that the proposed program will enhance teacher education for practicing teachers, thereby enhancing the education of thousands of K-12 students. In addition, the institutional mission highlights offering graduate degrees that are consistent with state needs; these needs, we believe, include enhancing teachers' professional knowledge and teaching skills. The proposed program at the same time provides continuing education and technical and workforce training, which are also central to Boise State University's institutional mission.

6. Is the proposed program in the 8-year Plan? Indicate below.

Yes \_\_\_\_ No X

If not on 8-year plan, provide a justification for adding the program.

We are essentially replacing one program with another that is better designed and more closely focused on the prospective students. The need for this adjustment in programs did not become apparent until after formulation of the 8-year plan.

8. Resources--Faculty/Staff/Space Needs/Capital Outlay. (Use additional sheets if necessary.):

Estimated Fiscal Impact	FY 2008- 2009	FY 2009- 2010	FY 2010- 2011	Total
<b>A. Expenditures</b>				
1. Personnel***	5460	5623	5792	16,876
2. Operating	0	0	0	0
3. Capital Outlay	0	0	0	0
4. Facilities	0	0	0	0
<b>TOTAL:</b>	5460	5623	5792	16,876
<b>B. Source of Funds</b>				
1. Appropriated- reallocation	5460	5623	5792	16,876
2. Appropriated – New	0	0	0	0
3. Federal	0	0	0	0
4. Other:	0	0	0	0
<b>TOTAL:</b>	5460	5623	5792	16,876
<b>B. Nature of Funds</b>				
1. Recurring *	5460	5623	5792	16,876
2. Non-recurring **	0	0	0	0
<b>TOTAL:</b>	5460	5623	5792	16,876

\* Recurring is defined as ongoing operating budget for the program, which will become of the base.

\*\* Non-recurring is defined as one-time funding in a fiscal year and not part of the base.

\*\*\*Students in the proposed degree program would draw their course work from existing graduate courses, of which at least eight are offered each fall and spring semester. With an average of 10 students per course now, there is sufficient room for the additional 10-15 students expected in the new program, or one or two additional students in each course. The exception is the need for one additional summer or weekend course specifically designed for the students (teachers) in this degree program.

**IDAHO STATE BOARD OF EDUCATION**  
**ACADEMIC/PROFESSIONAL-TECHNICAL EDUCATION**

Vice President

**NOTICE OF INTENT**

JUN 04 2008

To initiate a

**New, Expanded, Cooperative, Discontinued, program component or Off-Campus Instructional  
 Program or Instructional/Research Unit**

Instructional and  
Administration

Institution Submitting Proposal: Boise State University

Name of College, School, or Division: College of Arts and Sciences

Name of Department(s) or Area(s): Department of English

Indicate if this Notice of Intent (NOI) is for an Academic or Professional Technical Program

Academic X Professional - Technical \_\_\_\_\_

A New, Expanded, Cooperative, Contract, or Off-Campus Instructional Program or Administrative/Research Unit  
 (circle one) leading to:

Master of Arts in English, English Education (discontinuance)

(Degree or Certificate)

Proposed Starting Date: Fall 2008

**For New Programs:**

**For Other Activity:**

Program (i.e., degree) Title & CIP 2000 \_\_\_\_\_

☐ Program Component (major/minor/option/emphasis)

☐ Off-Campus Activity/Resident Center

☐ Instructional/Research Unit

☐ Addition/Expansion

☒ Discontinuance/consolidation

☐ Contract Program

☐ Other

McDermott  
 College Dean (Institution)

Date

6-4-08

Steve Pearson  
 Chief Fiscal Officer (Institution)

Date

6-5-08

Mike Anderson  
 Chief Academic Officer (Institution)

Date

6/6/08

Robert W. Kenna  
 President

Date

6/23/08

VP Research & Graduate Studies

Date

State Administrator, SDPTE

Date

Chief Academic Officer, OSBE

Date

SBOE/OSBE Approval

Date

**Before completing this form, refer to Board Policy Section III.G. Program Approval and Discontinuance.**

1. Briefly describe the nature of the request e.g., is this a new program (degree, program, or certificate) or program component (e.g., new, discontinued, modified, addition to an existing program or option).

Boise State University proposes to DISCONTINUE the program leading to the degree of Master of Arts in English, English Education.

2. Provide a statement of need for program or a program modification. Include student and state need, demand, and employment potential. **Attach a Scope and Sequence, SDPTE Form Attachment B, for professional-technical education requests.** (Use additional sheets if necessary.).

The Master of Arts in English, English Education degree was intended for students with Bachelors degrees who have returned to the university to seek secondary school teaching certification in English. Recently, to better serve the needs of such students, the College of Education has created a Graduate Certificate in Secondary/K-12 Teaching. Deleting our current degree program puts us in line with parallel secondary-level teacher education programs across Boise State University that have also conformed to the College of Education's graduate certificate program.

The deleted program will be replaced by a new program leading to the degree of Master of Arts in Teaching English Language Arts, focused on enhancing the knowledge and skills of practicing teachers of literacy.

3. Briefly describe how the institution will ensure the quality of the program (e.g., accreditation, professional societies, licensing boards, etc.).

The Department of English will ensure that the program will be discontinued in a manner that allows all current students to finish in a manner that ensures the quality of their degree and does not delay them in any way.

4. Identify similar programs offered within the state of Idaho or in the region by other colleges/universities. If the proposed request is similar to another program, provide a rationale for the duplication. This may not apply to PTE programs if workforce needs within the respective region have been established.

NA

Enrollment and Graduates (i.e., number of majors or other relevant data)

By Institution for the Proposed Program

Last three years beginning with the current year and the 2 previous years

Institution	Relevant Enrollment Data			Number of Graduates		
	Current	Previous Year	Previous Year	Current	Previous Year	Previous Year
BSU						
CSI						
EITC						
ISU						
LCSC						

NIC						
UI						

Degrees offered by school/college or program(s) within disciplinary area under review

Institution and Degree name	Level	Specializations within the discipline (to reflect a national perspective)	Specializations offered within the degree at the institution
BSU			
CSI			
EITC			
ISU			
LCSC			
NIC			
UI			

5. Describe how this request is consistent with the State Board of Education's policy or role and mission of the institution. (i.e., centrality).

NA

6. Is the proposed program in the 8-year Plan? Indicate below.

Yes \_\_\_\_ No X

If not on 8-year plan, provide a justification for adding the program.

Discontinued programs are not typically listed on the 8-year plan.

8. Resources--Faculty/Staff/Space Needs/Capital Outlay. (Use additional sheets if necessary.):

Estimated Fiscal Impact	FY _____	FY _____	FY _____	Total
<b>A. Expenditures</b>				
1. Personnel				
2. Operating				
3. Capital Outlay				
4. Facilities				
<b>TOTAL:</b>				
<b>B. Source of Funds</b>				
1. Appropriated- reallocation				
2. Appropriated – New				
3. Federal				
4. Other:				
<b>TOTAL:</b>				
<b>B. Nature of Funds</b>				
1. Recurring *				
2. Non-recurring **				
<b>TOTAL:</b>				

\* Recurring is defined as ongoing operating budget for the program, which will become of the base.

\*\* Non-recurring is defined as one-time funding in a fiscal year and not part of the base.

**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS**  
**OCTOBER 9-10, 2008**

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**BOISE STATE UNIVERSITY**

**SUBJECT**

Approval of Notice of Intent to Suspend Admission to the Associate of Science in Nursing Program – Boise State University

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies and Procedures, Section III.G.4(b) and 5(a), Program Approval and Discontinuance  
Section 33-107 (7) and 33-4005, Idaho Code  
Role and Mission – Boise State University

**BACKGROUND/DISCUSSION**

In accordance with Board Policy III.G.4(b) and III.G.5(a), “Changes, additions, expansions, and consolidations to existing instructional programs, majors, minors, options, emphases, or instructional units with a financial impact of \$250,000 or more per year require Board approval prior to implementation. “ The Chief Academic Officer shall forward program requests to CAAP for its review and recommendation. If CAAP recommends approval, the proposal shall be forwarded to the Board for action.

Boise State University (BSU) anticipates that during the next 18 months, the College of Western Idaho will begin to offer an associates-level nursing degree program. In anticipation, BSU proposes to suspend admission to the AS Nursing program effective fall 2008, and to remove the program from the Department of Nursing section of the BSU undergraduate catalog. No additional students will be admitted to the BSU ASN program, and those that have been admitted will be given sufficient advising to enable them to complete the five-semester program by December 2010. Any students who have not completed the ASN program by December 2010 will be given the option of transitioning into the Baccalaureate nursing program offered by BSU's Department of Nursing. It is Boise State's desire that students still wishing to receive an associates-level degree would be able to do so at the College of Western Idaho.

Because of the current and future nursing shortage, careful attention has been paid to student numbers, and taken as a whole the changes Boise State is undertaking will yield a greater number of nursing graduates. A short-term decrease in the number of enrolled ASN students will occur during the transition. However, because of an increased capacity in the baccalaureate nursing program, there will not be a decrease in the number of licensed nurses produced by BSU: the number of baccalaureate nursing graduates from BSU will more than double, from 90 a year to 240 a year. Additionally, Boise State will graduate approximately 10 masters-level students per year. See chart illustrated on page 6 of the NOI.

**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS  
OCTOBER 9-10, 2008**

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**IMPACT**

All resources made available by the suspension of our AS Nursing program will be invested in the BS Nursing program. Because the responsibilities of faculty members are multi-faceted, it is not possible to give a detailed estimate of the amount of funds that would be made available by the suspension of the AS nursing program. However, for the purposes of providing an approximation, BSU took the entire appropriated budget of the Department of Nursing and divided it in half to produce the numbers in the table above. Dividing the budget in half makes sense in that the Department of Nursing will be more than doubling its output of BS Nursing graduates.

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Expenditures			
A. Personnel	\$1,500,000	\$1,500,000	\$1,500,000
B. Operating Expenditures	\$42,000	\$42,000	\$42,000
C. Capital Outlay	\$5,000	\$5,000	\$5,000
D. Physical Facilities	0	0	0
E. Indirect Costs	0	0	0
Total Expenditures	<b>\$1,547,000</b>	<b>\$1,547,000</b>	<b>\$1,547,000</b>
Revenue			
A. Source of Funds			
1. Appropriated funds -- Reallocation	\$1,547,000	\$1,547,000	\$1,547,000
2. Appropriated funds -- New MCO	0	0	0
3. Federal funds	0	0	0
4. Other grants	0	0	0
5. Fees	0	0	0
6. Other:	0	0	0
Total Revenues	<b>\$1,547,000</b>	<b>\$1,547,000</b>	<b>\$1,547,000</b>
B. Nature of Funds			
1. Recurring*	\$1,547,000	\$1,547,000	\$1,547,000
2. Non-recurring**	0	0	0
Total Revenues	<b>\$1,547,000</b>	<b>\$1,547,000</b>	<b>\$1,547,000</b>

\* Recurring is defined as ongoing operating budget for the program, which will become of the base.

\*\* Non-recurring is defined as one-time funding in a fiscal year and not part of the base.

**ATTACHMENTS**

Attachment 1 – Notice of Intent

Page 5

**STAFF COMMENTS AND RECOMMENDATIONS**

BSU's request to suspend admissions in their A.S. Nursing program, while at the same time increasing the number of baccalaureate graduates, is consistent with identified needs. IRSA, CAAP, and Board staff recommends approval as presented.



**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS**  
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**BOARD ACTION**

A motion to approve the request by Boise State University to suspend admissions into their Associate of Science Nursing program effective fall 2008.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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# IDAHO STATE BOARD OF EDUCATION

## ACADEMIC/PROFESSIONAL-TECHNICAL EDUCATION

### NOTICE OF INTENT

To initiate a

**New, Expanded, Cooperative, Discontinued, program component or Off-Campus Instructional Program or Instructional/Research Unit**

Institution Submitting Proposal: Boise State University

Name of College, School, or Division: Health Sciences

Name of Department(s) or Area(s): Nursing

Indicate if this Notice of Intent (NOI) is for an Academic or Professional Technical Program

Academic X Professional - Technical \_\_\_\_\_

A New, Expanded, Cooperative, Contract, or Off-Campus Instructional Program or Administrative/Research Unit (circle one) leading to:

\_\_\_\_\_  
(Degree or Certificate)

Proposed Starting Date: \_\_\_\_\_

#### For New Programs:

\_\_\_\_\_  
Program (i.e., degree) Title & CIP 2000

#### For Other Activity:

☐ Program Component (major/minor/option/emphasis)

☐ Off-Campus Activity/Resident Center

☐ Instructional/Research Unit

☐ Addition/Expansion

☐ Discontinuance/consolidation

☐ Contract Program

☒ Other Suspend admissions and remove program from the catalog

James T. Girvan  
College Dean (Institution)

9/18/07  
Date

Shay Pearson  
Chief Fiscal Officer (Institution)

9/24/07  
Date

Ma K. Anderson  
Chief Academic Officer (Institution)

12/5/07  
Date

Robert R. Rasmussen  
President

12/11/07  
Date

\_\_\_\_\_  
VP Research & Graduate Studies Date

\_\_\_\_\_  
State Administrator, SDPTE Date

\_\_\_\_\_  
Chief Academic Officer, OSBE Date

\_\_\_\_\_  
SBOE/OSBE Approval Date

Revised 8/9/06

Page 1

**Before completing this form, refer to Board Policy Section III.G. Program Approval and Discontinuance.**

1. Briefly describe the nature of the request e.g., is this a new program (degree, program, or certificate) or program component (e.g., new, discontinued, modified, addition to an existing program or option).

In anticipation of the impending development of an associates-level nursing degree program to be offered by the College of Western Idaho (CWI), Boise State University (BSU) proposes to suspend admission to the program, effective May 1, 2008, and to remove the program from the Department of Nursing section of the BSU undergraduate catalog. No additional students will be admitted to the BSU AS Nursing program. Any students who have not completed the AS Nursing program by December 2010 will be transitioned into the baccalaureate nursing program offered by the Department of Nursing.

2. Provide a statement of need for program or a program modification. Include student and state need, demand, and employment potential. **Attach a Scope and Sequence, SDPTE Form Attachment B, for professional-technical education requests.** (Use additional sheets if necessary.).

It is anticipated that during the next 18 months, the College of Western Idaho will create and offer an associates-level nursing degree. By suspending admissions to Boise State's AS program at this time, we will reduce the number of students enrolled in BSU's AS program who would need to transfer to the College of Western Idaho program.

Because of the current and future nursing shortage, careful attention has been paid to student numbers, and taken as a whole, the changes we are undertaking will yield a greater number of nursing graduates. A short-term decrease in the number of enrolled AS Nursing students will occur during the transition. However, because of an increased capacity in the baccalaureate nursing program, there will not be a decrease in the number of licensed nurses produced by BSU. As can be seen by the table below, the number of baccalaureate nursing graduates will more than double, from 90 a year to 240 a year. Additionally, Boise State will graduate approximately 10 masters-level students per year.

Admits to BSU Nursing Programs	Graduates from BSU Nursing Programs
<b><u>Prior to Fall 2008:</u></b>	
120 with no prior nursing degree	<b>65 from BSU with an AS in Nursing</b>
35 with an AS in Nursing	
	<b>90 from BSU with a BS in Nursing</b>
<b><u>After Fall 2008</u></b>	
150 with no prior nursing degree	<b>240 from BSU with a BS in Nursing</b>
100 with an AS in Nursing	
10 with a BS in Nursing	<b>10 with a Masters in Nursing</b>

As noted above, it is anticipated that the College of Western Idaho will take on the responsibility of graduating associate-level nurses and licensed practical nurses (LPN).

3. Briefly describe how the institution will ensure the quality of the program (e.g., accreditation, professional societies, licensing boards, etc.).

Not applicable because this is a program suspension.

4. Identify similar programs offered within the state of Idaho or in the region by other colleges/universities. If the proposed request is similar to another program, provide a rationale for the duplication. This may not apply to PTE programs if workforce needs within the respective region have been established.

N/A; not a new program.

Enrollment and Graduates (i.e., number of majors or other relevant data)

Last three years beginning with the current year and the 2 previous years

*Numbers from the Idaho State Board of Nursing reports*

Institution	Relevant Enrollment Data			Number of Graduates		
RN admits and graduates	Current Year 2006	Previous Year 2005	Previous Year 2004	Current 2006	Previous Year 2005	Previous Year 2004
BSU	141			120	110	137
CSI	50			84	51	58
College of Western Idaho	(proposed)					
EITC						
ISU	119			140	97	98
LCSC	62			65	59	50
NIC	60			49	45	49
UI						

Degrees offered by school/college or program(s) within disciplinary area under review

Institution and Degree name	Level	Specializations within the discipline(to reflect a national perspective)	Specializations offered within the degree at the institution
BSU	LPN, AS, BS, MS		
CSI	LPN, AS		
College of Western Idaho	Associates-level (proposed)		
EITC	LPN, AS		
ISU	LPN, AS, BS, MS		
LCSC	LPN, BS		
NIC	LPN, AS		
UI			

5. Describe how this request is consistent with the State Board of Education's policy or role and mission of the institution. (i.e., centrality).

This proposal does not involve the addition of any new programs. The request is consistent with BSU transitioning its AS programs to CWI.

6. Is the proposed program in the 8-year Plan? Indicate below.

Yes \_\_\_\_\_ No \_\_\_\_\_  
 Not applicable: Program suspension

8. Resources--Faculty/Staff/Space Needs/Capital Outlay. (Use additional sheets if necessary.):

Estimated Fiscal Impact	FY <u>09</u>	FY <u>10</u>	FY <u>11</u>	<u>Total</u>
<b>A. Expenditures</b>				
1. Personnel	1,500,000	1,500,000	1,500,000	4,500,000
2. Operating	42,000	42,000	42,000	126,000
3. Capital Outlay	5,000	5,000	5,000	15,000
4. Facilities				
<b>TOTAL:</b>	1,547,000	1,547,000	1,547,000	4,671,000
<b>B. Source of Funds</b>				
1. Appropriated-reallocation	1,547,000	1,547,000	1,547,000	4,671,000
2. Appropriated – New				
3. Federal				
4. Other:				
<b>TOTAL:</b>	1,547,000	1,547,000	1,547,000	4,671,000
<b>B. Nature of Funds</b>				
1. Recurring *	1,547,000	1,547,000	1,547,000	4,671,000
2. Non-recurring **				
<b>TOTAL:</b>	1,547,000	1,547,000	1,547,000	4,671,000

**Please note:**

All resources made available by the suspension of our AS Nursing program will be invested in the BS Nursing program. Because the responsibilities of faculty members are multi-faceted, it is not possible to give a detailed estimate of the amount of funds that would be made available by the suspension of the AS nursing program. However, for the purposes of providing an approximation, we have simply taken the entire appropriated budget of the Department of Nursing, divided it in half, and entered the resulting numbers in the table above. Dividing the budget in half makes sense in that the Department of Nursing will be more than doubling its output of BS Nursing graduates.

- \* Recurring is defined as ongoing operating budget for the program, which will become of the base.
- \*\* Non-recurring is defined as one-time funding in a fiscal year and not part of the base.

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**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS**  
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**SUBJECT**

Recommendations for the Education of Students who are Blind/Visually Impaired and Deaf/Hard of Hearing

**REFERENCE**

December 2005	IDSB Committee Recommendations Action: Accepted by the Board
February 2006	Idaho School for the Deaf and the Blind Committee Recommendations Action: Approved by the Board
October 2006	Deaf/Blind Education Workgroup Recommendations Action: Approved by the Board; Staff directed to develop standards
June 2007	Standards for the Deaf/Hard of Hearing and Standards for the Blind/Visually Impaired Action: Approved by the Board
August 2007	A service delivery model for the education of Blind or Visually Impaired Students was proposed to the Board on August 9, 2007. The Board unanimously agreed to postpone voting on the service delivery model.
October 2007	Pending Rule 08.02.03.004 Regarding Standards for the Deaf and Hard of Hearing and Pending Rule 08.02.03.004 Regarding Standards for the Blind and Visually Impaired Action: Approved
June 2008	The State Board of Education approved the organization of a summit for the education of the blind or visually impaired or deaf or hard of hearing for July 30-31 and Aug 1.
August 2008	The State Board of Education was updated on the outcome and recommendations from the summit for the education of the blind or visually impaired or deaf or hard of hearing held July 30-31 and Aug 1.

**APPLICABLE STATUTE, RULE, OR POLICY**

Section 33-101; 33-3401-3409, Idaho Code

**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS  
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**BACKGROUND/DISCUSSION**

The outcome of the summit included seven recommendations, group cohesion, and increased trust (among stakeholders that Idaho's leaders will continue the work of the summit). Given the depth of the recommendations and the climate in the State at this time, the following action is recommended as an initial step for the further development and implementation of the summit recommendations.

1. Create an Advisory Council
2. Develop proposals for implementing recommendations

The Advisory Council

An Advisory Council, henceforth the Council, will be created in alignment with standard 19 in the Standards for the blind/visually impaired and standard 18 in the Standards for the deaf/hard of hearing. The Advisory Council will work under the direction of the Board. The staff of ISDB will play a close and vital role in the process as well.

See Attachment **Advisory Council Detail** for: Nomination process, Council representation (number of positions), a timeline, and the role of council.

Development of Proposals for Implementing Recommendations

The Transition Coordinator and the Idaho School for the Deaf and the Blind, with the advice of the Advisory Council, will prepare proposals for the State Board of Education for the remaining summit recommendations (Attachment 2).

**IMPACT**

The Advisory Council meeting costs would be limited to fit existing budgets.

**ATTACHMENTS**

Attachment 1 – Advisory Council Detail	Page 3
Attachment 2 – Summit Recommendations and Discussion	Page 5

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends the implementation of the Advisory Council as detailed. The Idaho School for the Deaf and the Blind will implement changes based on the summit recommendations as aligned with the Standards, statute, and current operating budget.

**BOARD ACTION**

A motion to create an Advisory Council that will be overseen by the Idaho State Board of Education and the Office of the State Board of Education.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

A motion to direct the Transition Coordinator and the Idaho School for the Deaf and the Blind, with the advice of the Advisory Council, to develop a proposal for each of the summit recommendations for review by the State Board of Education.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

## Advisory Council Detail

The Advisory Council will have 20 positions, comprised of summit participants. The Council appointments will be made by the Executive Committee of the State Board of Education, with recommendation from the Executive Director and Transition Coordinator of the Office of the State Board of Education. Nominations for the Council will be sent to the Transition Coordinator at the Office of the State Board of Education by October 31, 2008. The appointments will be made by November 14, 2008.

The Council will have equal representation for the blind/visually impaired and for the deaf/hard of hearing. The Council will function as two separate groups – one for the blind/visually impaired and one for the deaf/hard of hearing to achieve disability specific advisory work while collaborating on topics of similarity (e. g. statewide structure for increasing resources and support for parents).

The Council will be facilitated by the Transition Coordinator and will hold its first meeting no later than December 15, 2008. The Superintendent of the Idaho School for the Deaf and the Blind will assist with the Council in organization and facilitation. ISDB will provide clerical functions, accessible materials, utilize video-conferencing and assistive technology for enhanced efficiency, and incorporate relevant findings/recommendations into the current system for immediate benefit.

The Advisory Council will select their leadership and meeting dates.

### Advisory Council Representation

Total Seats for Appointment - 20

#### **Parents – 4 Total**

- 2 - Deaf/Hard of Hearing
- 2 - Blind/Visually Impaired

#### **Educators - 4 Total**

- 2 - for the Deaf/HH (Teacher Of the Deaf)
- 2 - for the Blind/VI (Teacher of the Visually Impaired)
- \* In each subcategory, one must be a certified educator for the area, the other can be a regular education, special education teacher, director, or LEA administrator

#### **Related Service Providers – 2 Total**

- 1 - for the Deaf/HH (e. g. Audiologist, Speech-Language Pathologist)
- 1 - for the Blind/VI (e. g. Certified Orientation and Mobility Specialist, Certified Vision Rehabilitation Therapist, or Low Vision Therapist)

#### **Agencies – 5 Total**

For the Deaf/HH

- 1 - representative of the Council for the Deaf and Hard of Hearing
- 1 - representative of the Idaho Division of Vocational Rehabilitation

For the Blind/VI

- 1 - representative of the Idaho Commission for the Blind and Visually Impaired

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Representing Both

- 1 - representative of the Department of Health and Welfare
- 1 - representative of the Idaho Project for Infants and Youth with Deafblindness
- 1 - other

**Advocates – 2 Total**

**University Preparation Program/Professional Preparation – 2 Total**

Responsibilities of Advisory Council

- Provide researched advice and feedback to the State Board of Education, the Transition Coordinator, and the administration of the Idaho School for the Deaf and the Blind.
- Carry out directives of the State Board of Education as needed.

## Summit Recommendations and Discussion

### **Recommendation One**

#### **Create an Advisory Council**

##### *Summit recommendation*

At least one advisory committee should be formed to provide input, analysis, recommendations, and accountability to the Idaho State Board of Education regarding the education of students who are blind or visually impaired or deaf or hard of hearing. The committee should include a balanced representation of: interest groups from the deaf community, blind community, local education agencies, administrators, parents, educators, and other stakeholder groups. Nominations should occur for appointments to be made by the SBOE.

*\* See standard 19 in the standards for the blind/visually impaired and standard 18 in the standards for the deaf/hard of hearing.*

## **Recommendation Two**

### **Differentiate Services for the Education of Students who are Blind/Visually Impaired and Deaf/Hard of Hearing**

#### *Summit Recommendation*

1. Differentiate services for the blind/visually impaired and deaf/hard of hearing.
2. Consistent services will be provided through the regional programs for the blind/visually impaired and for the deaf/hard of hearing.
3. Separate identities will be created for the deaf/hard of hearing and for the blind/visually impaired.
4. Collaboration will occur with the local education agencies.

#### **DISCUSSION**

The Transition Coordinator and the Idaho School for the Deaf and the Blind, with the recommendations of the Advisory Council, will create a proposal for the differentiation of services that will be presented to the Board.

This recommendation will allow for growth, improvement upon a system already in place and for the differentiation of services between two separate populations of students.

### **Recommendation Three**

## **Relocate the Residential School to a Metropolitan Area for Students who are Blind/Visually Impaired and for Students who are Deaf/Hard of Hearing**

### **DISCUSSION**

Recognizing the need to serve Idaho's students who are blind/visually impaired or deaf/hard of hearing in a residential facility, the operation of the current facility in Gooding should be maintained until the new facility(ies) are established. *This recommendation is in alignment with standard 21 in the Standards for the blind/visually impaired and standard 20 in the Standards for the deaf/hard of hearing.* Supporting this recommendation will align with recommendation number 4 of this document, Full Continuum of Services for Children and Youth.

To establish a new facility or facilities in a metropolitan area, a plan will need to be developed for seeking:

- a. Location/space
- b. Funding

A detailed plan for relocation, including whether one campus/location will house two separate buildings/residential programs (one for the blind/visually impaired and one for the deaf/hard of hearing) or if two separate locations will be secured. One campus does not necessarily mean that the two programs cannot be separate and differentiated. Consideration needs to be given on how to provide efficient services while maximizing differentiation.

#### *Summit Recommendation*

A residential school is needed for the deaf/hard of hearing and for the blind/visually impaired.

1. A vote was taken via a raise of hands of summit participants. The vote indicated the program should be relocated to a metropolitan area to better serve Idaho's students.
2. Why is a residential program needed? Examples include:
  - a. Education in the Expanded Core Curriculum for the Blind/visually impaired
  - b. Social opportunities for both populations
  - c. Extracurricular activities for both populations
  - d. Funding issues for rural areas
  - e. Serves students with multiple needs
  - f. Incidental learning opportunities
  - g. Unwritten curriculum opportunities
  - h. Intensive language development
  - i. Sense of belonging and its relation to success
  - j. Servicing individual needs
  - k. Provides a needed component to the full continuum of services

## **Recommendation Four**

### **Adopt and Implement the Full Continuum of Service Delivery Options and Placements for Children and Youth Statewide**

#### *Summit Recommendation*

1. The full continuum of services in Idaho will be based on the federal definition:  
The Individuals with Disabilities Improvement Education Act (IDEIA) of 2004 states:  
Each public agency must ensure that a continuum of alternative placements is available to meet the needs of children with disabilities for special education and related services [Sec. 300 (b)(300)(115)(a)] (2004).

Additionally,

The continuum required in paragraph (a) of this section must--

- (1) Include the alternative placements listed in the definition of special education under Sec. 300.38 (instruction in regular classes, special classes, special schools, home instruction, and instruction in hospitals and institutions); and
- (2) Make provision for supplementary services (such as resource room or itinerant instruction) to be provided in conjunction with regular class placement [Sec. 300 (b)(300)(115)(b)](2004).

*This recommendation is in alignment with standard 21 in the Standards for the blind/visually impaired and standard 20 in the Standards for the deaf/hard of hearing.*

2. Recommendations for Early Intervention Services (Birth – 3)
  - a. Continue to include/increase:
    - i. Identification, family support/education
      1. Family involvement and support working well
    - ii. Delivery of services
    - iii. Infant/toddler program & services with the Department of Health and Welfare
      1. Memorandum of Understanding between agencies
    - iv. Use of technology
    - v. Centralized information available on a statewide level
3. Recommendations for Services for Children/Youth ages Three through Twenty-one
  - a. Standardize and avail transition services/process statewide
  - b. Services should be family-centered/student-focused
  - c. Improve family involvement/services from birth-3 to 3-21
  - d. Enforce standards with accountability
4. Recommendations for Post-secondary Services
  - a. Create centralized directory of services
  - b. Moving from family-centered to adult-client centered services
  - c. Intensive training around and in preparation for transitions
  - d. Collaborative services with higher education programs
5. Recommendations regarding the full continuum:
  - a. How to increase services and access to services so students/families have options
    - vi. Use 2-way video conferencing to increase family and educational support



**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS**  
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- vii. Regional centers become resource centers for the local education agency (families, teachers, etc.)
  - viii. Medicaid services may provide financial support
- b. Equitable funding regardless of student's placement (residential school, Local Education Agency)
- c. Year-round school calendar

## **Recommendation Five**

### **Create and Increase Instate Personnel Preparation Programs**

#### *Summit Recommendation*

1. Begin in-state personnel preparation program for Teacher of the Visually Impaired, Certified Orientation and Mobility, and Rehabilitation Teacher of the Blind (the new name is: vision rehabilitation therapists). The State of Idaho does not have a personnel preparation program for teachers of the visually impaired, certifiable orientation and mobility specialists and certifiable vision rehabilitation therapists.

*This recommendation is in alignment with standard 26 in the Standards for the blind/visually impaired.*

2. Use marketing techniques in order to recruit more highly capable professionals
3. Provide competitive salary and benefit schedules for professionals and/or recruitment packages
4. Strengthen Teacher of the Deaf and Interpreter Training programs (Current program is located at Idaho State University)
5. Quality of university personnel should be evaluated and approved

## **DISCUSSION**

The state of Idaho requires that a teacher be certified as a Teacher of the Visually Impaired yet the state does not have a Teacher of the Visually Impaired preparation program available. In 2001 Stephen F. Austin State University began preparing teachers in the Northwest (Idaho, Washington, Montana, and Wyoming) via synchronous and asynchronous distance education through a federal grant. The grant was a five-year grant awarded from the U.S. Department of Education, which was extended one year. The grant concluded July 31, 2007.

Students with visual impairments have unique educational needs which require special knowledge and experience of the teachers who. The critical shortage of certified Teachers of students with Visual Impairments has been a chronic problem for school systems. State law, federal law, and best practice in education require districts to provide services to students with visual impairments. Without trained and experienced certified Teachers of the Visually Impaired, students with visual impairments have limited access to a wide range of visual experiences which are essential to obtaining an education that is truly equivalent to the one provided for their sighted peers.

One of the most important disability-specific educational needs of students with visual impairments lies in the area of safe mobility in a variety of environments. To address this need, students must have access to regular services from a Certified Orientation and Mobility Specialist. The shortage in certified professionals in the field of visual impairment is just as critical for Certified Orientation and Mobility Specialists as for Teachers of Students with Visual Impairments.

Idaho needs an in-state personnel preparation program with state funding to support the program.

**Recommendation Six**  
**Increase Family and Mentor Involvement**

*Summit Recommendation*

1. Family and mentor involvement will be increased. Information and resources to families will be more easily accessible through centralized and shared resources.
  - a. Mentors will be available to families from birth
  - b. Identify mentor in Infant Family Service Plan/Individualized Education Program, which is driven by family and student need
  - c. Mentors for the Deaf/Hard of Hearing –
    - i. organized under the program for the deaf/hard of hearing
    - ii. mentors will receive supervision and support
    - iii. funding will be provided for mentor program
    - iv. take advantage of pre-established guidelines/training/curriculum (Gallaudet, Hands and Voices, etc.)
    - v. Mentors will be able to use American Sign Language, Cued Speech, Oral, etc.
  - d. Mentors for the Blind/Visually Impaired –
    - i. organized under the program for the blind/visually impaired
    - ii. mentors will receive supervision and support
    - iii. funding will be provided for mentor program
    - iv. take advantage of pre-established guidelines/training/curriculum (Texas School for the Blind/VI, National Federation of the Blind, Idaho School for the Deaf and the Blind and Idaho Commission for the Blind/Visually Impaired, etc.)
    - v. Mentors will be able to use braille, technology, low vision aids and devices, etc.
  - e. Locate mentors through Idaho's established service providers and organizations (e. g. Council for the Deaf and Hard of Hearing, National Federation of the Blind, etc.)
  - f. Use a variety of technology to connect with families
  - g. Parents as mentors –
    - i. the role of parents as mentors will be defined and differentiated from Deaf or Blind mentors
    - ii. funded, supported, and trained under central program
    - iii. parents who have "walked the walk" will be available for those who choose
  - h. All mentors will be trained, work under guidelines, and compensated for their time. Their roles/responsibilities will be defined.
  - i. Mentors' training includes knowledge of all resources and ethical responsibilities to honor family choice
  - j. Family Support –
    - i. classes for parents – accessible via technology
      1. braille, orientation and mobility, sign language, language development, etc

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- 2. opportunities for family short term visits to residential program to specific training/evaluation
- ii. Regional offices become resource centers for families
- iii. Establish Idaho Family Support Symposium

*These recommendations align with Section 5 in the Standards for the blind/visually impaired and Section 5 in the Standards for the deaf/hard of hearing.*

### **Recommendation Seven**

### **Create a Statewide System for Collaborating and Networking of Resources**

#### *Summit recommendation*

1. Create two committees (one for the deaf/hard of hearing and one for the blind/visually impaired) to plan efficient sharing and networking.
  - a. Committees will share responsibility of gathering, organizing, maintaining and distributing list of resources.
  - b. Committees will define the best system to assure easy access to resources, sharing ideas, knowledge, and expertise statewide.
  - c. The responsibilities of the committees shall include:
    - i. The development of a clearinghouse, and
    - ii. The coordination/utilization of resources

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**AUDIT COMMITTEE  
OCTOBER 9-10, 2008**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
	<b>FOUNDATION AGREEMENTS</b>	
<b>1</b>	a) Boise State University b) Idaho State University c) University of Idaho	Motion to approve

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**AUDIT COMMITTEE  
OCTOBER 9-10, 2008**

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**SUBJECT**

Board approval of Institution operating agreements with Foundations

**REFERENCE**

June 2008                      Audit Committee meeting update for Board of Education

**APPLICABLE STATUTE, RULE OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.E.

**BACKGROUND/DISCUSSION**

In June, the Audit Committee informed the Board that the institutions would bring the Foundation operating agreements, (pursuant to the revised policy section V.E., effective July 1, 2008), to the Board for approval.

The Committee agreed on a timeline to complete review of the operating agreements and for approval by the Board. The Audit Committee has worked with the institutions in formulating the three primary foundation agreements for Boise State University (BSU), Idaho State University (ISU), and University of Idaho (UI).

**IMPACT**

According to Board Policy V.E.2.a.(2) the Foundation "shall be brought into substantial conformance with these policies and, upon so doing; the institution shall provide prompt notice to the Board in order that the Board may recognize the affiliated foundation. Upon recognition by the Board, the organization of the nonprofit corporation or foundation is ratified, validated, and confirmed, and it shall be deemed to have been organized as if its organization had taken place under authority of this policy. Likewise, any new foundations established subsequent to implementation of this policy must be brought to the Board for formal recognition before such foundation begins operations."

**ATTACHMENTS**

Attachment 1 – BSU Foundation Operating Agreement	Tab A
Attachment 2 – ISU Foundation Operating Agreement	Tab B
Attachment 3 – UI Foundation Operating Agreement	Tab C

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends approval of the institutions' Foundation operating agreements.

**AUDIT COMMITTEE  
OCTOBER 9-10, 2008**

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**BOARD ACTION**

A motion to approve the Memorandum of Understanding between the Boise State University Foundation and Boise State University, and to recognize the Boise State University Foundation as an affiliated foundation to benefit Boise State University.

Motion by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_ No \_\_\_

A motion to approve the Operating Agreement between the Idaho State University Foundation and Idaho State University, and to recognize the Idaho State University Foundation as an affiliated foundation to benefit Idaho State University.

Motion by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_ No \_\_\_

A motion to approve the Operating Agreement between the University of Idaho Foundation and University of Idaho, and to recognize the University of Idaho Foundation as an affiliated foundation to benefit University of Idaho.

Motion by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_ No \_\_\_

# Memorandum of Understanding Between the Boise State University Foundation and Boise State University

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by and between Boise State University ("University") and Boise State University Foundation, an Idaho nonprofit corporation ("Foundation").

## RECITALS

A. The Foundation was organized and incorporated in 1964 for the purpose of stimulating voluntary private support from alumni, parents, friends, corporations, foundations, and others for the benefit of the University.

B. The Foundation exists independent from the University to advance the educational opportunities and environment at the University by raising and managing private resources supporting the mission and priorities of the University, and by providing opportunities for students and a margin of institutional excellence unavailable with state funds.

C. The Foundation accomplishes its work by funding positions and programs which appeal to long-term, trust-based relationships with prospective donors and friends of the University.

D. The Foundation is dedicated to assisting the University in the building of the endowment and in addressing, through financial support, the long-term academic and other priorities of the University.

E. As stated in its articles of incorporation, the Foundation is a separately incorporated 501 (c) (3) organization and is responsible for identifying and nurturing relationships with potential donors and other friends of the University; soliciting cash, securities, real and intellectual property, and other private resources for the support of the University; and acknowledging and stewarding such gifts in accordance with donor intent and its fiduciary responsibilities.

F. In connection with its fund-raising and asset-management activities, the Foundation may require expertise in planning for and managing private contributions and works with both the University and outside consultants to assist and advise in such activities.

G. This MOU is intended to further define the relationship between the University and the Foundation and to set forth policies and procedures that will contribute to the coordination of their collaborative activities.

H. This MOU has been reviewed and approved by the State Board of Education.

### **AGREEMENT**

In consideration of the mutual commitments herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

#### **I. Acknowledgment of University Governance**

A. The parties acknowledge that the State Board of Education is responsible for the governance of the University to include overseeing the mission, leadership, and operations; setting priorities and long-term plans; is legally responsible for the performance and oversight; and is responsible for the employment, compensation, and evaluation of all employees, including the President. The University President is the Chief Executive Officer of the University and is authorized to act on behalf of the University by the State Board of Education.

B. The parties agree that all actions taken pursuant to this MOU shall be in accordance with all University and State Board of Education policies and procedures governing the University.

#### **II. Acknowledgment of Foundation Governance**

A. The parties acknowledge that the Foundation is a separately incorporated 501(c)(3) nonprofit organization created to raise, manage, distribute, and steward private resources to support the various missions of the University.

B. The parties acknowledge that the Foundation's board of directors is responsible for the operations, control and management of the Foundation including assets of the Foundation and the prudent management of gifts consistent with donor intent.

C. The parties acknowledge that the Foundation is responsible for the performance and oversight of all aspects of its operations based on a comprehensive set of bylaws that clearly address the board's fiduciary responsibilities, including expectations of individual board members based upon ethical guidelines and policies.

D. The parties agree that all actions taken pursuant to this MOU shall be in accordance with the Foundation's articles and bylaws. In carrying out its purposes, the Foundation shall not engage in activities that conflict with federal

or state laws, rules and regulations (including, but not limited to all applicable provisions of the Internal Revenue Code and corresponding Federal Treasury Regulations), applicable policies of the State Board of Education, or the role and mission of the University.

E. All Foundation organizational documents, including but not limited to the articles of incorporation and bylaws, shall be provided to the State Board of Education. Any proposed amendments or changes to such documents shall be provided to the State Board of Education in advance of their presentation for approval by the approving bodies.

### III. The Foundation's General Relationship to the University

A. The Foundation shall continue to develop its own strategic plan in collaboration with University leadership. This plan will serve to shape the focus of the Foundation Board and inform the University and Foundation staff working on behalf of the Foundation of Foundation objectives.

B. The Foundation shall work with University personnel to identify, cultivate, solicit and steward donor support of University priorities.

C. The Foundation may provide resources and distribute gifts to the University in support of its programs and mission.

D. The Foundation shall maintain its own directors and officers liability insurance.

E. No Foundation employee shall receive direct payments, compensation, or other benefits from the University, provided, however, that Foundation employees may be subject to a form of employee loaning arrangement with the University as set forth in Section IX below.

F. For informational purposes, the Foundation shall provide the University President with an annual report regarding the Foundation's programs, as well as the Foundation's audited financial statement and other such other reasonable information as requested.

1. Not less than annually, the Foundation shall provide a written report to the University President setting forth the following items:

- a) the annual financial audit report;
- b) an annual report of Foundation transfers made to the University, summarized by department;
- c) an annual report of unrestricted funds received by the Foundation;
- d) an annual report of unrestricted funds available for use during the current fiscal year;
- e) a list of all of the Foundation's officers, directors, and employees;
- f) a list of University employees for whom the Foundation made payments to the University for supplemental compensation or any other approved purpose during the fiscal year, and the amount and nature of that payment;
- g) a list of all state and federal contracts and grants managed by the Foundation;
- h) an annual report of the Foundation's major activities;
- i) an annual report of each real estate purchase or material capital lease, investment, or financing arrangement entered into during the preceding Foundation fiscal year for the benefit of the University; and
- j) an annual report of (1) any actual litigation involving the Foundation during its fiscal year; (2) identification of legal counsel used by the Foundation for any purpose during such year; and (3) identification of any potential or threatened litigation involving the Foundation.

G. The Foundation may make restricted donations to the University. Such donated funds will only be expended by the University pursuant to the terms of such restrictions. The Foundation may also make unrestricted donations to the University. Such donated funds will be expended under the oversight of the University President in compliance with state law and University policies. All expenditures noted in this section must comply with the I.R.S. 501 (c) (3) code and be consistent with the Foundation's sole mission to support the University.

H. The Foundation shall not enter into any contract that would impose a financial or contractual obligation on the University without first obtaining the prior written approval of the University and, if required by applicable law or policy, the State Board of Education.

#### IV. The University's General Relationship to the Foundation

A. The University President shall be responsible for communicating University priorities and long-term plans to the Foundation.

B. The University recognizes that the Foundation is a private, nonprofit corporation with the authority to keep all records and data confidential consistent with the law.

C. The University shall include the Foundation as an active and prominent participant in the strategic planning for the University.

D. The University President shall work closely with the Foundation board and shall assume a prominent role in fund-raising activities. The President shall also attend Foundation board meetings by invitation, but shall not serve as a Foundation board member and shall not vote at such meetings.

E. The University shall establish and enforce policies that support the Foundation's ability to respect the privacy and preserve the confidentiality of donor records.

F. The Foundation Board of Directors shall have sole responsibility and authority for Foundation policy-making, financial oversight, spending authority, investment decisions, or supervision of Foundation employees.

1. No University employee who functions in a key administrative or policy making capacity for the University (including, but not limited to, any University Vice-President or equivalent position) shall be permitted to have responsibility or authority for Foundation policy making, financial oversight, spending authority, investment decisions, or the supervision of Foundation employees, including loaned employees.

G. No University employee shall receive direct payments, compensation, or other benefits from the Foundation.

H. The University shall continue to require all of its affiliated foundations and nonprofit organizations to direct revenue, including gift and membership dues, to the Foundation for management. Each separate affiliated nonprofit organization or foundation has as its corporate or organizational purpose the enhancement

and improvement of the University or its parts. As such, the parties acknowledge that it is proper and prudent for the Foundation to manage the funds of those affiliated foundations or nonprofit organizations.

I. The University and the Foundation acknowledge that the Foundation, as an independent entity, carries out functions for the benefit of the University. As such, the University shall share certain information with regard to donors, alumni and other such information needed by the Foundation to carry out its beneficial functions for the University. All such information shall be held by the Foundation as confidential and shall only be used in a manner that benefits the University.

J. The University will, on a regular basis and no less than once a year, transfer duplicate graduate (alumni) records to include all demographic and relationship data that might assist the Foundation in carrying out its mission. The University shall retain for its own purposes, student and graduate data to full-fill its service mission. Such transfer shall be accomplished via separate agreement between the parties.

#### V. Foundation Name, Seal and Logotype

Consistent with its mission to help to advance the plans and objectives of the University, the University grants the Foundation the limited, non-exclusive use of the name, Boise State University, for use in advancement purposes; however, the Foundation shall operate under its own seal and logotype and shall not use the University seal, logo or other identifying marks in the promotion of its own organizational business and activities.

#### VI. Foundation Responsibilities

##### A. Fund-Raising

1. The Foundation shall endeavor to create a relationship of trust, understanding and confidence conducive to increasing levels of private support for the mission and priorities of the University and shall accept gifts on behalf of the University.

2. The Foundation, in consultation with the University President, shall plan and execute comprehensive fund-raising and donor-acquisition programs in support of the institution's mission. These activities and any related services shall be provided by the Foundation as an independent organization.

3. The Foundation shall establish, adhere to, and periodically assess its gift and grant management and acceptance policies. It shall promptly acknowledge and issue receipts for all gifts and grants on behalf of the Foundation and the University and provide appropriate recognition and



stewardship of such gifts and grants. No gifts, grants or transfers of real or personal property will be accepted by the Foundation which do not comply with state law, State Board of Education policy, and University policy.

4. The Foundation shall not accept gifts or grants containing a condition committing the University contractually without prior written approval of the University President or VP for Finance and Administration.

5. The University shall coordinate fund-raising initiatives through the Foundation.

6. The University leadership shall work in conjunction with the Foundation board to identify, cultivate, and solicit prospects for private gifts.

7. The Foundation shall establish and enforce policies to protect donor confidentiality and rights. The donor database, as well as other data, materials and information of the Foundation pertaining to past, current or prospective donors, are proprietary to the Foundation and constitute its confidential information and trade secrets. The University shall not access information except in compliance with the Foundation's donor confidentiality policies. The Foundation and University shall take the steps necessary to monitor and control access to the donor database and to protect the security of the server and software relevant to the database.

8. The Foundation's Board of Directors shall foster an atmosphere of openness in its operations, consistent with the prudent conduct of its business. The parties understand that the Foundation is not a public agency or a governing body as defined in the Idaho Code and the Idaho Open Meeting Law and Access to public records statutes. Nothing in this MOU shall be construed as a waiver of the Foundation's right to assert exemption from these statutes.

9. The Foundation shall maintain and enforce a conflict of interest policy.

#### B. Asset Management

1. The Foundation shall establish asset-allocation, disbursement, and spending policies in accordance with applicable federal and state laws including the Uniform Prudent Investor Act (UPIA) and the Uniform Management of Institutional Funds Act (UMIFA).

2. The Foundation shall receive, hold, manage, invest, and disperse contributions of cash, securities, patents, copyrights, and other forms of property, including immediately vesting gifts and deferred gifts that are contributed in the form of planned and deferred-gift instruments.

3. The Foundation shall engage an independent accounting firm annually to conduct an audit of the Foundation's financial and operational records.
4. As part of the Foundation's fund management, all other University foundations shall utilize an accounting and database management system that is compatible with the Foundation. The Foundation shall have access to such information for purposes of fund and data management and the continued enhancement of the University.

#### C. Foundation Flexibility

1. The Foundation shall not acquire or develop real estate or otherwise build facilities for the University's use without first obtaining approval of the State Board of Education. In the event of a proposed purchase of real estate for such purposes by the Foundation, the University shall notify the State Board of Education at the earliest possible date of such proposed purchase for such purposes. Furthermore, any such proposed purchase of real estate for the University's use shall be a coordinated effort of the University and the Foundation. Any notification to the State Board of Education required pursuant to this paragraph may be made through the State Board's chief executive officer in executive session pursuant to Idaho law.
2. The Foundation shall conduct adequate due diligence on all gifts of real property that it receives. All gifts of real property intended to be held and used by the University shall be approved by the State Board of Education before acceptance by the University and the Foundation. In cases where the real property is intended to be used by the University in connection with carrying out its proper functions, the real property may be conveyed directly to the University, in which case the University and not the Foundation shall be responsible for the due diligence obligations for such property
3. The Foundation may serve as an instrument for entrepreneurial activities for the University and engage in such activities to further University purposes. Provided, however, that the University must receive the required approval of the State Board of Education in advance of any such action or commitment.
4. The Foundation may hold licensing agreements and other forms of intellectual property, borrow or guarantee debt issued by their parties, or engage in other activities to increase Foundation revenue. The terms of any agreements related to these purposes shall clearly delineate the Foundation's independence from the University. Provided, however, that the University must receive approval of the State Board of Education in

advance of any action or commitment by the University that requires such Board approval.

5. When distributing gift funds to the University, the Foundation will disclose any terms, conditions, or limitations imposed by donors or by law on the gift. The University will abide by such restrictions and provide appropriate documentation of such compliance to the Foundation.

#### D. Transfer of Funds

1. The Foundation is the primary depository of private gifts and will transfer funds to the designated entity within the University in compliance with applicable laws, University policies, and gift agreements.

2. Foundation funds shall be kept separate from institution funds.

3. No University funds, assets, or liabilities may be transferred directly or indirectly to the Foundation without the prior approval of the State Board of Education except when:

a) A donor inadvertently directs a contribution to the University that is intended for the Foundation; or

b) The University has gift funds that were transferred from and originated in the Foundation and the University wishes to return a portion of funds to the Foundation for reinvestment consistent with the original intent of the gift; or

c) The University has raised dedicated scholarship funds through an University activity and the University wishes to deposit the funds with the Foundation for investment and distribution consistent with the scholarship nature of the funds; or

d) Transfers of a *de minimis* amount not to exceed \$10,000 from the University to the Foundation provided such funds are for investment by the Foundation for scholarship or other general University support purposes. This exception shall not be interpreted to allow the transfer of any appropriated funds nor apply to payments by the University to the foundation for approved obligations of the University to the Foundation, operating expenses of the Foundation or other costs of the Foundation.

4. The Foundation's disbursements on behalf of the University shall be reasonable business expenses that support the University, are consistent with donor intent, and do not conflict with the law.

## VII. Foundation Funding and Administration

A. The Foundation shall be responsible for establishing a financial plan to underwrite the cost of Foundation programs, operations, and services.

B. The Foundation shall have the right to use a reasonable percentage of the annual unrestricted funds, assess fees for services, or impose gift taxes, to support its operations.

C. The University may provide to the Foundation office space, equipment, computer and telephone systems, utilities, and office supplies that may be necessary or required to fulfill its responsibilities and obligations pursuant to the terms of a written agreement described in Section IX below.

D. The Foundation shall maintain an annual operating budget and will provide a copy of the budget to the University President for informational purposes. Oversight of Foundation expenditures rests with the Foundation Audit Committee under review no less than once a quarter.

E. The Foundation will provide access to data and records to the University on a need-to-know basis in accordance with applicable laws, Foundation policies, and guidelines. The University shall, at any time, have access to the financial records of the Foundation. The scope of this right of the University shall be construed as broadly as needed to conduct a complete audit of the Foundation as such an audit would be conducted under generally accepted accounting procedures if the University should so require. The University need not conduct an actual audit to be afforded such access and shall be given such access at any time.

1. The University's access shall not include donor specific data such that would provide individually identifiable information about donors or their donations made to the Foundation.

F. The Foundation shall maintain a provision in its corporate documents for dissolution consistent with the State Board of Education Policy and applicable law.

## VIII. University Responsibilities

A. The University will work with the Foundation to ensure that the University and its affiliated organizations comply with all of the terms of MOU.

B. The University will develop and report fundraising goals to the Foundation regarding the development activities of University employees.

C. The University may provide administrative and other support for development activities of the Foundation so long as such services are provided in accordance with Section IX below.

D. University leadership will participate as spokespersons for the University and in donor solicitation as appropriate in support of the Foundation. The University shall educate its spokespersons regarding the independence of the Foundation from the University and instruct its spokespersons to communicate the Foundation's independence from the University.

#### IX. Services, Facilities, and Resources Provided by the Foundation and the University to One Another

A. The Foundation and University agree that in consideration for services, office space, equipment, computer and telephone systems, utilities, and offices supplies provided to one another, each party shall provide the other with fair and reasonable consideration to be negotiated annually by June 1 of the preceding fiscal year pursuant to a written agreement that specifies the nature of such services, facilities, and resources and the compensation that will be paid for such services by each of the parties. The rate assessed for the use of either party's services, facilities, and resources shall be at fair market value.

1. It is the intent of the parties that the University provide as little such support as reasonably necessary to support the Foundation's operation pursuant to this Section IX.A. The parties agree that the long term goal is that the Foundation become self sufficient.

B. The Foundation and the University shall enter into a written agreement establishing that certain identified employees of the University are subject to the direction and control of the Foundation (generally a "Loaned Employee Agreement"). The Loaned Employee Agreement shall also set forth the relative rights and responsibilities of the Foundation and the University with respect to such employees, including the following:

a. The Foundation shall have the right to choose to terminate the Loaned Employee Agreement in accordance with Foundation Procedures and applicable law, such termination may include election by the Foundation for non-renewal of the Loaned Employee Agreement.

b. Termination of the Loaned Employee Agreement in accordance with the Foundation procedures and applicable law shall result in a termination of the Loaned Employees' employment with the University, or non-renewal of the Loaned Employee's contract with the University, if any.

c. Loaned Employees shall be subject to the supervision, direction and control of the Foundation Board of Directors and shall report directly to the Foundation president or her/his designee.

d. The Loaned Employees shall be entitled to the fringe benefits of employment offered by the University. The Foundation shall be responsible for the cost of all compensation and benefit costs of the Loaned Employees working for the Foundation.

C. The Foundation agrees to provide a safe and proper working environment for the loaned employees. Since the Foundation has the right to control the employees, the Foundation (in addition to other indemnifications herein granted) hereby agrees to defend and indemnify the University from and against all claims that arise within the course and scope of the employment of such loaned employees and to act as the employer for all purposes under *respondeat superior*. The Foundation shall ensure that its employees do not represent themselves as agents or employees of the University. All employees covered by the Loaned Employee Agreement shall, for all practical purposes, be Foundation employees and shall not be considered employees of the University.

#### X. Meetings and Continued Communications Regarding MOU

To ensure effective achievement of the items of this MOU, the University and Foundation officers and board representatives shall hold periodic meetings to foster and maintain productive relationships and to ensure open and continuing communications and alignment of priorities.

#### XI. Miscellaneous

A. Indemnification. The University and the Foundation each agree to indemnify, defend and hold the other party, their officers, directors, agents and employees harmless from and against any and all losses, liabilities, and claims, including reasonable attorney's fees arising out of or resulting from the willful act, fault, omission, or negligence of the party, its employees, contractors, or agents in performing its obligations under this MOU. This indemnification shall include, but not be limited to, any and all claims arising from an employee of one party who is working for the benefit of the other party. Nothing in this MOU shall be construed to extend to the University's liability beyond the limits of the Idaho Tort Claims Act, Idaho Code §6-901 et seq.

B. Term and Termination.

1. The term of this MOU shall terminate upon the mutual written agreement of both parties.

2. As a prerequisite to any other termination of this MOU by either party, the parties agree to first follow and complete the mandatory process, in sequence, set forth in Section XI.C. (Dispute Resolution). If and only if all the mandatory steps in section XI.C. are followed in sequence, then, either party may, upon 90 days prior written notice to the other, terminate this MOU, and either party may terminate this MOU in the event the other party defaults in the performance of its obligations and fails to cure the default within 30 days after receiving written notice from the non-defaulting part specifying the nature of the default. Should the University choose to terminate this MOU by providing 90 days written notice or in the event of a default by the Foundation that is not cured within the time frame set forth above, the Foundation may require the University to pay (subject to the approval of the State Board of Education), within 180 days of written notice, all debt incurred by the Foundation on the University's behalf including, but not limited to, lease payments, advanced funds, and funds borrowed for specific initiatives. Should the Foundation choose to terminate this MOU by providing 90 days written notice or in the event of a default by the University that is not cured within the time frame set forth above, the University may require the Foundation to pay any debt the University holds on behalf of the Foundation in like manner. The parties agree that in the event this MOU shall terminate, they shall cooperate with one another in good faith to negotiate a new agreement within six (6) months. If a new agreement is not reached in such time and Section XI.C. (Dispute Resolution) has been followed, the parties shall refer the matter to the State Board of Education for resolution as provided for in Section XI.E. (Dissolution of the Foundation).

3. Termination of this MOU shall not constitute or cause dissolution of the Foundation except as provided for in the final sentence of Section XI.B.2.

C. Dispute Resolution. The parties agree that in the event of any dispute arising from this MOU, they shall first attempt to resolve the dispute by working together with the appropriate staff members of each of the parties. If the staff cannot resolve the dispute, then the dispute will be referred to the Chair of the Foundation and the University President. If the Foundation and University President cannot resolve the dispute, then the dispute will be referred to the Foundation Chair and the State Board of Education for resolution. If they are unable to resolve the dispute, the parties shall submit the dispute to mediation by

an impartial third party or professional mediator mutually acceptable to the parties.

D. Litigation. As a prerequisite to any litigation filed between the Foundation and the University on any matter whatsoever, the parties agree to first follow the process set forth in Section XI.C. (Dispute Resolution). If and only if all the mandatory steps in section XI.C. are followed in sequence and a dispute remains unresolved, then, in such case, either party shall have the right to initiate litigation arising from this MOU. In the event of litigation, the prevailing party shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including court costs, attorney fees, and other professional expenses.

E. Dissolution of Foundation. Consistent with provisions appearing in the Foundation's bylaws and its articles of incorporation, should the Foundation cease to exist or cease to be an Internal Revenue Code §501(c) (3) organization, the Foundation shall transfer its assets and property to the State Board of Education to be held for the use of the University, to the University, to a reincorporated successor Foundation in accordance with the law and donor intent.

F. Headings. Headings are for reference only and do not affect the interpretation of this MOU.

G. Governing Law. This MOU shall be governed by the laws of the state of Idaho.

H. Legal Representation. The parties acknowledge that they have retained separate legal counsel to draft and review this MOU on behalf of each party.

I. No Third Party Beneficiaries. This MOU shall not be construed to create any rights, remedies, or benefits upon any third party.

I. Separate Entities. At all times and for all purposes of this Memorandum of Understanding, the University and the Foundation shall act in an independent capacity and not as an agent or representative of the other party. The University and Foundation are independent entities and neither shall be liable for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members or employees

J. Non-Assignability. This Agreement is not assignable by either party, in whole or in part.

K. Severability. If any provision, term, or part of this MOU, except for the provisions of this MOU requiring prior appropriation, is held to be invalid, illegal, unenforceable, or in conflict with any law of the State of Idaho, the validity,



legality, and enforceability of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the MOU did not contain the particular part, term or provision held to be invalid.

L. List of Attachments.

a.	Loaned Employee Agreement	Page 17
b.	Support Agreement	Page 21
c.	Investment Policy	Page 23
d.	Amended Articles of Incorporation	Page 36
e.	Bylaws	Page 45
f.	Conflict of Interest Policy	Page 55

IN WITNESS WHEREOF, the parties have caused this MOU to be executed by their duly authorized officers as of the date first above written.

**UNIVERSITY:**

**FOUNDATION:**

\_\_\_\_\_  
President,  
Boise State University

\_\_\_\_\_  
Chair  
Boise State University Foundation

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Secretary  
Boise State University Foundation

Date: \_\_\_\_\_

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## EXHIBIT "A"

**AGREEMENT FOR LOANED EMPLOYEE BETWEEN  
BOISE STATE UNIVERSITY AND THE BOISE STATE UNIVERSITY FOUNDATION,  
INC.**

THIS AGREEMENT is entered into by and between BOISE STATE UNIVERSITY, a state educational institution, and a body politic and corporate organized and existing under the laws of the state of Idaho ("University"), and BOISE STATE UNIVERSITY FOUNDATION, a private nonprofit corporation ("BSUF").

**BACKGROUND**

A. The BSUF is incorporated as a 501(c)(3) organization and raises and manages private funds for the benefit of the University, and

B. University has agreed to loan its employee, \*\*\*\*\*("Loaned Employee"), to BSUF to act in the capacity of \*\*\*\*\* for BSUF.

**AGREEMENT**

The parties agree as follows:

**1. Relationship between Loaned Employee and University.**

a. Loaned Employee may be an exempt, fiscal year employee of the University subject to all applicable policies and procedures of the State Board of Education ("SBOE") and the University, or a classified employee subject to the applicable State of Idaho, SBOE and/or University rules and procedures.

b. Loaned Employee will be paid at a fiscal year salary rate of \$\*\*\*\*, payable on the regular bi-weekly paydays of the University. Loaned Employee will be entitled to University benefits to the same extent and on the same terms as other full-time University employees of her/his classification.

c. University shall be responsible for the payment of all salary and benefits to Loaned Employee. University shall be responsible for all payroll-related taxes, benefits costs, and other related payroll costs arising out of the Loaned Employee's employment with University.

**2. Relationship between BSUF and Loaned Employee.**

a. Loaned Employee will work full time and shall be under the exclusive supervision, direction and control of the BSUF Board of Directors during the performance of her/his duties under this Agreement. Loaned Employee will report directly to BSUF President or her/his designee, who shall determine her/his duties. Loaned Employee will be considered a loaned employee under the workers'

compensation law of the State of Idaho.

**b.** BSUF is solely responsible for payment of income, social security, and other employment taxes, if any, due to the proper taxing authorities arising from its payment of reimbursements to Loaned Employee. BSUF agrees to indemnify, defend, and hold the University harmless from any and all liabilities, losses, claims or judgments relating to the payment of these taxes.

**c.** No later than ninety (90) days prior to the end of the term of this Agreement, and each subsequent term, if any, BSUF will evaluate the performance of Loaned Employee. In the case where the Loaned Employee is a classified employee, such evaluation shall occur in accordance with rules and procedures applicable to such employees. BSUF will provide a copy of the evaluation document to the University no later than fourteen (14) days after the evaluation is completed.

**d.** BSUF may terminate or non-renew Loaned Employee's employment contract, or discipline Loaned Employee in accordance with BSUF's procedures and applicable law, any such termination or non-renewal shall constitute grounds for termination, non-renewal or discipline of Loaned Employee by the University. Provided however, particularly when the Loaned Employee is a classified employee, any contemplated termination shall be subject to applicable legal and procedural requirements of the State of Idaho and the University.

### **3. Relationship between BSUF and University.**

**a.** BSUF will reimburse University for one hundred percent (100%) of the University's total cost of Loaned Employee's salary and benefits including payroll-related taxes, benefits, and other related payroll costs and the costs associated with travel approved by BSUF. Such costs will be billed quarterly and paid to the University.

**b.** University shall maintain accurate books and account records reflecting the actual cost of all items of direct cost for which payment is sought under this Agreement. At all reasonable times, BSUF shall have the right to inspect and copy said books and records, which the University agrees to retain for a minimum period of one year following the completion of this Agreement.

**c.** The furnishing of Loaned Employee shall not be considered a professional service of the University. At no time during the performance of this Agreement shall the Loaned Employee receive or act under instructions from the University regarding the work performed on behalf of BSUF.

**d.** University shall have no liability to BSUF for loss or damage growing out of or resulting from the activities of the Loaned Employee. BSUF therefore agrees to release, defend, indemnify and hold harmless the state of Idaho, University, its governing board, officers, employees, and agents, and the Loaned Employee from and against any and all claims, demands, losses, damages, costs, expenses, and liabilities, including but not limited to injuries (including death) to persons and for damages to

property (including damage to property of BSUF or others) arising out of or in connection with the activities of the Loaned Employee under this Agreement. The limitation on liability and any agreement to defend, indemnify, or hold harmless expressed in the Agreement shall apply even in the event of the fault or negligence of the Loaned Employee.

#### **4. General Terms**

**a. Term, Termination.** This Agreement will terminate on the same day as Loaned Employee's contract as an exempt employee of the University terminates, or in the case of classified employees, after applicable rules and procedures have been followed, or upon Employee's resignation or other separation from employment, whichever is earlier. By mutual written consent, in conjunction with any renewal of the Loaned Employee's contract as an exempt employee of the University, the parties may extend the term of this Agreement for a term equal to the term of the exempt Loaned Employee's renewed contract with the University, or in the case of a classified employee, continued into the next ensuing fiscal year, such that the term of this Agreement shall always be equal to the term of Loaned Employee's status as an exempt or classified employee of the University. The Loaned Employee remains subject to all applicable SBOE and University policies, including but not limited to policies regarding nonrenewal of fixed term appointments and termination or discipline for adequate cause, and where applicable, rules and procedures pertaining to classified employees.

**b. Governing Law.** This Agreement will be governed by the laws of the State of Idaho as an agreement to be performed within the State of Idaho. The venue for any legal action under this Agreement shall be in Ada County.

**c. Notice.** Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

#### **To BSUF:**

Boise State University Foundation  
President  
1910 University Drive  
Boise, ID 83725-1030

#### **To the University:**

Boise State University  
Vice President for Finance and Administration  
1910 University Drive  
Pocatello, ID 83725-1200

**To the Loaned Employee:**

\*\*\*\*

Last address on file with University's Human Resources

Notice shall be deemed given on its date of mailing, faxing, or upon written acknowledgment of its receipt by personal delivery, whichever shall be earlier.

**d. Waiver.** Waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained.

**e. Attorney's Fees.** In the event an action is brought to enforce any of the terms, covenants or conditions of this Agreement, or in the event this Agreement is placed with an attorney for collection or enforcement, the successful party to such an action or collection shall be entitled to recover from the losing party a reasonable attorney's fee, together with such other costs as may be authorized by law.

BOISE STATE UNIVERSITY

BOISE STATE UNIVERSITY  
FOUNDATION, INC.

\_\_\_\_\_  
Stacy Pearson, Vice President  
Finance and Administration

\_\_\_\_\_  
\_\_\_\_\_, President

Date:\_\_\_\_\_

Date:\_\_\_\_\_

\_\_\_\_\_  
Howard Smith, Vice President  
University Advancement

Date:\_\_\_\_\_

LOANED EMPLOYEE concurrence and commitment:

\_\_\_\_\_  
Date:\_\_\_\_\_

**SUPPORT AGREEMENT**

This Agreement made this \_\_\_\_\_ day of \_\_\_\_\_, 2008 between Boise State University ("University") and Boise State University Foundation, Inc., an Idaho nonprofit corporation ("Foundation").

In consideration of the mutual commitments contained herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The University agrees to provide necessary employee staff support to the Foundation. All matters relating to personnel, including staffing level, compensation, benefits, and performance evaluation will be decided by the University, except that the Foundation Chair may annually provide performance evaluations of any or all of its staff support to the President of the University who may consider it as deemed appropriate. The Foundation retains the right to contract directly with persons or entities, as it deems necessary to carry out its functions, including fund-raising consultants, accountants, attorneys, and investment managers.
2. The University grants to the Foundation permission to use office space; office furnishings; equipment; and computer and telephone systems on the campus of the University essential for the Foundation to fulfill its mission as agreed to by the parties, in accordance with University and Foundation policies.
3. The University will provide utilities; information technology support and online access to such University files as are relevant to the business and purpose of the Foundation; building and grounds maintenance and repairs; property insurance; and access to the University's auxiliary services including graphics, mail service, and related activities.
4. In consideration for the support specified in Sections 1, 2, and 3 hereof, the Foundation will provide the University with fair and reasonable compensation. The amount of the compensation will be agreed upon annually by the Board of Directors of the Foundation and the President of the University or his/her designee. Prior to June 1 of each year, the University and the Foundation will disclose to each other their budgets to support the Foundation.
5. In the event that either party provides services, equipment or personnel ("Support") not specified in this Agreement to the other party, the parties will agree to the specification of the Support and the fair and reasonable consideration in an Addendum to this Agreement signed by both parties.
6. The term of this agreement shall begin on the date hereof and shall continue thereafter with the following exceptions:
  - (a) either party shall serve notice to the other in writing of its decision to terminate the provisions of this Agreement, in which event this Agreement shall terminate at the conclusion of the fiscal quarter in which such notice is given.
  - (b) the Memorandum of Understanding dated \_\_\_\_\_, 2008 between the Parties terminates, in which event, this Agreement will terminate on the same date as the Memorandum of Understanding.

**DRAFT** Support Agreement

Page 2

Upon termination of the provisions of this Agreement, all rights and obligations hereunder shall forthwith terminate, except for rights and obligations accrued prior to termination in respect of payment for Support and reimbursement pursuant to Section 4.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

**UNIVERSITY:****FOUNDATION:**

\_\_\_\_\_  
President,  
Boise State University

\_\_\_\_\_  
Chair,  
Boise State University Foundation, Inc.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Secretary,  
Boise State University Foundation, Inc.

Date: \_\_\_\_\_



# **Boise State University Foundation**

## **STATEMENT OF INVESTMENT POLICY**

**JUNE 2007**

## Statement of Investment Policy for The Boise State University Foundation

### INTRODUCTION AND PURPOSE

The intent of this Statement is to articulate an investment strategy with specific parameters that reflect the philosophy of the Board of Directors (the “Board”), thereby providing the Investment Committee (the “Committee”) with clearly defined policies and objectives. Although these policies and objectives are intended to govern investment activity, they are intended to be sufficiently flexible in order to be practical.

### INVESTMENT PHILOSOPHY STATEMENT

The following statements represent the investment principles and philosophy governing the investment of funds held by the Boise State University Foundation (the “Foundation”). These statements describe the core values and beliefs that form the basis for investment decision making.

These commonly held fundamental investment beliefs are:

1. That the single most important decision that the Committee makes is the long-term asset allocation decision. As a result, nearly all of the absolute levels of investment returns are attributable to the Committee’s decisions regarding asset allocation, not manager implementation.
2. That the capital markets are mean-reverting by nature. The Committee will therefore use long-term strategic asset class allocations and rebalance to those allocations within suitable ranges.
3. That the achievement of long-term investment goals is derived directly from sound investment strategy decisions and efficient and consistent implementation of the strategy. *Ad-hoc* asset allocation or manager allocation changes (usually in reaction to recent market performance) are likely to result in poor outcomes that will impair the long-term performance of the funds. As a result, the Committee will delegate all tactical implementation decisions to its investment managers and will avoid *ad-hoc* re-allocations to any manager or asset class in reaction to recent market conditions.
4. That the achievement of the Foundation’s long-term investment goals necessitates that the investment strategy be based on using a combination of asset classes (and sub-asset classes) that has a reasonable probability of achieving the Foundation’s goals. As a

result, the Committee will periodically conduct asset allocation studies to assess the probability of achieving its long-term goals.

5. That market timing is ineffective as a market strategy for institutional funds. As a result, the Committee will remain fully invested in all long-term mandates and avoid interest rate anticipation as the primary means of adding value in fixed income mandates.
6. That some asset classes are inefficient and active managers can clearly add value. Other asset classes, most notably the domestic large-cap equity market, are more efficient. As a result, the Committee will allocate assets between active and passive (index) allocations based on its ability to identify active managers that can add value net of fees and expenses.
7. That it is necessary to use long time frames and appropriate benchmarks to fairly evaluate active manager performance. Active managers are, by definition, different than a passive index. Differences in manager styles (growth, value) and market capitalization will have multi-year cycles. Additionally, active managers may be hired specifically to have different risk characteristics than popular indices. As a result, even the best performing managers will have periods of both under- and out-performance relative to popular indices. In establishing individual manager investment objectives and in evaluating manager performance:
  - a. The Committee will use long time frames (rolling 3- and 5-year periods),
  - b. The Committee will set appropriate investment objectives using relevant style and capitalization benchmarks,
  - c. The Committee will evaluate managers on a risk-adjusted basis.
8. Investment implementation should be cost and resource effective. When evaluating new and current asset classes, managers and implementation strategies, the Committee will evaluate both the implementation and monitoring costs and requirements, as well as the incremental benefits in terms of both risk and reward to the funds. The Committee will utilize only those investment strategies that are expected to provide meaningful benefits to the funds, net of implementation and monitoring costs and risks.

## **DELEGATION OF RESPONSIBILITIES**

### **Relationship between Board and the Investment Committee**

The Board is responsible for the overall stewardship of the Foundation. The Board has delegated to the Committee the responsibility to oversee the Foundation's investment activities on the Board's behalf.

The Committee has the responsibility to ensure that the assets of the Foundation are managed in a manner that is consistent with the policies and objectives ratified by the Board. In so doing, the Committee will comply with all applicable laws.

The Committee members are required to discharge their duties solely in the interest of the Foundation and for the exclusive purpose of meeting the financial needs of the Foundation. The Committee is authorized to engage the services of Investment Managers who possess the necessary specialized research capabilities and skill to meet the investment objectives and guidelines of the Foundation. The Committee will require the Investment Managers to adhere to any policies adopted by the Board.

The Committee's responsibilities include:

1. Developing and recommending to the Board investment objectives that are consistent with the financial needs of the Foundation, and the policy asset allocation consistent with meeting those objectives;
2. Selecting investment managers;
3. Reviewing and evaluating investment results in the context of predetermined performance standards, and implementing corrective action as needed; and
4. Recommending Spending Rate guidelines to the Board.

### **Consultant**

The Committee may elect to engage an independent investment-consulting firm to assist the Committee's activities. The Consultant is expected to be proactive in recommending changes in investment strategy, asset allocation, and investment managers if the situation warrants change. The Consultant's responsibilities include:

1. Assisting in the development of investment policies, objectives, and guidelines;
2. Preparing asset allocation analyses as necessary and recommending asset allocation strategies with respect to the Foundation's objectives;
3. Recommending Investment Managers (including search and selection);
4. Preparing and presenting performance evaluation reports in accordance with CFA Institute promulgated standards;
5. Attending Committee meetings to present evaluation reports no less than semi-annually and at other meetings as requested;
6. Reviewing contracts and fees for both current and proposed Investment Managers and Custodians;

7. Providing research on specific issues and opportunities, and assisting the Committee in special tasks;
8. Assisting in rebalancing;
9. Communicating investment policies and objectives to the Investment Managers, and monitoring their adherence to such policies and reporting all violations to the Committee and the Director of Finance;
10. Notifying the Committee and Director of Finance of any significant changes in personnel or ownership of the consulting firm;
11. Notifying the Committee and Director of Finance of any significant changes in portfolio managers, personnel or ownership of any investment management firm hired by the Foundation;
12. Notifying the Committee and Director of Finance of any litigation or commencement of a regulatory administrative proceeding or enforcement action in which any Investment Manager is involved; and
13. Overall, being proactive with the Administration of the Foundation and the Committee in the management of the Foundation investments.

### **Investment Managers**

Investment Managers are expected to pursue their own investment strategies within the guidelines created for the manager in accordance with the Foundation's asset allocation strategy and manager selection criteria. Coordination of the guidelines for the individual managers assures the combined efforts of the managers will be consistent with the overall investment objectives of the Foundation.

The Investment Managers' responsibilities include:

1. Investing assets under their management in accordance with agreed upon guidelines and restrictions;
2. Exercising discretionary authority over the assets entrusted to them, subject to these guidelines and restrictions;
3. Providing written documentation of portfolio activity, portfolio valuations, performance data, and portfolio characteristics on a monthly basis in addition to other information as requested by the Committee, Executive Director, Director of Finance or Consultant;
4. Voting proxies for the assets under management (companies held within the portfolio) in the best interest of the Foundation; and

5. Annually providing to the Foundation either a copy of the investment advisor's form ADV Part II (SEC required disclosure document), a copy of the investment company's annual report, and/or a copy of the fund's updated prospectus (SEC requirement at the end of the fiscal year).
6. Notifying the Consultant, Committee, and Director of Finance of any significant changes in portfolio management style, personnel or ownership of the investment management firm;
7. Notifying the Consultant, Committee, and Director of Finance of any litigation or commencement of a regulatory administrative proceeding or enforcement action in which any Investment Manager is involved;

**The Foundation Custodian's responsibilities include:**

1. Providing timely reports detailing investment holdings and Foundation transactions monthly to the Director of Finance and Consultant.
2. Providing an annual summary report to the Director of Finance and the Consultant within 30 days following each fiscal year end. The report will include the following:
  - a. Statement of all property on hand;
  - b. Statement of all property received representing contributions to the Foundation;
  - c. Statement of all sales, redemptions, and principal payments;
  - d. Statement of all distribution from and contributions to the Foundation;
  - e. Statement of all expenses paid;
  - f. Statement of all purchases; and
  - g. Statement of all income.
3. Providing all normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, daily investment of cash, etc.
4. Preparing additional Foundation reports as requested by the Board, Committee, Consultant, or Director of Finance.

## INVESTMENT POLICIES AND OBJECTIVES

### Objectives and Guidelines

**Objective:** The Investment objective is to provide a rate of return over inflation sufficient to support in perpetuity the mission of the Foundation. It is particularly important to preserve the value of the assets in real terms to enable the Foundation to maintain the purchasing power of the spending on programs and administration without eroding the real value of the principal corpus of the Foundation.

### General Investment Considerations and Constraints:

- **Risk:** The Committee will seek to limit the overall level of risk commensurate with the chosen Policy Asset Allocation.
- **Liquidity:** At times, cash may be required to satisfy the needs of the Foundation. The Foundation should have sufficient liquid assets to meet such foreseeable requirements.
- **Time Horizon:** The Foundation has an infinite life. An investment Time Horizon of twenty years is appropriate.
- **Taxes:** The Foundation is tax-exempt.

### Return Need

The long-term net compound return need shall be established as the goal rate of return for the Foundation over the Time Horizon. The Return Goal shall consist of a spending rate, an assumed rate of inflation and investment management fees. These items and their function in the overall return need are established below:

Components of Return Need

	Return Need	Goal Return
Spending Rate	4.00%	4.00%
Administrative Fee	1.50%	1.50%
Inflation Rate	2.50%	2.50%
Desired Growth	-	1.00% *
<b>Long-Term Return Need (<i>Net of Fees</i>)</b>	<b>8.00%</b>	<b>9.00%</b>

\*Desired growth target includes fundraising activities in addition to capital appreciation.

The following goals are designed to support achievement of the Foundation's Investment Objective and are net of (after) investment expenses.

1. Total Foundation assets should achieve an annualized rate of return equal to or greater than that of the Return Need over trailing five-year time periods.
2. Total Foundation assets should return, over trailing three year periods, a nominal rate of return greater than or equal to a hypothetical index portfolio consisting of 35% Russell 3000, 26% MSCI-EAFE, 9% MSCI-EMF, 15% Lehman Aggregate Bond, 10% Citigroup Inflation Linked Bond and 5% Wilshire REIT Index.

### **Spending Rate Policy**

#### *Spending Rate*

The Spending Rate of the Foundation will be reviewed at least annually in light of evolving trends with respect to investment performance and the needs of the Foundation, and will be adjusted as necessary.

Unless otherwise directed by the donor for a specific endowed gift, the annual Distribution rate shall not exceed 4% of the trailing 3-year average market value of the Foundation, as determined each December 31st.

#### *Total Return Policy*

The Board has adopted a "total return" approach to calculating investment returns.

In recognition of these facts, the Committee will consider the Foundation's total return from both income and net realized and unrealized capital gains when recommending the Spending Rate Policy. When distributions are made, they will be withdrawn from the Foundation regardless of the portion of the total return that is from capital gains or from income, subject to applicable gift agreement restrictions.

### **Asset Allocation**

The single most important decision made by the Committee is the Policy Asset Allocation decision. Investment research has determined that a significant portion of a portfolio's investment behavior can be attributed to: (1) the asset classes/styles which are employed by the Foundation; and (2) the weighting of each asset class/style.

It is the responsibility of the Committee to identify the Policy Asset Allocation that offers the highest probability of achieving the Foundation's Investment Objectives. The Committee, with guidance and recommendations from their Consultant, shall review the asset mix on an ongoing basis and recommend revisions as necessary.

The Policy Asset Allocation shall be determined based on a comprehensive asset allocation study completed by the Consultant and reviewed from time to time by the Committee. The Policy



Asset Allocation of the Foundation, as presented in **Appendix A**, is designed to give balance to the overall structure of the Foundation's investment program over the Time Horizon. However, many factors over time may necessitate an asset allocation review and possible rebalancing. These factors include an ongoing assessment by the Consultant and the Committee of the comparative long-term outlook for all available types of asset classes and styles.

### Permissible Investments

The Policy Asset Allocation of the Foundation is expected to include a wide range of asset classes. These asset classes and their relative comparative indices are displayed below.

#### COMPARATIVE INDICES FOR INVESTMENT MANAGERS

ASSET CLASS	COMPARATIVE INDEX
<b>Equity</b>	
<i>Domestic Equity</i>	
U.S. All-Cap Stocks	Wilshire 5000
U.S. Large Stocks	S&P 500
U.S. Large Value Stocks	Russell 1000 Value
U.S. Large Growth Stocks	Russell 1000 Growth
U.S. Large Quality Stocks	S&P 500
U.S. Mid Stocks	S&P MidCap 400
U.S. Small Stocks	Russell 2000
U.S. Small Value Stocks	Russell 2000 Value
U.S. Small Growth Stocks	Russell 2000 Growth
U.S. Real Estate Investment Trusts	Wilshire REIT Index
<i>International Equity</i>	
Int'l Large/Mid Stocks	EAFE (\$US)
Int'l Small Stocks	Citigroup EMI EPAC
Emerging Mkt Stocks	MSCI Emg. Markets Free Index
<b>Fixed Income</b>	
Domestic Fixed Income	Lehman Aggregate
Global Fixed Income	Citigroup World Gov't Bond
U.S. Inflation Protected Fixed	Citigroup Inflation Linked Bond
U.S. High Yield	Citigroup High Yield
Emerging Mkt Bonds	JPM Emerging Mkt Bond
Cash Equivalents	U.S. Treasury Bills
<b>Alternatives</b>	
Private Equity	Venture Economics
Absolute Return (Hedge Funds)	HFR Fund of Funds
Real Assets	N/A

**Portfolio Rebalancing**

Since asset allocation is the most critical component of the Foundation's returns, it is desirable to rebalance the portfolio periodically to minimize deviations from the Policy Asset Allocation mix.

The Committee may elect to rebalance the portfolio to reach the Policy Asset Allocation at any time. However, the portfolio shall be rebalanced in the event any individual marketable asset class differs from policy ranges (minimum or maximum) by more than 20% of the target weight, but with a minimum deviation threshold of 2% of the total portfolio value.

The Consultant will inform the Director of Finance after the close of any month in which rebalancing is advisable. The Consultant, together with the Director of Finance, will complete the rebalancing process. The Consultant will assist the Director of Finance as needed in implementing such rebalancing.

**Other Non-Endowment Assets**

The Board may, from time to time, establish investment portfolios other than the Endowment Fund. Asset allocation and investment guidelines for these portfolios will be developed as needed and, when appropriate, in consultation with the donor.

The Foundation is the trustee for several charitable remainder trusts and is the beneficiary for other trusts. The Investment Committee shall monitor the activity, investment policy and investment performance of the trusts.

The Foundation owns several parcels of real estate as the result of individual gifts and purchases made in the interest of the University. The Investment Committee has appointed a real estate subcommittee to monitor these properties, review potential gifts and make recommendations regarding disposition to the Board.

The trust assets and parcels of real estate are not included in the Foundation's investment asset allocation, nor are they included in the Consultant's purview.

**Investment Policies for Investment Managers**

The following are performance goals and constraint guidelines placed on individual managers within specific asset classes:

*All Traditional Managers*

1. Index (passive) managers shall be terminated if performance or volatility significantly differs from that of the benchmark.
2. Active managers may be terminated due to philosophical changes, management turnover, poor long-term investment performance, or other material changes.

*Alternative Investments*

1. Alternative investment managers typically must have significant latitude in the strategies and investments they make and the leverage they introduce into a portfolio. As a result, it is generally not feasible to impose guidelines and restrictions on such managers. Instead, the Committee may choose to terminate a manager, subject to the manager's liquidation policy, if they are dissatisfied with the manager and/or his strategy.

*Other*

1. *Securities Lending:* Investment Managers (via a written contract with the Foundation), may engage in securities lending, or the "loan" of the Foundation's securities in return for interest, to broker dealers as a means of enhancing income.
2. *Related Party Transaction:* The Foundation will not loan funds to related parties, defined as an officer, Board member, Committee member, employee, or donor, either current or prospective.

**Procedure for Revising the Statement of Investment Policy**

This Statement of Investment Policy will be reviewed at least annually by the Committee. The Board must approve material changes to the Statement. Any deviation from the Policy Asset Allocation of the combined asset sectors (i.e., total equities, total fixed income, or total alternative investments) would represent a material change and shall be approved by the Board.

**Conflicts of Interest**

All persons responsible for investment decisions or who are involved in the management of the Foundation or who are consulting to, or providing any advice whatsoever to the Committee, shall disclose in writing at the beginning of any discussion or consideration by the Committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Committee may require such persons to remove themselves from the decision-making process.

Any members of the Committee responsible for investment decisions or who are involved in the management of the Foundation shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Committee. The intent of this provision is to eliminate conflicts of interest between committee membership and the Foundation. Failure to disclose any material benefit shall be grounds for immediate removal from the committee. This provision shall not preclude the payment of ordinary fees and expenses to the Foundation's custodian(s), Investment Managers, or Consultant in the course of their services on behalf of the Foundation.

REVISION DATE: JUNE 2007

\* \* \* \* \*

The foregoing Statement of Investment Policy was approved at a meeting of the Board of Directors on this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

Signatures:

\_\_\_\_\_  
Chair, Board of Directors

\_\_\_\_\_  
Chair, Investment Committee

## APPENDIX A

## Part I

## POLICY ASSET ALLOCATION

		HA Research Portfolio
		0
<b>Growth Assets</b>		
US All-Cap Stocks		13%
US Large Stocks		
US Large Growth Stocks		7%
US Large Quality Stocks		7%
US Large Value Stocks		
US Mid Stocks		
US Small Stocks		
US Small Value Stocks		
	<i>US Equity</i>	<i>27%</i>
Intl Large Stocks		16%
Intl Small Stocks		4%
Intl Emerging Market Stocks		7%
	<i>Intl Equity</i>	<i>27%</i>
Private Equity / Special Situations		6%
<b>Total Growth Assets</b>		<b>60%</b>
<b>Risk Reduction Assets</b>		
Cash		
US / Global Fixed Income		10%
Hedge Funds		10%
<b>Total Risk Reduction Assets</b>		<b>20%</b>
<b>Inflation Protection Assets</b>		
US Inflation Protected Fixed		10%
Real Assets		10%
<b>Total Inflation Protection Assets</b>		<b>20%</b>
<b>Total</b>		<b>100%</b>

**SPACE FOR SECRETARY OF STATE**

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**AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
BOISE STATE UNIVERSITY FOUNDATION, INC.**

The Articles of Incorporation of Boise State University Foundation, Inc. are amended and restated in their entirety pursuant to these Amended and Restated Articles of Incorporation in accordance with Idaho Code §§ 30-3-90 and 30-3-94.

**ARTICLE I.**

**NAME**

The name of the corporation is Boise State University Foundation, Inc.

**ARTICLE II.**

**PERIOD OF DURATION**

The period of its duration shall be perpetual.

**ARTICLE III.**

**PURPOSE**

The corporation is organized and shall be operated exclusively for charitable, scientific, literary or educational purposes within the meaning of and pursuant to section 501(c)(3) of the Internal Revenue Code of 1986 (or under the corresponding provision of any future United States Internal Revenue law). Specifically, the corporation shall only engage in activities designed to support and benefit Boise State University (the "University"), including,

but not limited to the following: (1) receiving contributions from individuals, businesses, governmental units and other institutions who wish to support the educational mission and activities of the University; (2) holding, protecting, managing, and investing such funds (including maintaining and operating permanent endowment funds) for the benefit of the University; (3) maintaining and operating permanent endowment funds for the benefit of the University; and (4) distributing funds from time to time in order to provide support to the University, including distributions for educational scholarships for students attending the University, as well as specific capital, educational or other projects as may be identified by the University. References in these Amended and Restated Articles of Incorporation to the “Code” shall be to the Internal Revenue Code of 1986, as amended from time to time.

#### **ARTICLE IV.**

##### **POWERS**

The corporation shall have all powers provided for nonprofit corporations under the Idaho Nonprofit Corporation Act.

#### **ARTICLE V.**

##### **LIMITATIONS**

A. No part of the income or net earnings of the corporation shall inure to the benefit of, or be distributable to, any director or officer of the corporation or any other private individual (except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes, and reimbursement may be made for any expenses incurred for the corporation by any officer, director, agent or employee, or any other

person or corporation, pursuant to and upon authorization of the Board of Directors); and provided further that no director or officer of the corporation, or any other private individual shall be entitled to share in any distribution of any of the corporate assets on dissolution of the corporation or otherwise. No substantial part of the activities of the corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, except as otherwise provided in section 501(h) of the Code. The corporation shall not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of, or in opposition to, any candidate for public office.

B. No part of the assets of the corporation shall inure to the benefit of or be distributable to any organization whose income or net earnings or any part thereof inure to the benefit of any private shareholder or other individual or any substantial part of the activities of which consists of carrying on propaganda or otherwise attempting to influence legislation.

C. Upon dissolution of the corporation, all of its assets shall be paid over to the Idaho State Board of Education to be held and used for the continued support and benefit of the University or its successor entity. If the University or a successor entity is not then in existence (or is not then an organization described in Section 501(c)(3) of the Code), the assets of the corporation upon dissolution shall be distributed to such qualified organization or organizations as the Board of Directors shall designate. An organization shall be deemed to be a “qualified organization” for purposes of this Article V only if at the time of the distribution of assets it is an organization described in Section 501(c)(3) of the Code, contributions to which are deductible under Section 170(c)(2) of the Code.



D. Notwithstanding any other provision hereof, this corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization which is tax-exempt under the provisions of section 501(c)(3) of the Code.

E. Notwithstanding any other provision of these Amended and Restated Articles of Incorporation during any period that the corporation is a “private foundation” within the meaning of section 509 of the Code, the corporation shall be required to distribute its income for each taxable year of the corporation at such time and in such manner as not to subject the corporation to tax under section 4942 of the Code; and the corporation shall be prohibited from engaging in any act of self-dealing as defined in section 4941(d) of the Code, from retaining any excess business holdings in violation of the provisions of section 4943(c) of the Code, from making any investments in such manner as to subject the corporation to tax under section 4944 of the Code, and from making any taxable expenditures as defined in section 4945(d) of the Code.

## **ARTICLE VI.**

### **NO MEMBERS**

The corporation shall not have any members.

## **ARTICLE VII.**

### **BOARD OF DIRECTORS**

The affairs of the corporation shall be managed by its Board of Directors. The number of Directors serving on the Board of Directors shall be fixed in accordance with the corporation’s Bylaws, which number shall be no less than three. The Directors shall be elected

by the existing Directors of the corporation in the manner and for the term provided in the Bylaws of the corporation.

## ARTICLE VIII.

### CURRENT BOARD OF DIRECTORS AND ADDRESSES

The names and addresses of the persons constituting the current Board of

Directors are:

<u>Name</u>	<u>Address</u>
Candi Allphin	101 S. Capitol Blvd., Suite 203 Boise, ID 83702
Larry Arguinchona	1150 E. Brightwater Lane Boise, ID 83706
AJ Balukoff	4621 Hillcrest View Drive Boise, ID 83705-3686
Loren D. Blickenstaff	4215 Country Club Drive Boise, ID 83705-3215
Greg Brown	19215 Highway 30 Buhl, ID 83316-5018
Allen D. Dykman	2323 Federal Way Boise, ID 83705-4462
Rich Fedrizzi	3026 S. Whitepost Way Eagle, ID 83616-6461
Dennis B. Fitzpatrick	225 N. 9th Street, #810 Boise, ID 83702-5710
Ray Flachbart	P.O. Box 7408 Boise, ID 83707
William Glynn	P.O. Box 7608

	Boise, ID 83707
Kathy Harris	2232 Crosscreek Boise, ID 83706
Joel S. Hickman	702 W. Idaho, 12th Floor Boise, ID 83702
Ernest A. Hoidal	960 Broadway Avenue Boise, ID 83706-3667
William K. Ilett	P.O. Box 6541 Boise, ID 83707
George Iliff	755 W. Front Street, Suite 300 Boise, ID 83702-5802
John Jackson	3450 E. Commercial Court Meridian, ID 83642-8915
Joy Kealey	7766 W. Lemhi Street Boise, ID 83709
Brian King	877 W. Main Street, Suite 1100 Boise, ID 83702-6069
Jim Kissler	1125 W. Amity Road Boise, ID 83705
Dean Klein	8000 S. Federal Way, MS #407 Boise, ID 83707
Mark Lliteras	877 W. Main Street, 3rd Floor MAC U1852 032 Boise, ID 83702
Robert M. Maynard	607 N. 8th Street Boise, ID 83720-0001
Richard J. Navarro	P.O. Box 20 Boise, ID 83726

Harvey L. Neef	P.O. Box 8042 Boise, ID 83707
Jan B. Packwood	900 W. Bogus View Drive Boise, ID 83616-5877
Debra K. Riedel	101 S. Capitol Blvd., Suite 401 Boise, ID 83702-7715
Jeffrey D. Russell	348 W. Parkcenter Blvd. Boise, ID 83706
Cathy Silak	P.O. Box 8143 Boise, ID 83707
Duane H. Stueckle	200 Parkway Drive Boise, ID 83706-4012
Jesse T. Tam	925 – 4th Avenue, Suite 100 Seattle, WA 98104
Ronald Van Auker	3084 E. Lanark Meridian, ID 83642
Charles H. Wilson	P.O. Box 2793 Boise, ID 83701
Linda Yanke	P.O. Box 5405 Boise, ID 83705
Edward E. Zimmer	833 W. Diamond Street Boise, ID 83705

**ARTICLE IX.**

**REGISTERED OFFICE**

The address of the registered office of the corporation is 2225 University Drive,  
Boise, Idaho 83706 and the name of the initial registered agent at such address is Howard L.  
Smith.

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF BOISE STATE UNIVERSITY  
FOUNDATION, INC. - 7

**ARTICLE X.**

**PRINCIPAL OFFICE**

The address of the principal office of the corporation is 2225 University Drive,  
Boise, Idaho 83706

**ARTICLE XI.**

**MAILING ADDRESS**

The current mailing address of the corporation is 2225 University Drive, Boise,  
Idaho 83706.

**ARTICLE XII.**

**AMENDMENT**

These Amended and Restated of Incorporation may only be amended by vote of  
at least a majority of the corporation's Directors.

**ARTICLE XIII.**

**TAXABLE YEAR**

The taxable year of the corporation shall be determined by the corporation's  
Directors.

**ARTICLE XIV.**

**BYLAWS**

Provisions for the regulation of the internal affairs of the corporation shall be set  
forth in the corporation's Bylaws.

**ARTICLE XV.**  
**CERTIFICATION**

The undersigned hereby certify as follows:

The corporation has no members. These Amended and Restated Articles of Incorporation were duly adopted by the Board of Directors on \_\_\_\_\_, \_\_\_\_, 2008. The number of Directors entitled to vote was \_\_\_\_\_. The number of Directors that voted to approve these Amended and Restated Articles of Incorporation was \_\_\_\_\_. The number of Directors that voted against approving these Amended and Restated Articles of Incorporation was \_\_\_\_\_. No other approvals of these Amended and Restated Articles of Incorporation were required.

Dated: April \_\_\_\_\_, 2008

\_\_\_\_\_  
William Ilett, Chair of the Board of Directors

\_\_\_\_\_  
Linda Yanke, Secretary

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AMENDED AND RESTATED ARTICLES OF INCORPORATION OF BOISE STATE UNIVERSITY  
FOUNDATION, INC. - 9

**AMENDED AND RESTATED  
BYLAWS  
OF  
BOISE STATE UNIVERSITY FOUNDATION, INC.**

**ARTICLE I**

**Purpose**

The purpose of the Boise State University Foundation, Inc. ("Foundation") is stated in its Articles of Incorporation.

**ARTICLE II**

**Office**

Section 1. Principal Office. The principal office of the Foundation shall be located at 2225 University Drive in Boise, Ada County, Idaho. The Foundation may have such other offices as the Board of Directors may determine or as the affairs of the Foundation may require.

Section 2. Registered Office. The registered office of the Foundation required by the Idaho Nonprofit Corporation Act to be maintained in the State of Idaho may be, but need not be, identical with the principal office in the State of Idaho, and the address of the registered office may be changed from time to time by the Board of Directors.

**ARTICLE III**

**No Members**

The Foundation shall have no members.

**ARTICLE IV**

**Board of Directors**

Section 1. General Powers. The affairs of the Foundation shall be managed by its Board of Directors. The Board shall set all policies and regulations that it deems necessary or proper for the governing of the Foundation and for the orderly conduct of its affairs consistent with its Articles of Incorporation, these Bylaws, State Board of Education Policy, and the laws of the State of Idaho.

Section 2. Qualifications. Any person subscribing to the purposes and objectives of the Foundation shall be eligible for membership on the Board of Directors.

Section 3. General Duties. A Director shall perform his or her duties in good faith and in a manner such Director reasonably believes to be in the best interests of the Foundation, and with

such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such Director's duties, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) one or more Officers or employees of the Foundation whom the Director reasonably believes to be reliable and competent in the matters presented;
- (b) counsel, public accountants, or other person as to matters that the Director reasonably believes to be within such person's professional or expert competence; or
- (c) a committee of the Board upon which such Director does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence;

but such Director shall not be considered to be acting in good faith if such Director has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who performs such duties shall have no liability by reason of being or having been a Director of the Foundation.

Section 4. Transfer of Board Membership. Membership on the Foundation Board is not transferable.

Section 5. Resignation. A Director may resign by giving written notice to any Officer of the Foundation.

Section 6. Removal. A Director may be removed by a vote of a majority of the Directors then in office.

Section 7. Number. The number of Directors of the Foundation shall be fixed and amended from time to time pursuant to resolutions adopted by the Board of Directors; provided however, the number of Directors of the Foundation shall not be less than three (3) nor more than sixty (60), excluding any Directors Emeritus, Honorary Directors, or any other non-voting Board members.

Section 8. Election and Term. The positions for which Directors are elected shall be divided into three (3) classes, each class to be as nearly equal in number as possible, and Directors shall be elected accordingly by the existing Directors for a three (3) year term. The terms of each class shall be staggered so that approximately one-third (1/3) of the terms expire each year at the annual meeting of the Board of Directors. Nominations for members of the Board of Directors shall be made by the Governance Committee as described in Article VII, Section 3(a) below. At each annual meeting of the Board of Directors, the number of Directors equal to the number in the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting of the Board of Directors. Directors may not serve more than three (3) consecutive terms without a one (1) year lapse before re-election as a Director. Election to a subsequent term is not automatic and is subject to the nomination



process outlined in these Bylaws. Each Director shall hold office until such Director's successor shall have been elected and qualified.

Section 9. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of such Director's predecessor in office. Any directorship to be filled by reason of an increase in the number of the Directors may be filled by the Board of Directors for a term of office continuing only until the next regular election of the Directors or as otherwise specified by the Board of Directors at the time of such election.

Section 10. Honorary Directors and Directors Emeritus. The Board may designate any past Director a Director Emeritus, and such Directors may attend meetings of the Board, but shall not have a vote. The Board may also designate not more than ten (10) Honorary Directors. The immediate past President of the Bronco Athletic Association and the immediate past President of the Boise State University Alumni Association shall automatically be appointed to serve as Honorary Directors. Directors Emeritus and Honorary Directors shall hold their terms until the earlier of (i) one year; or (ii) until he or she resigns or is removed by a majority vote of the Board. The term "Directors" in these Bylaws does not include Honorary Directors or Directors Emeriti.

Section 11. Voting Rights. Subject to the Foundation's conflict of interest policy, each Director shall be entitled to one vote on each matter submitted to a vote, provided, however, that the following Directors shall not be allowed to vote and shall serve in an advisory capacity only: any Director who is also an employee of Boise State University (excluding, however, members of the Board whose only employment by Boise State University is in the capacity of an adjunct faculty member), any Honorary Director, or any Director Emeritus.

Section 12. Annual Meetings. An annual meeting of the Board of Directors shall be held after the close of the fiscal year but prior to October 31 of each year.

Section 13. Regular Meetings. The Board may provide by resolution the time and place for holding regular meetings without other notice than such resolution. The Board shall hold regular business meetings at least four times during its fiscal year at such place as may be designated in such resolution or any meeting notice.

Section 14. Special Meetings. Special meetings may be called by the Chair, or by a petition signed by no less than one-third (1/3) of the Board of Directors and delivered to the Chair. Any call for a meeting shall state the purpose, time and place of the meeting, and a meeting notice shall be issued in writing at least ten (10) days in advance to all individuals requested to attend.

Section 15. Telephonic Meetings. Members of the Board of Directors and members of any Committee of the Board may participate in meetings by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and the participation by such means shall constitute presence in person at a meeting.

Section 16. Notice of Meetings. Except as otherwise provided herein, notice fixing the place, date and hour of any meeting may be given in any manner which provides a Director with fair and reasonable notice of the meetings in compliance with the laws of the State of Idaho. Notice of meetings shall be in writing, and may be transmitted electronically. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of business because notice of the meeting was inadequate. The business to be transacted at a meeting need not be specified in the notice, except as otherwise provided herein.

Section 17. Written Waiver of Notice. Whenever any notice is required to be given under the provisions of the laws of the State of Idaho, or under the provisions of the Foundation's Articles of Incorporation or Bylaws, a waiver thereof in writing, signed by the person entitled to such notice, whether before or after the time such notice was to be given, shall be deemed equivalent to the giving of such notice.

Section 18. Quorum. One-third (1/3) of the elected Directors shall constitute a quorum at any meeting. If a quorum is not present at any meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 19. Manner of Acting. Provided a quorum is present, the act of a majority of the Directors present at a meeting shall be the act of the Board unless the act of a greater number is required by law or by these Bylaws.

Section 20. Action by Written Consent. Any action which may be taken at a meeting of the Board or by any Committee may be taken without a meeting if consent in writing to the action taken is signed by all of the Directors or by all Committee members and included in the minutes filed with the corporate records of the Foundation reflecting the action taken.

Section 21. Proxies. Proxies shall not be valid for any purpose.

Section 22. Presumption of Assent. A Director of the Foundation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such Director's dissent shall be entered in the minutes of the meeting or unless such Director shall file such Director's written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Foundation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

## ARTICLE V

### Officers

Section 1. Officers. The regular Officers of the Foundation shall be a Chair, a Vice Chair, a Secretary, and a Treasurer. The office of Secretary and Treasurer may be combined. The Board

may create other offices and appoint Officers to fill the same, including but not limited to Assistant Secretaries or Assistant Treasurers, as it shall deem desirable. Such Officers shall have the authority to perform the duties prescribed by the Board. All Officers shall be then-serving Directors of the Foundation.

Section 2. Election. The Officers of the Foundation shall be elected annually by the Board at the annual meeting. Honorary Directors and Directors Emeritus shall also be designated annually by the Board at its annual meeting. If the elections and designations do not occur at such meeting, such election shall be held as soon thereafter as conveniently possible. Each Officer shall hold office at the pleasure of the Board. While the offices of Chair and Vice Chair are elected annually, it is anticipated that the Director elected to these positions will serve in that capacity for two (2) years.

Section 3. Removal. Any Officer elected by the Board may be removed by the Board whenever in its judgment the best interests of the Foundation would be served thereby.

Section 4. Vacancies. A vacancy in any office may be filled by the Board for the unexpired portion of the term.

Section 5. Nomination of Officers. The Governance Committee shall make all nominations for Officers and submit them for the consideration by the Executive Committee and approval of the Board of Directors.

Section 6. Duties.

(a) Chair. The Chair shall preside at all Board meetings. The Chair may sign, with the Secretary or any other Officer of the Foundation authorized by the Board, any deed, mortgage, bond, contract or other instrument, which the Board has authorized to be executed, except in such cases where the execution of any document may have been otherwise expressly designated by the Board, these Bylaws, State Board of Education Policy, or by a statute of the State of Idaho to some other Officer, agent or committee of the Foundation, and in general, the Chair shall perform all of the duties incident to such office, together with such other duties as may be prescribed by the Board.

(b) Vice Chair. In the absence of the Chair, or in event of the Chair's inability or refusal to act, the Vice Chair shall perform the duties of the Chair, and when so acting, shall have all the powers of, and be subject to all of the restrictions imposed upon the Chair. Any Vice Chair shall perform such other duties as from time to time may be assigned by the Chair or by the Board.

(c) Secretary. The Secretary shall have responsibility to see that the minutes of the meetings of the Board are properly kept; all notices are given in accordance with the provisions of these Bylaws and as required by law, and that corporate records, the seal of the Foundation, and a register of the post office address of each Director are kept; and shall perform all duties incident to the Office of Secretary and such other duties as from time to time may be assigned by the Chair or by the Board.

(d) Treasurer. The Treasurer shall perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned by the Chair or by the Board.

(e) Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers shall perform such duties as shall be assigned to them by the Chair, the Board, the Treasurer or the Secretary, as applicable.

## ARTICLE VI

### Staff

Section 1. Employment. The Board of Directors shall have the authority to employ an Executive Director and such other staff as the Foundation may reasonably require from time to time.

Section 2. Executive Director.

(a) Duties. The Executive Director shall be the chief executive officer of the Foundation and shall supervise and control all of the business affairs of the Foundation pursuant to applicable laws, State Board of Education policy, and policies and procedures approved by the Board of Directors of the Foundation. The Executive Director shall keep the Chair, the Executive Committee and the Board of Directors informed regarding the property or business of the Foundation and developments related to its Directors in a timely manner.

(b) Foundation Office. The Foundation office and its employees shall be managed by the Executive Director.

(c) Executive Director Review. The Executive Committee shall annually evaluate the performance of the Executive Director.

Section 3. Terms of Employment. All compensation paid to a staff person shall be approved by the Board of Directors. The terms and conditions of employment of the staff may be set forth in a written contract approved by the Board of Directors and signed by the Foundation and the staff person. No Foundation employee shall receive any direct payments, compensation, or other benefits from Boise State University.

Section 4. Staff Conflicts of Interest. The Board shall provide all staff with a conflict of interest policy.

## ARTICLE VII

### Committees

Section 1. Membership. The Board of Directors shall have such committees as shall be approved by the Board of Directors, including without limitation standing committees of the

Governance, Audit, and Executive Committees set forth in this Article, and any ad hoc Committees that may be formed by the Board from time to time for any purpose defined by the Board. Committees shall report their activities to the Executive Committee and to the Board.

Section 2. Authority. The Board shall define the authority and responsibilities of each Committee by resolution, by these Bylaws, and/or by any Committee Charter approved by the Board. Committees shall have and exercise the authority of the Board of Directors in the management of the Foundation to the extent such authority is delegated to them by the Board; provided, however, that no Director committee shall have the authority of the Board of Directors to (i) authorize distributions, (ii) approve dissolution, merger or the sale, pledge or transfer of all or substantially all of the Foundation's assets, (iii) elect, appoint, or remove Directors or fill vacancies on the Board of Directors on any of its committees, or (iv) adopt, amend, or repeal the Articles of these Bylaws. The designation and appointment of any such Director committee and the delegation of authority to a Director committee shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon the Board of Directors, or any individual Director.

### Section 3. Standing Committees

(a) Governance Committee. The Board shall appoint a Governance Committee of at least five (5) Directors. The Governance Committee shall be responsible for providing nominations for members of the (i) Board of Directors, (ii) the Executive Committee, and (iii) Foundation Officers. The Governance Committee shall also carry out such other responsibilities as defined in the Governance Committee Charter which shall be reviewed and approved by the Board of Directors at least annually.

(b) Executive Committee. Based upon the nominations of the Governance Committee, the Board shall appoint an Executive Committee of at least six (6) Directors. The Board will endeavor to have representation from each of the other committees on the Executive Committee. The Executive Committee shall exercise all powers of the Board between the meetings of said Board, except the Executive Committee may not take any of the actions prohibited by Section 2 of this Article. A majority shall constitute a quorum, but the affirmative vote of a majority of the entire then-serving Committee shall be necessary for any official act. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board.

#### c. Audit Committee.

(i) Qualifications. The Board shall appoint an Audit Committee comprised of at least four (4) Directors. Members of the Audit Committee will have the financial competency to understand financial statements, to evaluate accounting firm bids to undertake auditing and to make sound financial decisions as part of their fiduciary responsibilities.

(ii) Term. The Board Chair will appoint a member of the Audit Committee as Committee Chair who may serve in such position for no more than one (1) term of three (3) years.

(iii) Duties. The responsibilities of the Audit Committee shall be defined in the Audit Committee Charter which shall be reviewed and approved by the Board of Directors at least annually.

Section 4. Term of Office. Each member of a committee shall serve until a successor is appointed or the committee is terminated. Any member of a committee may be removed whenever, in the judgment of the Board, the best interests of the Foundation shall be served by such removal.

Section 5. Chair. One member of each committee shall be appointed as Chair by the Board Chair subject to the approval of the Board.

Section 6. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 7. Quorum. One-third (1/3) of the committee members shall constitute a quorum at any meeting. If a quorum is present, the action of a majority of the members present shall be the act of the committee unless otherwise provided herein or in the resolution of the Board designating a committee.

Section 8. Rules. Each committee may adopt rules for committee procedure consistent with these Bylaws or with rules adopted by the Board.

Section 9. Advisors to Committees. Any committee may associate with individuals who are not Board members to serve in an advisory capacity to the committee. Such individuals shall have no voting rights on the committee, but shall attend and participate in committee meetings. The Board shall appoint such individuals to the Executive Committee and Audit Committee. The Board and/or the Chair of any other committee shall appoint such individuals to all other committees.

## ARTICLE VIII

### Contracts, Checks, Deposits and Funds

Section 1. Contracts. No contracts shall be signed on behalf of the Foundation by any Director or Officer without the resolution of the Board, except that the Chair shall be authorized to execute any agreement relating to the business of the Foundation so long as such agreement, instrument, or document does not create any obligation on behalf of the Foundation exceeding \$10,000.00. All other contracts into which the Foundation enters shall be signed by a Foundation Officer or agent and in such manner as shall be determined by resolution of the Board or by the Executive Committee.

Section 2. Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness, issued in the name of the Foundation, shall be signed by such Officer or agent and in such manner as shall be determined by resolution of the Board. In the

absence of such determination by the Board, such instruments may be signed by the Chair so long as such agreement, instrument, or document does not create any obligation on behalf of the Foundation exceeding \$10,000.00.

Section 3. Deposits. All funds of the Foundation shall be promptly deposited to the credit of the Foundation in such depositories as the Board may select.

Section 4. Gifts. The Board may accept on behalf of the Foundation any contribution, gift, bequest or devise for the general purpose or for any special purposes of the Foundation.

## **ARTICLE IX**

### **Compensation, Conflicts of Interest and Indemnification**

Section 1. No Compensation for Directors. No Director of the Foundation shall receive, directly or indirectly, any salary, commission or compensation from the Foundation for his/her services as a Director. A Director or Officer may receive reimbursement of authorized travel and other out-of-pocket expenses necessary for or incident to the performance of his/her duties, provided that the reimbursement of such expenses is authorized by a written policy adopted by resolution of the Board of Directors.

Section 2. Conflicts of Interest. The activities of the Directors shall be consistent with the Conflict of Interest Policy adopted by the Board of Directors.

Section 3. Indemnification. The Foundation may indemnify Directors, Officers, employees and agents of the Foundation to the extent permitted by, and in accordance with, the Idaho Nonprofit Corporation Act.

Section 4. Directors and Officers Insurance. The Executive Director shall annually secure Directors and Officers Insurance and provide a copy of said policy to each Director of the Foundation Board of Directors.

## **ARTICLE X**

### **Books and Records**

The Foundation shall keep correct and complete books and records of account, minutes of the proceedings of the Board, the Executive Committee and any other committee, and a record of the names and addresses of all Directors. Any Director may inspect all books and records of the Foundation for any proper purpose at any reasonable time. At least annually, the Foundation shall obtain an independent audit of the financial records.

**ARTICLE XI**

**Fiscal Year**

The Foundation shall operate on a fiscal year, beginning July 1 and ending June 30 of each year.

**ARTICLE XII**

**Seal**

The Seal of the Foundation may be affixed to certificates and other documents, contracts and papers as the Board of Directors or its designees may direct, but the affixing of such seal shall not be necessary to the validity of such documents.

**ARTICLE XIII**

**Amendments**

These Bylaws may be altered or amended or new Bylaws adopted at any regular meeting of the Board at which a quorum is present, by an affirmative vote of two-thirds (2/3) of the Directors present.

The foregoing Bylaws were duly adopted at the regularly scheduled meeting on the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

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## **Boise State University Foundation, Inc. Conflict of Interest Policy**

### **I. Purpose:**

The Boise State University Foundation, Inc. ("Foundation") is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the Foundation as a public trust which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between the Foundation and Responsible Persons (defined below) and the public a fiduciary duty which carries with it a broad and unbending duty of loyalty and fidelity. Responsible Persons have the responsibility of administering the affairs of the Foundation honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of the Foundation. Those persons will exercise the utmost good faith in all transactions involved in their duties, and they will not use their positions with the Foundation or knowledge gained therefrom for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

### **II. Responsible Persons:**

This statement is directed to Directors, Officers, all employees and others who can influence the actions of the Foundation ("Responsible Persons"). For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning the Foundation.

### **III. Areas in Which Conflict May Arise:**

Conflicts of interest may arise in the relations of Responsible Persons with any of the following third parties:

1. Persons and firms supplying goods and services to the Foundation.
2. Persons and firms from whom the Foundation leases property and equipment.
3. Persons and firms with whom the Foundation is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities or other property.
4. Competing or affinity organizations.
5. Donors and others supporting the Foundation.
6. Agencies, organizations and associations which affect the operations of the Foundation.
7. Family members, friends, and other Responsible Persons.

### **IV. Nature of Conflicting Interest:**

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section III. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with the Foundation.
2. Holding office, serving on the Board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the Foundation.

3. Receiving remuneration for services with respect to individual transactions involving the Foundation.
4. Using the Foundation's time, personnel, equipment, supplies, or goodwill for other than Foundation-approved activities, programs and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with the Foundation. Receipt of any gift is disapproved except gifts of a value less than \$50 which could not be refused without discourtesy. No personal gift of money should ever be accepted.

#### **V. Interpretation of this Policy:**

The areas of conflicting interest listed in Section III, and the relations in those areas which may give rise to conflict, as listed in Section IV, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that Responsible Persons will recognize such areas and relation by analogy.

The fact that one of the interests described in Section IV exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the Foundation.

However, it is the policy of the Board that the existence of any of the interests described in Section IV will be disclosed before any transaction is consummated. It will be the continuing responsibility of Responsible Persons to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

#### **VI. Disclosure Policy and Procedure:**

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest must be fully disclosed.
2. The conflicting interest must be considered by the Board, or, if appropriate a Committee of the Board.
3. The person with the conflict of interest will not participate in or be permitted to hear the Board's or Committee's discussion of the matter except to disclose materials facts and to respond to questions. Such person will not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
4. The person with the conflict of interest with respect to the contract or transaction that will be voted on at a meeting will not be counted in determining the presence of a quorum for purposes of the vote. The person who has the conflict of interest may not vote on the contract or transaction and will not be present in the meeting room when the vote is taken, unless the vote is by secret ballot.
5. The Board or Committee will consider whether a competitive bid or comparable valuation exists.
6. The Board or Executive Committee must determine that the transaction is in the best interest of the Foundation.

Responsible Persons who are not members of the Board of Directors or who have a conflict of interest with respect to a contract or transaction that is not the subject of Board or Committee

Boise State University Foundation, Inc.  
Policy  
Board of Directors

Approved 4/9/2008  
Effective 4/9/2008  
Revised

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action, will disclose to their supervisor, the Executive Director, or the Board chair any conflict of interest that such person has with respect to any contract or transaction. Such disclosure will be made as soon as the conflict of interest is known to the Responsible Person. The Responsible Person will refrain from any action that may affect the Foundation's participation in such contract or transaction. A supervisor will inform the Executive Director of any such conflict of interest. The Executive Director will bring the matter to the attention of the Board or Executive Committee.

Disclosure involving Directors will be made to the Board chair (or if she or he is the one with the conflict, then to the Board vice-chair) who will bring these matters to the Board or the Executive Committee.

Information acquired in connection with disclosures of conflicts of interest or potential conflicts will be treated as confidential and will generally be made available only as necessary for the implementation of this Policy.

The Board or Executive Committee will determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Foundation. The decision of the Board or Executive Committee on these matters will rest in their sole discretion, and their concern must be the welfare of the Foundation and the advancement of its purpose.

Each Responsible Person will be provided with and asked to review a copy of this Policy and to acknowledge in writing that he or she has done so. Any changes to the Policy will be communicated to all Responsible Persons.

Annually, each Responsible Person will complete a disclosure form identifying any relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a conflict of interest.

**Conflict of Interest Disclosure Statement**

In order to be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you. These persons are termed "affiliated persons" and include the following:

1. Your spouse, domestic partner, child, mother, father, brother, sister, mother-in-law, father-in-law, sister-in-law, or brother-in-law;
2. Any corporation or organization of which you are a Board member, an officer, a partner, participate in management or are employed by, or are, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
3. Any trust or other estate in which you have a substantial beneficial interest or as to which you serve as trustee or in a similar capacity.

1. Name of Responsible Person:

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2. Capacity of Responsible Person:

☐ Board of Directors  
☐ Executive Committee  
☐ officer  
☐ Committee member  
☐ staff (position): \_\_\_\_\_

3. Except as provided in Question 2, have you or any of your affiliated persons provided services or property to the Foundation in the past year?

☐ Yes ☐ No

If yes, please describe the nature of the services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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4. Have you or any of your affiliated persons purchased services or property from the Foundation in the past year?

☐ Yes ☐ No

If yes, please describe the nature of the services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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Boise State University Foundation, Inc.  
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Revised

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5. Please indicate whether you or any of your affiliated persons had any direct or indirect interest in any business transaction(s) in the past year to which the Foundation was or is a party?

☐ Yes ☐ No

If yes, please describe the transactions) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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6. Were you or any of your affiliated persons indebted to pay money to the Foundation at any time in the past year (other than travel advances or the like)?

☐ Yes ☐ No

If yes, please describe the indebtedness and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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7. In the past year, did you or any of your affiliated persons receive, or become entitled to receive, directly or indirectly, any personal benefits from the Foundation or as a result of your relationship with the Foundation that in the aggregate could be valued in excess of \$1,000 that were not or will not be compensation directly related to your duties to the Foundation?

☐ Yes ☐ No

If yes, please describe the benefits and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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Boise State University Foundation, Inc.  
Policy  
Board of Directors

Approved 4/9/2008  
Effective 4/9/2008  
Revised

Page 6 of 6

8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving the Foundation?

\_\_\_\_ Yes                      \_\_\_\_ No

If yes, please describe the proceedings and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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9. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by the Foundation's Board or Executive Committee in accordance with the terms and intent of the Foundation's conflict of interest policy?

\_\_\_\_ Yes                      \_\_\_\_ No

If yes, please describe the situation and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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I hereby confirm that I have read and understand the Foundation's conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will immediately notify the person designated in the conflict of interest policy.

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

3843561\_2.DOC

**OPERATING AGREEMENT  
BETWEEN  
IDAHO STATE UNIVERSITY FOUNDATION, INC.  
AND  
IDAHO STATE UNIVERSITY**

THIS AGREEMENT, entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2008, is between Idaho State University, herein known as "University" and the Idaho State University Foundation, Inc., herein known as "Foundation".

WHEREAS, the Foundation was organized and incorporated in 1967 for the purpose of stimulating voluntary private support from alumni, parents, friends, corporations, foundations, and others for the benefit of the University.

WHEREAS, the Foundation exists to raise and manage private resources supporting the mission and priorities of the University, and provide opportunities for students and a degree of institutional excellence unavailable with state funding levels.

WHEREAS, the Foundation is dedicated to assisting the University in the building of the endowment to address, through financial support, the long-term academic and other priorities of the University.

WHEREAS, as stated in its articles of incorporation, the Foundation is a separately incorporated 501(c)(3) organization and is responsible for identifying and nurturing relationships with potential donors and other friends of the University; soliciting cash, securities, real and intellectual property, and other private resources for the support of the University; and acknowledging and stewarding such gifts in accordance with donor intent and its fiduciary responsibilities.

WHEREAS, furthermore, in connection with its fund-raising and asset-management activities, the Foundation utilizes, in accordance with this Agreement,

personnel experienced in planning for and managing private contributions and works with the University to assist and advise in such activities.

WHEREAS, the parties hereby acknowledge that they will at all times conform to and abide by, the Idaho State Board of Education's Governing Policies and Procedures, Gifts and Affiliated Foundations policy, § V.E., and that they will submit this Agreement for initial prior State Board of Education ("State Board") approval, and thereafter every two (2) years, or as otherwise requested by the State Board, for review and re-approval.

NOW THEREFORE, in consideration of the mutual commitments herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

#### **ARTICLE I Foundation's Purposes**

The Foundation is the primary affiliated foundation responsible for securing, managing and distributing private support for the University. Accordingly, to the extent consistent with the Foundation's Articles of Incorporation and Bylaws, and the State Board's Policies and Procedures, the Foundation shall: (1) solicit, receive and accept gifts, devises, bequests and other direct or indirect contributions of money and other property made for the benefit of the University from the general public (including individuals, corporations, other entities and other sources); (2) manage and invest the money and property it receives for the benefit of the University; and (3) support and assist the University in fundraising and donor relations.

In carrying out its purposes the Foundation shall not engage in activities that conflict with (1) federal or state laws, rules and regulations (including, but not limited to all applicable provisions of the Internal Revenue Code and corresponding Federal Treasury Regulations); (2) applicable policies of the State Board; or (3) the role and mission of the University.

#### **ARTICLE II Foundation's Organizational Documents**

The Foundation shall provide copies of its current Articles of Incorporation and Bylaws to the University and the State Board. All amendments of such documents shall also be provided to the University and the State Board. Furthermore, the Foundation



shall, to the extent practicable, provide the University with an advance copy of any proposed amendments to the Foundation's Articles of Incorporation and Bylaws.

### ARTICLE III University Resources and Services

#### 1. University Employees.

a. *University/Foundation Liaison:* The University's Vice President for University Advancement shall serve as the University's Liaison to the Foundation.

i. The University's Vice President for University Advancement shall be responsible for coordinating the University's and the Foundation's fundraising efforts and for supervising and coordinating the administrative support provided by the University to the Foundation.

ii. The Vice President for University Advancement or her/his designee shall attend each meeting of the Foundation's Board of Directors and shall report on behalf of the University to the the Foundation's Board of Directors regarding the University's coordination with the Foundation's fundraising efforts.

b. *Finance Director:* The *Finance Director* of the Foundation is an employee of the University loaned to the Foundation. All of the *Finance Director's* services shall be provided directly to the Foundation as follows:

i. The *Finance Director* shall be responsible for the supervision and control of the day-to-day operations of the Foundation. More specific duties of the *Finance Director* may be set forth in a written job description prepared by the Foundation and attached to the Loaned Employee Agreement described in iii below. The *Finance Director* shall be subject to the control and direction of the Foundation.

ii. The *Finance Director* shall be an employee of the University and entitled to University benefits to the same extent and on the same terms as other full-time University employees of the same classification as the *Finance Director*. The Foundation shall reimburse the University for all costs incurred by the University in connection with the University's employment of the *Finance Director* including such expenses as salary, payroll taxes, and benefits.

- iii. The Foundation and the University shall enter into a written agreement, in the form of Exhibit "A" hereto, establishing that the *Finance Director* is an employee of the University but subject to the direction and control of the Foundation (generally a "Loaned Employee Agreement"). The Loaned Employee Agreement shall also set forth the relative rights and responsibilities of the Foundation and the University with respect to the *Finance Director*, including the following:
  - 1. The Foundation shall have the right to choose to terminate the Loaned Employee Agreement in accordance with Foundation Procedures and applicable law, such termination may include election by the Foundation for non-renewal of the Loaned Employee Agreement.
  - 2. Termination of the Loaned Employee Agreement in accordance with the Foundation procedures and applicable law shall also result in termination of any obligation of the University to employ the Loaned Employee, subject to applicable legal and procedural requirements of the State of Idaho and the University.
  - 3. Loaned Employee shall be subject to the supervision, direction and control of the Foundation Board of Directors and shall report directly to the Foundation president or her/his designee. Further, the Foundation shall have the primary role in hiring a Loaned Employee, subject to applicable State or University requirements.

c. *Other Loaned Employees.* Other loaned employees providing services pursuant to this Agreement shall also serve pursuant to a Loaned Employee Agreement, Exhibit "A", which shall set forth their particular responsibilities and duties.

d. *Limited Authority of University Employees.* Notwithstanding the foregoing provisions, no University employee who functions in a key administrative or policy making capacity for the University (including, but not limited to, any University Vice-President or equivalent position) shall be permitted to have responsibility or authority for Foundation policy making, financial oversight, spending authority, investment decisions, or the supervision of Foundation employees.

2. Support Staff Services. The University shall provide administrative, financial, accounting, and development services to the Foundation, as set forth in the Service Agreement attached hereto as Exhibit "B" ("Service Agreement"). All University employees who provide support services to the Foundation shall remain University employees under the direction and control of the University, unless it is agreed that the

direction and control of any such employee will be vested with the Foundation in a written Loaned Employee Agreement. The Foundation will pay directly to the University the portion of the overhead costs associated with the services provided to the Foundation pursuant to the Service Agreement. The portion of such costs shall be determined by the agreement of the Parties.

3. University Facilities and Equipment. The University shall provide the use of the University's office space, equipment and associated services to the Foundation's employees upon the terms agreed to by the University and the Foundation. The terms of use (including amount of rent) of the University's office space, equipment and associated services shall be as set forth in the Service Agreement, Exhibit "B" hereto.

4. No Foundation Payments to University Employees. Notwithstanding any contrary provision of this Agreement to the contrary, the Foundation shall not make any payments directly to a University employee in connection with any resources or services provided to the Foundation pursuant to this Article of this Operating Agreement.

#### **ARTICLE IV**

##### **Management and Operation of Foundation**

#### 1. Gift Solicitation.

a. *Authority of Vice President for University Advancement.* All Foundation gift solicitations shall be subject to the direction and control of the Vice President for University Advancement.

b. *Form of Solicitation.* Any and all Foundation gift solicitations shall make clear to prospective donors that (1) the Foundation is a separate legal and tax entity organized for the purpose of encouraging voluntary, private gifts, trusts, and bequests for the benefit of the University; and (2) responsibility for the governance of the Foundation, including the investment of gifts and endowments, resides in the Foundation's Board of Directors.

c. *Foundation is Primary Donee.* Absent unique circumstances, prospective donors shall be requested to make gifts directly to the Foundation rather than to the University.

#### 2. Acceptance of Gifts.

a. *Approval Required Before Acceptance of Certain Gifts.* Before accepting contributions or grants for restricted or designated purposes that may require administration or direct expenditure by the University, the Foundation shall obtain the prior written approval of the University, and where required by State Board policy, approval of the State Board. Similarly, the Foundation shall also obtain the prior written

approval of the University of the acceptance of any gift or grant that would impose a binding financial or contractual obligation on the University.

b. *Acceptance of Gifts of Real Property.* The Foundation shall conduct adequate due diligence on all gifts of real property that it receives. All gifts of real property intended to be held and used by the University shall be approved by the State Board before acceptance by the University and the Foundation. In cases where the real property is intended to be used by the University in connection with carrying out its proper functions, the real property may be conveyed directly to the University, in which case the University and not the Foundation shall be responsible for the due diligence obligations for such property.

c. *Processing of Accepted Gifts.* All gifts received by the University or the Foundation shall be delivered (if cash) or reported (if any other type of property) to the Foundation's designated gift administration office (a unit of the Foundation) in accordance with the Service Agreement.

3. Fund Transfers. The Foundation agrees to transfer funds, both current gifts and income from endowments, to the University on a regular basis as agreed to by the Parties. The Foundation's Treasurer or other individual to whom such authority has been delegated by the Foundation's Board of Directors shall be responsible for transferring funds as authorized by the Foundation's Board of Directors.

a. *Restricted and Unrestricted Gift Transfers.* The Foundation may make restricted donations to the University. Such donated funds will only be expended by the University pursuant to the terms of such restrictions. The Foundation may also make unrestricted donations to the University. Such donated funds will be expended under the oversight of the University President in compliance with state law and University policies. All expenditures notes in this section must comply with the I.R.S. 501(c)(3) code and be consistent with the Foundation's sole mission to support the University.

4. Foundation Expenditures and Financial Transactions.

a. *Signature Authority.* The Foundation designates the Foundation Treasurer as the individual with signature authority for the Foundation in all financial transactions. The Foundation may supplement or change this designation with written notice to the University; provided, however, in no event may the person with Foundation signature authority for financial transactions be a University employee nor a "Loaned Employee" as that term is used in this Agreement.

b. *Expenditures.* All expenditures of the Foundation shall be (1) consistent with the charitable purposes of the Foundation, and (2) not violate restrictions imposed by the donor or the Foundation as to the use or purpose of the specific funds.

5. University Report on Distributed Funds. On a regular basis, which shall not be less than annually, the University shall report to the Foundation on the use of restricted and unrestricted funds transferred to the University. This report shall specify the restrictions on any restricted funds and the uses of such funds.

6. Transfer of University Assets to the Foundation. No University funds, assets, or liabilities may be transferred directly or indirectly to the Foundation without the prior approval of the State Board except when:

- a. A donor inadvertently directs a contribution to the University that is intended for the Foundation in which case such funds may be transferred to the Foundation so long as the documents associated with the gift indicate the Foundation was the intended recipient of the gift. In the absence of any such indication of donor intent, such funds shall be deposited in an institutional account, and State Board approval will be required prior to the University's transfer of such funds to the Foundation.
- b. The University has gift funds that were originally transferred to the University from the Foundation and the University wishes to return a portion of those funds to the Foundation for reinvestment consistent with the original intent of the gift.
- c. The institution has raised scholarship funds through an institution activity and the institution wishes to deposit the funds with the foundation for investment and distribution consistent with the scholarship nature of the funds.
- d. Transfers of a *de minimis* amount not to exceed \$10,000 from the institution to the Foundation provided such funds are for investment by the Foundation for scholarship or other general university support purposes. This exception shall not apply to payments by the institution to the Foundation for obligations of the institution to the Foundation, operating expenses of the Foundation or other costs of the Foundation.

7. Separation of Funds. All Foundation assets (including bank and investment accounts) shall be held in separate, password protected accounts in the name of the Foundation using Foundation's Federal Employer Identification Number. The financial records of the Foundation shall be kept using a separate chart of accounts. For convenience purposes, some Foundation expenses may be paid through the University such as payroll and campus charges. These expenses will be paid through accounts clearly titled as belonging to the Foundation and shall be reimbursed by the Foundation on a regular basis. Further, the Foundation shall make data available to external auditors as necessary to complete audit responsibilities.

8. Insurance. To the extent that the Foundation is not covered by the State of Idaho Retained Risk program, the Foundation shall maintain insurance to cover the

operations and activities of its directors, officers and employees. The Foundation shall also maintain general liability coverage.

9. Investment Policies. All funds held by the Foundation, except those intended for short term expenditures, shall be invested in accordance with the Uniform Prudent Management of Institutional Funds Act, Idaho Code Sections 33-5001 to 33-5010, and the Foundation's investment policy which is attached hereto as Exhibit "C"; provided, however, the Foundation shall not invest any funds in a manner that would violate the applicable terms of any restricted gifts. The Foundation shall provide to the University any updates to such investment policy which updates shall also be attached hereto as Exhibit "C".

10. Organization Structure of the Foundation. The organizational structure of the Foundation is set forth in the Foundation's Articles of Incorporation which are attached hereto as Exhibit "D" and the Foundation's Amended and Restated Bylaws which are attached as Exhibit "E." The Foundation agrees to provide copies of such Articles and Bylaws as well as any subsequent amendments to such documents to both the University and the State Board.

11. Conflicts of Interest and Ethical Conduct. The Foundation has adopted a written policy addressing the manner the Foundation will address conflict of interest situations. The Foundation's Conflict of Interest Policy is set forth as Exhibit "E", and the Foundations Code of Ethical Conduct is set forth as Exhibit "F".

## **ARTICLE V**

### **Foundation Relationships with the University**

1. Access to Records. The Foundation shall establish and enforce policies to protect donor confidentiality and rights. The donor database, as well as other data, materials and information of the Foundation pertaining to past, current or prospective donors, are proprietary to the Foundation and constitute its confidential information and trade secrets. The University shall not access information except in compliance with the Foundation's donor confidentiality policies. The Foundation and University shall take the steps necessary to monitor and control access to the donor database and to protect the security of the server and software relevant to the database.

The Foundation will provide access to data and records to the University on a need-to-know basis in accordance with applicable laws, Foundation policies, and guidelines. The University shall, at any time, have access to the financial records of the Foundation. The scope of this right of the University shall be construed as broadly as needed to conduct a complete audit of the Foundation as such an audit would be conducted under generally accepted accounting procedures if the University should so require. Provided, however, that the University need not conduct an audit to be provided such access, but shall be provided such access at any time.

The University's access shall not include donor specific data such that would provide individually identifiable information about donors or their donations made to the Foundation.

2. Record Management.

a. The Parties recognize that the records of the Foundation relating to actual or potential donors contain confidential information. Such records shall be kept by the Foundation in such a manner as to protect donor confidentiality to the fullest extent allowed by law. Notwithstanding the access to records permitted above, access to such confidential information by the University shall be limited to the University's President and any designee of the University's President.

b. The Foundation shall be responsible for maintaining all permanent records of the Foundation including but not limited to the Foundation's Articles, Bylaws and other governing documents, all necessary documents for compliance with IRS regulations, all gift instruments, and all other Foundation records as required by applicable laws.

c. Except to the extent that records are confidential (including confidential donor information), the Foundation agrees to be open to public inquiries for information that would normally be open in the conduct of University affairs and to provide such information in a manner consistent with the Idaho Public Records Law, set forth in Idaho Code Sections 9-337 – 9-350, except where otherwise required by state and federal law.

3. Name and Marks. Each Party hereby is granted a general, non-exclusive, royalty-free license to use the corporate name of the other, specifically: "Idaho State University" and "The Idaho State University Foundation" in all activities conducted in association with or for the benefit of the other. Use of the other Party's name must be in manner that clearly identifies the Parties as separate entities, and neither Party may use the other Party's name to imply approval or action of the other Party. Neither Party may delegate, assign, or sublicense the rights granted hereunder without express written consent from the other Party. This license does not extend to any identifying marks of either Party other than the specified corporate name. Use of other marks must receive prior written approval.

4. Identification of Source. The Foundation shall be clearly identified as the source of any correspondence, activities and advertisements emanating from the Foundation.

5. Establishing the Foundation's Annual Budget. The Foundation shall provide the University with the Foundation's proposed annual operating budget and capital expenditure plan (if any) prior to the date the Foundation's Board of Directors meeting at which the Foundation's Board of Directors will vote to accept such operating budget. Any of the University's funding requests to the Foundation shall be

communicated in writing to the Foundation's Treasurer and Assistant Treasurer by March 1 of each year.

6. Attendance of University's President at Foundation's Board of Director Meetings. The University's President shall be invited to attend all meetings of the Foundation's Board of Directors and may act in an advisory capacity in such meetings.

7. Supplemental Compensation of University Employees. No supplemental compensation of University employees may be made by the Foundation. Provided the Foundation may reimburse the University for those benefits which are necessary for its normal course of operations, including, but not limited to, travel and continuing professional education. This is not intended to proscribe reimbursement by the Foundation of the University's expenses associated with "Loaned Employees" as set forth elsewhere in this Agreement, nor the payment of funds by the Foundation to the University in support of endowed chairs or similar faculty positions.

## **ARTICLE V**

### **Audits and Reporting Requirements**

1. Fiscal Year. The Foundation and the University shall have the same fiscal year.

2. Annual Audit. On an annual basis, the Foundation shall have an audit conducted by a qualified, independent certified public accountant who is not a director or officer of the Foundation. The annual audit will be provided on a timely basis to the University's President and the Board, in accordance with the Board's schedule for receipt of said annual audit. The Foundation's Annual Statements may be presented in accordance with standards promulgated by the Financial Accounting Standards Board (FASB). The Foundation is a component unit of the University as defined by the Government Accounting Standards Board (GASB). Accordingly, the University is required to include the Foundation in its Financial Statements which follow a GASB format. Therefore, if the Foundation presents its audited Financial Statement under FASB, Schedules reconciling the FASB Statements to GASB standards must be provided in the detail required by GASB Standards. The annual audited Financial Statements and Schedules shall be submitted to the University's Office of Finance and Administration in sufficient time to incorporate the same into the University's statements.

3. Separate Audit Rights. The University agrees that the Foundation, at its own expense, may at any time during normal business hours conduct or request additional audits or reviews of the University's books and records pertinent to the expenditure of donated funds. The Foundation agrees that the University and the State Board, at its own expense, may, at reasonable times, inspect and audit the Foundation's books and accounting records.



4. Annual Reports to University President. On a regular basis, which shall not be less than annually, the Foundation shall provide a written report to the University President and the State Board setting forth the following items:

- a. the annual financial audit report;
- b. an annual report of Foundation transfers made to the University, summarized by University department;
- c. an annual report of unrestricted funds received by the Foundation;
- d. an annual report of unrestricted funds available for use during the current fiscal year;
- e. a list of all of the Foundation's officers, directors, and employees;
- f. a list of University employees for whom the Foundation made payments to the University for supplemental compensation or any other approved purpose during the fiscal year, and the amount and nature of that payment;
- g. a list of all state and federal contracts and grants managed by the Foundation;
- h. an annual report of the Foundation's major activities;
- i. an annual report of each real estate purchase or material capital lease, investment, or financing arrangement entered into during the preceding Foundation fiscal year for the benefit of the University; and
- j. an annual report of (1) any actual litigation involving the Foundation during its fiscal year; (2) identification of legal counsel used by the Foundation for any purpose during such year; and (3) identification of any potential or threatened litigation involving the Foundation.

## ARTICLE VI

### Conflict of Interest and Code of Ethics and Conduct

1. Conflicts of Interest and Code of Ethics and Conduct Policy Statement. The Foundation has adopted a written policy addressing the manner the Foundation will address conflict of interest situations. The Foundation's Conflict of Interest Policy is set as Exhibit "F", and its Code of Ethics and Conduct is set forth as Exhibit "G".

2. Dual Representation. Under no circumstances may a University employee represent both the University and the Foundation in any negotiation, sign for

both entities in transactions, or direct any other institution employee under their immediate supervision to sign for the related party in a transaction between the University and the Foundation. This shall not prohibit University employees from drafting transactional documents that are subsequently provided to the Foundation for its independent review, approval and use.

3. Contractual Obligation of University. The Foundation shall not enter into any contract that would impose a financial or contractual obligation on the University without first obtaining the prior written approval of the University and, if applicable under law or policy, the State Board of Education. University approval of any such contract shall comply with policies of the State Board of Education with respect to approval of University contracts.

4. Acquisition or Development or Real Estate. The Foundation shall not acquire or develop real estate or otherwise build facilities for the University's use without first obtaining approval of the State Board. In the event of a proposed purchase of real estate for such purposes by the Foundation, the University shall notify the State Board and where appropriate, the Idaho Legislature, at the earliest possible date, of such proposed purchase for such purposes. Furthermore, any such proposed purchase of real estate for the University's use shall be a coordinated effort of the University and the Foundation. Any notification to the State Board required pursuant to this paragraph may be made through the State Board's chief executive officer in executive session pursuant to Idaho Code Section 67-2345(1)(c).

## ARTICLE VII General Terms

1. Effective Date. This Agreement shall be effective on the date set forth above.

2. Right to Terminate. This Operating Agreement shall terminate upon the mutual written agreement of both parties. In addition, either party may, upon 90 days prior written notice to the other, terminate this Operating Agreement, and either party may terminate this Operating Agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within 30 days after receiving written notice from the non-defaulting party specifying the nature of the default. Should the University choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the Foundation that is not cured within the time frame set forth above, the Foundation may require the University to pay, within 180 days of written notice, all debt incurred by the Foundation on the University's behalf including, but not limited to, lease payments, advanced funds, and funds borrowed for specific initiatives. Should the Foundation choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the University that is not cured within the time frame set forth above, the University may require the Foundation to pay any debt it holds on behalf of the Foundation in like

manner. The parties agree that in the event this Operating Agreement shall terminate, they shall cooperate with one another in good faith to negotiate a new agreement within six (6) months. In the event the parties are unable to negotiate a new agreement within the time period specified herein, they will refer the matter to the State Board for resolution. Termination of this Operating Agreement shall not constitute or cause dissolution of the Foundation.

3. Board Approval of Operating Agreement. Prior to the Parties' execution of this Operating Agreement, an unexecuted copy of this Operating Agreement must be approved to the State Board. Furthermore, this Operating Agreement, including any subsequent modifications and restatements of this Operating Agreement, shall be submitted to the State Board for review and approval no less frequently than once every two (2) years or more frequently if otherwise requested by the State Board.

4. Modification. Any modification to the Agreement or Exhibits hereto shall be in writing and signed by both Parties.

5. Providing Document to and Obtaining Approval from the University. Unless otherwise indicated herein, any time documents are to be provided to the University or any time the University's approval of any action is required, such documents shall be provided to, or such approval shall be obtained from, the University's President or an individual to whom such authority has been properly delegated by the University's President.

6. Providing Documents to and Obtaining Approval from the Foundation. Unless otherwise indicated herein, any time documents are to be provided to the Foundation or any time the Foundation's approval of any action is required, such document shall be provided to, or such approval shall be obtained from, the Foundation's Board of Directors or an individual to whom such authority has been properly delegated by the Foundation's Board of Directors.

7. Notices. Any notices required under this agreement may be mailed or delivered as follows:

To the University:

President  
Idaho State University  
921 South 8<sup>th</sup> Ave. Stop 8310  
Pocatello, ID 83209-8410

To the Foundation:

Vice President for Advancement  
Idaho State University  
Foundation  
921 South 8<sup>th</sup> Ave., Stop 8024  
Pocatello, ID 83209-8024

Finance Director  
Idaho State University  
921 South 8<sup>th</sup> Ave. , Stop 8050  
Pocatello, ID 83209-8050

8. No Joint Venture. At all times and for all purposes of this Memorandum of Understanding, the University and the Foundation shall act in an independent capacity and not as an agent or representative of the other party.

9. Liability. The University and Foundation are independent entities and neither shall be liable for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members or employees.

10. Indemnification. The University and the Foundation each agree to indemnify, defend and hold the other party, their officers, directors, agents and employees harmless from and against any and all losses, liabilities, and claims, including reasonable attorney's fees arising out of or resulting from the willful act, fault, omission, or negligence of the party, its employees, contractors, or agents in performing its obligations under this Operating Agreement. This indemnification shall include, but not be limited to, any and all claims arising from an employee of one party who is working for the benefit of the other party. Nothing in this Operating Agreement shall be construed to extend to the University's liability beyond the limits of the Idaho Tort Claims Act, Idaho Code §6-901 et seq.

11. Dispute Resolution. The parties agree that in the event of any dispute arising from this MOU, they shall first attempt to resolve the dispute by working together with the appropriate staff members of each of the parties. If the staff cannot resolve the dispute, the dispute will be referred to the Chair of the Foundation and the University President. If the Foundation and University President cannot resolve the dispute, then the dispute will be referred to the Foundation Chair and the State Board of Education for resolution. If they are unable to resolve the dispute, the parties shall submit the dispute to mediation by an impartial third party or professional mediator mutually acceptable to the parties. If and only if all the above mandatory steps are follows in sequence and the dispute remains unsolved, then, in such case, either party shall have the right to initiate litigation arising from this MOU. In the event of litigation, the prevailing party shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including court costs, attorney fees, and other professional expenses.

12. Dissolution of Foundation. Consistent with provisions appearing in the Foundation's Bylaws and/or Articles of Incorporation, should the Foundation cease to exist or cease to qualify as an Internal Revenue Code §501(c)(3) organization, the Foundation will transfer its assets and property to the University, to a reincorporated

successor Foundation organized to benefit the University, or to the State of Idaho for public purposes, in accordance with Idaho law.

13. Assignment. This Agreement is not assignable by either party, in whole or in part.

14. Governing Law. This Agreement shall be governed by the laws of the State of Idaho.

15. Severability. If any provision of this Agreement is held invalid or unenforceable to any extent, the remainder of this Agreement is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

16. Entire Agreement. This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior agreements and understandings pertaining thereto.

17. List of Attachments

a.	Loaned Employee Agreement	Page 16
b.	Services Agreement	Page 21
c.	Investment Policy	Page 23
d.	Amended Articles of Incorporation	Page 27
e.	Amended Bylaws	Page 41
f.	Conflict of Interest Policy	Page 65
g.	Code of Ethical Conduct	Page 70

IN WITNESS WHEREOF, the University and the Foundation have executed this agreement on the above specified date.

Idaho State University

By: \_\_\_\_\_  
Its: President

Idaho State University Foundation, Inc.

By: \_\_\_\_\_  
Its: President

## EXHIBIT "A"

**AGREEMENT FOR LOANED EMPLOYEE  
IDAHO STATE UNIVERSITY/IDAHO STATE UNIVERSITY FOUNDATION**

THIS AGREEMENT is entered into by and between IDAHO STATE UNIVERSITY, a state educational institution, and a body politic and corporate organized and existing under the laws of the state of Idaho ("University"), and IDAHO STATE UNIVERSITY FOUNDATION, a private nonprofit corporation ("ISUF").

**BACKGROUND**

A. The ISUF, incorporated as a 501(c)(3) organization in 1967, raises and manages private funds for the benefit of the University, and

B. University has agreed to loan its employee, \*\*\*\*("Loaned Employee"), to ISUF to act in the capacity of \*\*\*\* for ISUF.

**AGREEMENT**

The parties agree as follows:

**1. Relationship between Loaned Employee and University.**

a. Loaned Employee may be an exempt, fiscal year employee of the University subject to all applicable policies and procedures of the Board and the University, or a classified employee subject to the applicable State of Idaho, State Board and/or University rules and procedures.

b. Loaned Employee will be paid at a fiscal year salary rate of \$\*\*\*\*, payable on the regular bi-weekly paydays of the University. Loaned Employee will be entitled to University benefits to the same extent and on the same terms as other full-time University employees of her/his classification.

c. University shall be responsible for the payment of all salary and benefits to Loaned Employee. University shall be responsible for all payroll-related taxes, benefits costs, and other related payroll costs arising out of the Loaned Employee's employment with University.

**2. Relationship between ISUF and Loaned Employee.**

a. Loaned Employee will work full time and shall be under the exclusive supervision, direction and control of the ISUF Board of Directors during the performance of her/his duties under this Agreement. Loaned Employee will report directly to ISUF

President or her/his designee, who shall determine her/his duties. Loaned Employee will be considered a loaned employee under the workers' compensation law of the State of Idaho.

**b.** ISUF is solely responsible for payment of income, social security, and other employment taxes, if any, due to the proper taxing authorities arising from its payment of reimbursements to Loaned Employee. ISUF agrees to indemnify, defend, and hold the University harmless from any and all liabilities, losses, claims or judgments relating to the payment of these taxes.

**c.** No later than ninety (90) days prior to the end of the term of this Agreement, and each subsequent term, if any, ISUF will evaluate the performance of Loaned Employee. In the case where the Loaned Employee is a classified employee, such evaluation shall occur in accordance with rules and procedures applicable to such employees. ISUF will provide a copy of the evaluation document to the University no later than fourteen (14) days after the evaluation is completed.

**d.** ISUF may terminate or non-renew Loaned Employee's employment contract, or discipline Loaned Employee in accordance with ISUF's procedures and applicable law, any such termination or non-renewal shall constitute grounds for termination, non-renewal or discipline of Loaned Employee by the University. Provided however, particularly when the Loaned Employee is a classified employee, any contemplated termination shall be subject to applicable legal and procedural requirements of the State of Idaho and the University.

### **3. Relationship between ISUF and University.**

**a.** ISUF will reimburse University for one hundred percent (100%) of the University's total cost of Loaned Employee's salary and benefits including payroll-related taxes, benefits, and other related payroll costs and the costs associated with travel approved by ISUF. Such costs will be billed quarterly and paid to the University.

**b.** University shall maintain accurate books and account records reflecting the actual cost of all items of direct cost for which payment is sought under this Agreement. At all reasonable times, ISUF shall have the right to inspect and copy said books and records, which the University agrees to retain for a minimum period of one year following the completion of this Agreement.

**c.** The furnishing of Loaned Employee shall not be considered a professional service of the University. At no time during the performance of this Agreement shall the Loaned Employee receive or act under instructions from the University regarding the work performed on behalf of ISUF.

**d.** University shall have no liability to ISUF for loss or damage growing out of or resulting from the activities of the Loaned Employee. ISUF therefore agrees to

release, defend, indemnify and hold harmless the state of Idaho, University, its governing board, officers, employees, and agents, and the Loaned Employee from and against any and all claims, demands, losses, damages, costs, expenses, and liabilities, including but not limited to injuries (including death) to persons and for damages to property (including damage to property of ISUF or others) arising out of or in connection with the activities of the Loaned Employee under this Agreement. The limitation on liability and any agreement to defend, indemnify, or hold harmless expressed in the Agreement shall apply even in the event of the fault or negligence of the Loaned Employee.

#### 4. General Terms

**a. Term, Termination.** This Agreement will terminate on the same day as Loaned Employee's contract as an exempt employee of the University terminates, or in the case of classified employees, after applicable rules and procedures have been followed, or upon Employee's resignation or other separation from employment, whichever is earlier. By mutual written consent, in conjunction with any renewal of the Loaned Employee's contract as an exempt employee of the University, the parties may extend the term of this Agreement for a term equal to the term of the exempt Loaned Employee's renewed contract with the University, or in the case of a classified employee, continued into the next ensuing fiscal year, such that the term of this Agreement shall always be equal to the term of Loaned Employee's status as an exempt or classified employee of the University. The Loaned Employee remains subject to all applicable Board and University policies, including but not limited to policies regarding nonrenewal of fixed term appointments and termination or discipline for adequate cause, and where applicable, rules and procedures pertaining to classified employees.

**b. Governing Law.** This Agreement will be governed by the laws of the State of Idaho as an agreement to be performed within the State of Idaho. The venue for any legal action under this Agreement shall be in Bannock County.

**c. Notice.** Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

#### To ISUF:

Idaho State University Foundation  
President  
921 South 8<sup>th</sup> Ave. Stop 8050  
Pocatello, ID 83209-8050

Phone: (208) 282-3470  
Fax: (208) 282-4994



**To the University:**

Idaho State University  
 Vice President for Advancement  
 821 South 8<sup>th</sup> Ave, Stop 8024  
 Pocatello, ID 83209-8024

Phone: (208) 282-3198  
 Fax: (208) 282-4487

**To the Loaned Employee:**

\*\*\*\*

Last address on file with University's Human Resources

Notice shall be deemed given on its date of mailing, faxing, or upon written acknowledgment of its receipt by personal delivery, whichever shall be earlier.

**d. Waiver.** Waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained.

**e. Attorney's Fees.** In the event an action is brought to enforce any of the terms, covenants or conditions of this Agreement, or in the event this Agreement is placed with an attorney for collection or enforcement, the successful party to such an action or collection shall be entitled to recover from the losing party a reasonable attorney's fee, together with such other costs as may be authorized by law.

IDAHO STATE UNIVERSITY

IDAHO STATE UNIVERSITY  
 FOUNDATION

\_\_\_\_\_  
 James A. Fletcher, Vice President

\_\_\_\_\_  
 Michael J. Byrne, President

Finance and Administration

Date:\_\_\_\_\_

Date:\_\_\_\_\_

\_\_\_\_\_  
 Kent Tingey, Vice President  
 University Advancement

Date:\_\_\_\_\_

ISU/ISUF Loaned Employee Agreement

Page 5

**LOANED EMPLOYEE concurrence and commitment:**

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Date: \_\_\_\_\_

**EXHIBIT "B"**

**SERVICES AGREEMENT**  
**IDAHO STATE UNIVERSITY– IDAHO STATE UNIVERSITY FOUNDATION**

THIS SERVICES AGREEMENT is entered into by and between Idaho State University, a state educational institution, and a body politic and corporate organized and existing under the Constitution and laws of the state of Idaho ("University"), and IDAHO STATE UNIVERSITY FOUNDATION, a private nonprofit corporation ("ISUF").

- A. The University agrees to provide to the ISUF the following administrative, financial, accounting, and investment support services.
  - 1. Administrative support for reconciliation between appropriate ISUF and ISU accounts such as scholarship and spendable accounts and appropriate revenue reports between ISUF and ISU, assist with transfer of gift funds to ISU, assist with monitoring gift fund use to ensure compliance with wishes of donor, ISUF policies and applicable laws..
  - 2. Administrative support for ISUF gift acceptance committee including analysis for evaluation of proposed gifts of real estate and analysis of gifts with unusual restrictions and/or financial/legal consequences, assist with transfers of gifted marketable securities and approved real estate to ISUF, assist with receipt of distributions from estates and trusts to ISUF.
- B. All University employees who provide support services to the ISUF shall remain University employees under the direction and control of the University.
- C. The University will supply the facilities, equipment, software and operating supplies necessary for the University employees supplying the above support services to the ISUF, the nature and location of which shall be in the University's discretion. In addition, the University shall furnish office space and office equipment for use by the "loaned employees", the nature and location of which shall be subject to agreement of the parties.
- D. The ISUF will pay directly to the University a reasonable consideration for the services, facilities, equipment, software and operating supplies provided to the ISUF pursuant to the Service Agreement based upon agreed upon budgets for the services and operations described herein. In conjunction with the University's annual budget process, the University will prepare and present to the ISUF for consideration and acceptance an operating budget for the services and operations to be provided under this Agreement upon which the consideration shall be based.

This Services Agreement shall be effective as of the date of the last signature thereto and shall continue in annual terms matched to the University's fiscal year until terminated by either party. This Services Agreement may be terminated by either party

upon written notice of termination, such termination to be effective 30 days after notice thereof. This Services Agreement shall also terminate at the same time as any termination of the Operating Agreement between the University and the ISUF dated \_\_\_\_\_. In the event of termination, all obligations of the parties hereto shall cease as of the date of termination except for obligations for payment or reimbursement which accrued prior to the date of termination.

IDAHO STATE UNIVERSITY

IDAHO STATE UNIVERSITY FOUNDATION

\_\_\_\_\_  
James A. Fletcher, Vice President  
Finance and Administration

\_\_\_\_\_  
Michael J. Byrne, President

Date:\_\_\_\_\_

Date:\_\_\_\_\_

**EXHIBIT “C”****Idaho State University Foundation****Policy V D Investments****INVESTMENT POLICIES OF THE IDAHO STATE UNIVERSITY FOUNDATION****Preamble**

It is the policy of the Board to treat all assets of the Idaho State University Foundation, including funds that are legally unrestricted, as if held by the Idaho State University Foundation in a fiduciary capacity for the sake of accomplishing its mission and purposes. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws.

**Investment Assets**

For purposes of these policies, investment assets are those assets of the Idaho State University Foundation that are available for investment in the public securities markets as stocks, bonds, cash, or cash equivalents, either directly or through intermediate structures. Illiquid assets are described in the Idaho State University Foundation's gift acceptance policies, and are governed by those rules and not by these investment policies.

**Supervision and Delegation**

The Board of the Idaho State University Foundation has adopted these policies and has formed an Investment Committee, described below, to whom it has delegated authority to supervise the Idaho State University Foundation investments. The committee and its counselors will act in accord with this investment policy (hereinafter “policy”), and all applicable laws and state and federal regulations that apply to nonprofit agencies including, but not limited to, the Uniform Prudent Investors Act and the Uniform Management of Institutional Funds Act. The Board reserves to itself the exclusive right to amend or revise these policies.

**Investment Committee**

It shall be the responsibility of the Investment Committee to:

1. Supervise the overall implementation of the Idaho State University Foundation's investment policies by the Idaho State University Foundation's executive staff and outside advisors;
2. Monitor and evaluate the investment performance of the Idaho State University Foundation's funds;
3. Report at each regularly scheduled meeting of the Board on Foundation investment matters including financial performance:

4. Develop and annually update an investment policy, asset allocation strategies, risk-based fund objectives, and appropriate investment management structures and provide the same to the Board;
5. Execute such other duties as may be delegated by the Board.

Whenever these policies assign specific tasks to the committee, the policies assume that the actual work will (or may) be performed by the Idaho State University Foundation's Finance Director or other designated staff members, subject only to the committee's overall supervision.

### **Investment Consultant, Advisors, and Agents**

The committee is specifically authorized to retain one or more investment advisors (advisors) as well as any administrators, custodians, or other investment service providers required for the proper management of the Idaho State University Foundation's funds. The committee may utilize an advisor as an investment consultant (consultant) to advise and assist the committee in the discharge of its duties and responsibilities. In that regard, a consultant may help the committee to

1. Develop and maintain investment policy, asset allocation strategies, risk-based fund objectives, and appropriate investment management structures;
2. Select, monitor, and evaluate investment advisors and/or investment entities;
3. Provide and/or review quarterly performance measurement reports and assist the committee in interpreting the results;
4. Review portfolios and recommend actions, as needed, to maintain proper asset allocations and investment strategies for the objectives of each fund; and,
5. Execute such other duties as may be mutually agreed.

In discharging this authority, the committee can act in the place and stead of the board and may receive reports from, pay compensation to, enter into agreements with, and delegate discretionary investment authority to such advisors. When delegating discretionary investment authority to one or more advisors, the committee will establish and follow appropriate procedures for selecting such advisors and for conveying to each the scope of their authority, the organization's expectations, and the requirement of full compliance with these policies.

### **Objectives**

The Idaho State University Foundation's primary investment objective is to preserve and protect its assets by earning a total return for each category of assets (a "fund"), which is appropriate for each fund's time horizon, distribution requirements, and risk tolerance.

### ***Tax-Based Restrictions***

The Idaho State University Foundation is a charitable organization under § 501(c)(3) of the Internal Revenue Code. Consequently, its income is generally exempt from federal and state income tax with the exception of income that constitutes unrelated business taxable income (UBTI). The committee is to determine if a particular strategy or investment will generate UBTI, for which it may rely on advice of counsel. Since UBTI can be generated by leveraged investments (resulting in "debt-financed income"), the

Idaho State University Foundation will not utilize margin, short selling, or other leveraged investment strategies unless the Investment Committee grants a specific exception. When granting exceptions, the committee must determine that the potential rewards outweigh the incremental risks and costs of UBTI. All such exceptions shall be made in writing and shall be communicated to the Board as part of the next regular Investment Committee report.

### Reporting Requirements

1. *Monthly* — The committee will obtain written monthly custodial statements. Such statements should contain all pertinent transaction details for each account that holds all or a portion of any the Idaho State University Foundation investment funds. Each monthly statement should include
  - The name and quantity of each security purchased or sold, with the price and transaction date; and,
  - A description of each security holding as of month-end, including its percentage of the total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income (yield) at market.

In addition, if not included in the custodial reports, the consultant and/or the investment advisor(s) should provide a report for each fund or portfolio showing the month-end allocation of assets between equities, fixed-income securities, and cash. The monthly review of custodial statements may be delegated to the Idaho State University Foundation accounting staff.

2. *Quarterly* — The committee should obtain from its investment consultant and/or investment advisors, a detailed review of the Idaho State University Foundation's investment performance for the preceding quarter and for longer trailing periods as appropriate. Such reports should be provided as to each fund and as to the Idaho State University Foundation investment assets in the aggregate. As to each fund, the committee should establish with its investment consultant and/or investment advisors the specific criteria for monitoring each fund's performance including the index or blend of indices that are appropriate for the objectives of each fund and for the investment style or asset class of each portfolio within a fund. The committee shall meet with the consultant to conduct such reviews to the extent it deems necessary.
3. *Periodically* — The committee should meet with its investment consultant at least annually to review all aspects of the Idaho State University Foundation's investment assets. Such a review should include 1) strategic asset allocation, 2) manager and investment entity performance, 3) anticipated additions to or withdrawals from funds, 4) future investment strategies, and 5) any other matters of interest to the committee.

Policy VD Investments

Page 4

Date of Board Approval:

Person responsible for the periodic review of policy and if necessary submits proposed revisions to Board for approval: Chair Investment Committee Chair

Date of Last Review



ARTICLES OF INCORPORATION  
OF  
IDAHO STATE UNIVERSITY FOUNDATION, INC.

BE IT KNOWN That We, the undersigned, being natural persons of full age and citizens of the United States, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the general corporation laws of the State of Idaho, and in particular Chapter 11 of Title 30, and the Acts amendatory thereof and supplemental thereto, do hereby associate ourselves, together with such other persons as may associate themselves and their successors, for the purpose in incorporation and do hereby certify as follows:

ARTICLE I.

NAME

The name of this corporation is "Idaho State University Foundation, Inc.

ARTICLE II.

PERIOD OF DURATION

This corporation shall have perpetual existence.

ARTICLE III.

PURPOSES

The purposes for which this corporation was formed and now exists are:

1. To solicit and receive contributions, gifts, grants, devises or bequests of real or personal property or both from individuals, foundations, partnerships, associations, governmental bodies or public or private corporations and to maintain, use and apply the whole or any part of the income therefrom and the principal thereof exclusively for charitable, scientific, literary or educational purposes either directly or by contribution to the Idaho State University or other organizations duly authorized to carry on charitable, scientific, literary or educational activities in order to aid and benefit the Idaho State University, provided, however, that no part of such income or principal shall be contributed to any organization whose net earnings or any part thereof enure to the benefit of any private shareholder or individual or any substantial part of the activities of which involve carrying on propaganda or otherwise attempting to influence legislation, or

participating in or intervening in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.

2. No part of the net earnings of the corporation shall enure to the benefit of any member, trustee, officer of the corporation or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation in connection with one or more of its purposes) and no member, trustee, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporation's assets on dissolution of the corporation.
3. No part of the activities of the corporation shall involve carrying on propaganda or otherwise attempting to influence legislation or participating in or intervening (including the publishing or distributing of statements) in any political campaign on behalf of any candidate for public office.
4. Upon dissolution of the corporation or the winding up of its affairs except by merger with corporation of similar purposes, the assets of the corporation shall be distributed exclusively to the Idaho State University.

#### ARTICLE IV.

##### POWERS

Subject to the express limitation that the corporation shall not have or possess any power at any time, the effect of which prevents the corporation from qualifying as an exempt organization under paragraph 501 of the Internal Revenue Code of 1954 as it now exists or as it may be amended hereafter or which prevents any gifts, grant, devise or bequest from qualifying as a charitable contribution for Federal Estate Tax purposes or for Federal Income Tax purposes, the corporation shall have and possess the following powers, any or all of which must be exercised exclusively in the furtherance of the purposes for which the corporation exists:

- (a) To have perpetual succession by its corporate name.
- (b) To sue and be sued, complain and defend, in its corporate name.
- (c) To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.
- (d) To purchase, take, receive, lease, take by gifts, devise, or bequest, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property or any interest therein wherever situated.

- (e) To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets.
- (f) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge or otherwise dispose of and otherwise use and deal in and with shares or other interests in or obligations of other domestic or foreign corporations, whether for profit or not for profit, associations, partnerships or individuals or direct or indirect obligations of the United States or of any other government, state, territory, governmental district or municipality, or of any instrumentality thereof.
- (g) To make contracts and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income.
- (h) To lend money for its corporate purposes, invest and reinvest its funds and take and hold real and personal property as security for the payment of funds so loaned or invested.
- (i) To conduct its affairs, carry on its operations and have offices and exercise the powers granted by the provisions of Chapter 11, Title 30, Idaho Corporation Code, as that act presently exists or as it may be amended in the future, in any state, territory, district or possession of the United States or in any foreign country.
- (j) To elect or appoint any committees and any officers or agents of the corporation as the Board of Directors may determine and to define their duties and fix the compensation to be paid to any officer or agent.
- (k) To make and alter By-Laws not inconsistent with these Articles of Incorporation or with the Laws of the State of Idaho for the administration and regulation of the affairs of the corporation.
- (l) To make donations for the general welfare of the Idaho State University and for charitable, scientific, literary, and educational purposes incident to the operation of the Idaho State University.
- (m) To indemnify any director or officer or former director or officer of the corporation or any person who may have served at its request as a director or officer of another corporation whether for profit or not for profit against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty; but such indemnification shall not be deemed exclusive of any other rights to which such director or officer may be otherwise entitled.
- (n) To cease its corporate activities and surrender its corporate franchise, or to merge with similar non-profit corporations.

- (o) To have and exercise all powers necessary or convenient to effect any and all of the purposes for which the corporation is organized and exists.
- (p) To execute trust agreements and accept and administer trust funds relating to the purposes for which the corporation has been organized and exists and not in conflict with the exempt status of the corporation under the Internal Revenue Code.
- (q) To pay the reasonable and necessary expenses for the operation of the corporation out of the principal or income from gifts, grants, devises or bequests made expressly for that purpose or unrestricted as to their use by the donors or unless expressly provided to the contrary by the agreement controlling the use of such funds, from income received from other gifts, grants, devises or bequests during the period said funds are held by the foundation and are not required for the purposes specified by the donor, grantor or testator.
- (r) Unless otherwise specifically restricted by the donor, grantor, or testator, the corporation shall have and possess the following powers with reference to its investments:
  - (1) To receive and accept in kind and to hold and administer as an investment as long as it shall seem to it best, any and all property which may come to it without liability for depreciation or loss through errors of judgment or otherwise.
  - (2) To mingle funds of different gifts for the purpose of investment and reinvestment.
  - (3) To acquire, invest, reinvest, exchange, retain, sell or otherwise dispose of stocks, bonds, or other securities in the exercise of the judgment and care under the circumstances then prevailing which men of prudence, discretion and intelligence generally exercise in the management of their own affairs, not in regard to speculation but in making investments of their own funds with a view to probable increase of principal as well as safety of their capital and current income. Within the limitations of this standard, the corporation is authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment including specifically, but without limiting the generality of the foregoing, bonds, debentures and other corporate obligations, stocks, preferred or common, and real estate mortgages and to retain any property properly acquired without limitation as to time and without regard to its suitability for original purchase. The corporation shall not be limited or restricted to authorized investments for trustees under the laws of Idaho or any other law as now existing or as hereafter enacted.
  - (4) To determine whether money or other property received is principal or income, or partly one and partly the other; and to charge and apportion expenses and losses to principal and income as it may deem just and equitable; to make good any "wasting investment," losses of principal or premiums paid for securities, out of income over such periods of time as it may deem advisable.

- (5) To invest and reinvest expendable principal received by the Foundation for specific purposes but not presently required for the purposes specified by the donor, grantor or testator in such investments as the Board of Directors shall determine after taking into account the time when said principal funds will be required and the necessity to preserve said funds without loss of principal and to use or accumulate the net income received therefrom for reasonable expenses or operations of the Foundation, as the Board of Directors shall determine; provided, such expendable principal funds shall be available when required for use for the purposes specified by the donor, grantor or testator.

## V.

## REGISTERED OFFICE AND AGENT

The official registered office of the corporation shall be in the Administration Building on the Idaho State University Campus, Pocatello, Idaho. The Resident agent of the corporation until otherwise designated by the Board of Directors is Herman J. McDevitt, address: First Security Bank Building, Pocatello, Idaho. The Board of Directors from time to time by appropriate resolution shall have the power and authority to change the location of the registered office of the corporation and to change the designation of the resident agent of the corporation.

## VI.

## THE BOARD OF DIRECTORS

(1) The affairs of the corporation shall be conducted by a Board of Directors of at least three members. The exact number of Directors shall be fixed from time to time by the By-Laws of the corporation. Until otherwise provided by the By-Laws, and until their successors are elected and qualified the Board of Directors shall consist of the following members: Dee Bogert, Member, State Board of Education; Dr. William E. Davis, President Idaho State University; Dr. Donald F. Kline; Frank D. Seelye; William J. Ryan, Jr., Executive Secretary of Alumni Association; Herman J. McDevitt, Attorney; and Charles H. Kegel. In addition, the President of the Foundation and the Treasurer are ex-officio members of the Board.

(2) The qualifications of members of the Board, their manner of selection and the voting rights of ex-officio members shall be determined by the By-Laws.

(3) The real estate and personal property of the corporation shall be under the complete control of the Board of Directors which is charged with the responsibility of administering and expending said property in accordance with the purposes for which the corporation has been organized and exists and in accordance with the terms and conditions of the gift, grant, devise or bequest under which the corporation has received the property in question. The Board of Directors may appoint an Investment Committee and may also appoint a fiscal agent or agents to handle its investments and financial affairs in such manner as may be determined advisable by the Board.

## VII.

## ORIGINAL INCORPORATORS

The names and Post Office addresses of the incorporators, who shall serve as Trustees until their successors are elected and qualified are:

Name	Address
Charles H. Hazel	161 16th Place
Frank W. Dooley	Pocatello, Idaho
William J. Ryan	724 So 19th Pocatello Idaho
E. A. Bogert Jr.	300 myer st.
Yonace H. H. H.	Pocatello, Idaho
William E. Davis	28 Willowood
Thomas J. Miller	Pocatello, Idaho
	42 Calgate
	Pocatello, Idaho
	341 S 7th
	Pocatello, Idaho

## VIII.

## BOARD OF TRUSTEES

The corporation shall have a Board of Trustees which shall be unlimited in number. Members of the Board shall serve without compensation of any kind. The qualifications and method of selection of trustees shall be determined by the By-Laws. The Board of Trustees shall have the power to adopt amendments to these Articles of Incorporation and shall elect the Directors of the corporation in such manner as shall be provided by the By-Laws.

In addition the holders of the following offices are trustees by virtue of their office: President of the Idaho State University, the Secretary of the Idaho State University Alumni Association, a member of the Board of Trustees of the Idaho State University to be designated by the Board of Trustees and the President of the Idaho State University Alumni Association.

## ARTICLE IX.

## AMENDMENTS

These Articles of Incorporation may be amended at any time in the manner and form provided by the Idaho Code as existing at the time of the adoption of these Articles of Incorporation or as provided by any other applicable law but no amendment may be adopted which changes or affects in any way the exempt status of the corporation as an organization existing exclusively for charitable, educational, literary or scientific purposes.

## CERTIFICATE

IN WITNESS WHEREOF, the undersigned President and Secretary of the corporation hereby certify and state that these Articles of Incorporation were adopted by the incorporators of the Idaho State University Foundation, Inc. at a special meeting of said incorporators held at the Conference Room; Administration Building, on February 9, 1967, that a quorum was present at such meeting and that these Articles received unanimous approval of the incorporators, and members present at said meeting.

That due notice of said meeting and purposes thereof was given by publication in the Idaho State Journal, a legal newspaper as provided by law. That the Directors & Trustees herein named were elected at such meeting pursuant to such notice.

William E. Davis  
President

Donald F. Kline  
Secretary

STATE OF IDAHO            )  
                                  : ss  
County of Bannock        )

On this 13 day of March, 1967, before me the undersigned, a Notary Public in and for Bannock County, Idaho, personally appeared Wm. E. Davis and Donald F. Kline, to me known to be the President and Secretary, respectively, of the Idaho State University Foundation, Inc., and upon being first duly sworn upon oath, depose and stated that the facts set forth in the foregoing instrument and certificate were in all respects true and correct.

Hermon J. McDevitt  
Notary Public for Idaho  
Residing at Pocatello, Idaho



## IDAHO STATE UNIVERSITY

Office of the Director  
Development and Institutional Research  
POCATELLO, IDAHO  
83201

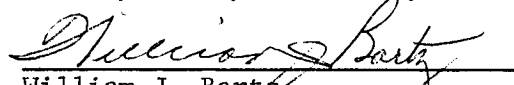
March 13, 1967

UNIVERSITY FOUNDATION

It was moved by Mr. Smith, seconded by Mr. Hampton, and carried, that the State Board of Education, acting as Trustees for Idaho State University, approve the use of the name "Idaho State University" for the proposed corporation to be known as the Idaho State University Foundation, Inc. In accordance with Section 2, A, of the By-Laws of the Idaho State University Foundation, Inc., the State Board of Education names ~~Dec Bogert~~ to serve on the Board of Directors of the Foundation. Edmund A. Bogert, Jr.

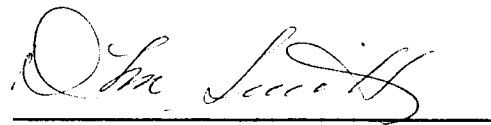
Copies of the Articles of Incorporation and the By-Laws are attached for the information of the Board. (Appendix B.)

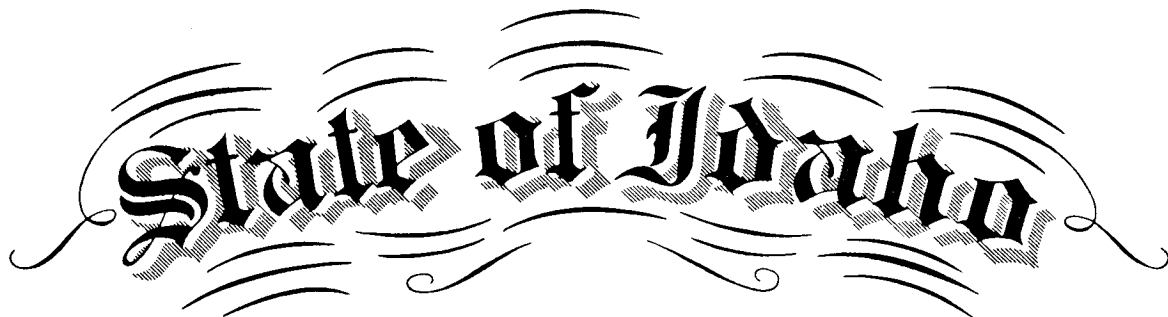
This is to certify that the foregoing is an exact and true excerpt taken from the minutes of the State Board of Education acting as trustees for Idaho State University in a duly called meeting in Moscow, Idaho, March 2-3, 1967.

  
William J. Bartz  
Financial Vice President

STATE OF IDAHO     )  
                              :    ss  
County of Bannock    )

On this 13th day of March, 1967, before me the undersigned, a Notary Public in and for Bannock County, Idaho, personally appeared Mr. William J. Bartz to me known to be the Financial Vice President of Idaho State University and upon being first duly sworn upon oath, deposed and stated that the facts set forth in the foregoing instrument were in all respects true and correct.

  
Notary Public for Idaho  
Residing at Pocatello, Idaho.



**CERTIFICATE OF AMENDMENT  
OF**

**IDAHO STATE UNIVERSITY FOUNDATION, INC.**

**IDAHO STATE UNIVERSITY FOUNDATION, INC.**

duly signed and certified pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Amendment to the Articles of Incorporation and attach hereto a duplicate original of the Articles of Amendment.

Dated May 13 19 83



*Pete H. Chesser*

SECRETARY OF STATE

Corporation Clerk

MAY 13 8 35 AM '83  
SECRETARY OF STATE

MAY 5 8 52 AM '83  
SECRETARY OF STATE

AMENDMENT OF ARTICLES OF INCORPORATION OF  
IDAHO STATE UNIVERSITY FOUNDATION, INC.

Harry F. Magnuson, President, and Dennis Holter,  
Executive Vice President/<sup>Secretary</sup> of the above-named corporation,  
respectfully show that:

The above-named corporation was organized under the laws of the State of Idaho and was issued a charter by the Secretary of State dated February 9, 1967, with its principal place of business in Pocatello, Bannock County, Idaho.

The undersigned, the duly elected and qualified President and Executive Vice President/<sup>Secretary</sup> of the said corporation, hereby certify that statutory notice was given to each Director of the said corporation of a special meeting of Directors to be held on April 22, 1983, and notice stated the time and place of meeting and the purposes thereof.

And, further, that the meeting was duly held pursuant to notice, and a resolution was offered and unanimously adopted by vote of said Directors/<sup>members</sup> to amend Articles V and VIII of the Articles of Incorporation of said corporation to read as follows:

"V.

REGISTERED OFFICE AND AGENT

The official registered office of the corporation shall be in the Administration Building on the Idaho State University Campus, Pocatello, Idaho. The resident agent of the corporation until otherwise designated by the Board of Directors is

Dennis A. Holter, address: Campus Box 8050, Idaho State University, Pocatello, Idaho. The Board of Directors from time to time by appropriate resolution shall have

## "VIII.

## BOARD OF TRUSTEES

The corporation may have a Board of Trustees which shall be unlimited in number. Members of the Board of Trustees shall serve without compensation and without requirements for duties or responsibilities. The qualifications and method of selection of Trustees shall be determined by the By-Laws."

And, further, your petitioners certify that they have complied in all respects with the laws of the State of Idaho and amendments thereto to amend the Articles of Incorporation of the Idaho State University Foundation, Inc.

WHEREFORE, we pray that the said Articles of Incorporation of the Idaho State University Foundation, Inc. be so amended.

DATED and signed this 22<sup>nd</sup> day of April, 1983.

IDAHO STATE UNIVERSITY  
FOUNDATION, INC.

By: *W. Magnuson*  
President

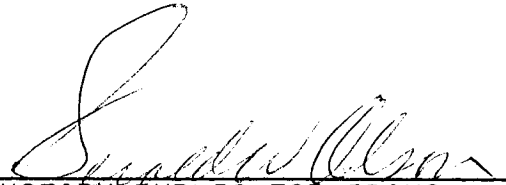
ATTEST:

*Dennis A. Holter*  
Executive Vice President & Secretary

STATE OF IDAHO       )  
                              :    ss  
County of Bannock    )

I, Gerald W. Olson, a Notary Public, do hereby certify that on this 22<sup>nd</sup> day of April, 1983, personally appeared before Harry F. Magnuson, who, being by me first duly sworn

President of the corporation, and that the statements therein contained are true.

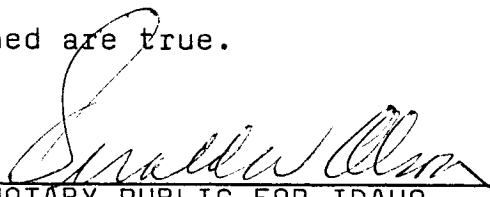
  
 NOTARY PUBLIC FOR IDAHO  
 Residing at Pocatello, Idaho

(SEAL)

My Commission Expires: Lifetime

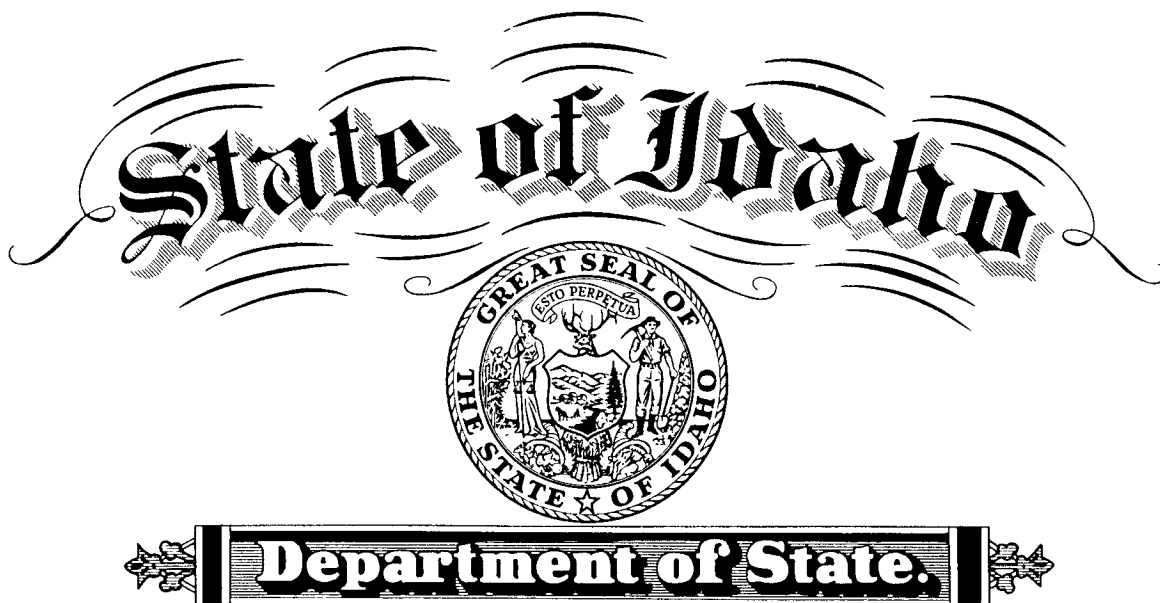
STATE OF IDAHO       )  
                               : ss  
 County of Bannock    )

I, Gerald W. Olson, a Notary Public, do hereby certify that on this 22<sup>nd</sup> day of April, 1983, personally appeared Dennis Holter, who, being by me first duly sworn, declared that he is the Executive Vice President of the Idaho State University Foundation, Inc., that he signed the foregoing document as Executive Vice President of the corporation, and that the statements therein contained are true.

  
 NOTARY PUBLIC FOR IDAHO  
 Residing at Pocatello, Idaho

(SEAL)

My Commission Expires: Lifetime



## CERTIFICATE OF INCORPORATION

EDSON H. BEAL  
~~XXXXXXXXXXXXXXXXXXXX~~ Secretary of State of the State of Idaho, and legal custodian of the corporation records of the State of Idaho, do hereby certify that the original of the articles of incorporation of

### IDAHO STATE UNIVERSITY FOUNDATION, INC.

was filed in the office of the Secretary of State on the Seventeenth day of March A. D. One Thousand Nine Hundred Sixty-seven and will be microfilm ~~XXXXXX~~ duly recorded on ~~XXXXXX~~ of Record of Domestic Corporations of the State of Idaho, and that the said articles contain the statement of facts required by Sections 30-103, 30-1101 and 30-1102, Idaho Code.

AND I FURTHER CERTIFY That the persons executing the articles and their associates and successors are hereby constituted a corporation, by the name stated in the articles, and for perpetual existence from the date hereof, with its registered office in this State located at Pocatello in the County of Bannock and as such are subject to the rights, privileges and limitations granted to Religious, Ex-Service Men, Benevolent, Charitable and Fraternal Corporations, as provided in Chapter 11, Title 30, Idaho Code.

IN TESTIMONY WHEREOF, I have hereunto

set my hand and affixed the Great Seal of the State. Done at Boise City, the Capital of Idaho.

Amended and Restated Bylaws  
of  
Idaho State University Foundation, Inc.

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## **Article I Purpose and Duration of the Foundation**

The Idaho State University Foundation, Inc., an Idaho nonprofit corporation (the "Foundation") exists for the purpose of soliciting, securing and managing various sources of funding to promote the growth and operations of Idaho State University in the furtherance of the University's goals to provide a meaningful and valued educational experience for its students. The Foundation shall have no termination date and shall exist in perpetuity.

## **Article II Offices**

Section 2.01 Principal Office. The principal office of the Foundation shall be located at the administrative building on the Idaho State University Campus. The Foundation may have such other offices as the Board of Directors (the "Board") may designate or as the business of the Foundation may require from time to time.

Section 2.02 Registered Office. The registered office of the Foundation to be maintained in the state of Idaho shall be located at the principal office of the Foundation, and may be changed from time to time by the Board.

## **Article III Board of Directors**

Section 3.01 General Powers and Standard of Care. All corporate powers shall be exercised by or under authority of, and the business and affairs of the Foundation shall be managed under the direction of, the Board except as may be otherwise provided in the Idaho Nonprofit Corporation Act (the "Act") or the Articles of Incorporation (the "Articles"). If any such provision is made in the Articles, the powers and duties conferred or imposed upon the Board by the Act shall be exercised or performed to such extent and by such person or persons as shall be provided in the Articles.

A Director shall perform such Director's duties as a Director, including such Director's duties as a member of any committee of the Board upon which such Director may serve, in good faith, in a manner such Director reasonably believes to be in the best interests of the Foundation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such Director's duties, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) One (1) or more officers or employees of the Foundation whom the director reasonably believes to be reliable and competent in the matters presented;
- (b) Counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or

(c) A committee of the Board upon which such director does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence, but such director shall not be considered to be acting in good faith if such director has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs such duties shall have no liability by reason of being or having been a director of the Foundation.

**Section 3.02 Composition and Term.** There shall be a Board of Directors of the Foundation consisting of no more than twenty-five (25) voting directors. Directors shall be elected by the Board for a term of three (3) years and shall not serve more than three (3) consecutive terms, unless elected President or Vice President ("VP") of the Foundation. The President shall also serve as Chairperson of the Board ("CoB"). The term of the director elected CoB/President shall be extended an additional one year after the completion of service as CoB/President, unless the maximum of three terms has not been reached, in which case he or she will serve the remainder of his or her three terms. After the maximum of three (3) terms on the Board, an outgoing director shall automatically move into Associate status and may be re-elected to the Board after a term of absence from the Board of at least one (1) year.

**Section 3.03 Method of Selection.** Nomination to the Board may be made by any member of the Board, any ex officio members of the Board or any Board Associate. Nominations should be submitted in writing to a member of the Nominating Committee of the Board. The Nominating Committee will review the nominees and present a slate of potential nominees to the Board for election when vacancies occur on the Board.

**Section 3.04 Qualifications.** Any person of good moral character having a genuine interest in the objects of the Foundation may be qualified as a member of the Board without regard to his or her place of residence, whether he or she has attended Idaho State University or any other similar factor.

**Section 3.05 Ex Officio Membership.** The following shall be ex officio members of the Board of this Foundation:

- (a) The President of Idaho State University;
- (b) The Vice President for University Advancement at Idaho State University ("EVP");
- (c) The Secretary of the Foundation;
- (d) The Treasurer of the Foundation;
- (e) The President of the Idaho State University Alumni Association;

(f) **Counsel for the Foundation; and**

(g) **An ISU Faculty Member periodically appointed or elected by the ISU Faculty Senate to perform an active role in fund-raising for the University.**

Unless they are also current voting directors, ex officio members of the Board shall not vote on matters being considered by the Board.

**Section 3.06 Meetings of the Board of Directors.**

(a) The Board shall meet semi-annually and at such other times as meetings may be called. The CoB, VP, or the EVP shall have the right to call any meeting of the Board at any time and place by giving no less than five (5) days notice to the Board of the time and place of such meeting.

(b) Any Board action to remove a director, shall require no less than seven (7) days written notice to each director that the matter will be voted on at a Board meeting. Such notice shall also include the time and place of such meeting.

(c) A director may, at any time before, during or after a Board meeting, waive any notice required by law, the Articles, or these Bylaws. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or Foundation records.

A director's attendance at or participation in a meeting waives any required notice of the meeting unless the director, upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with law, the Articles, or these Bylaws objects to lack of notice and does not thereafter vote for or assent to the objected action.

(d) No less than half of the voting membership of the Board plus one shall constitute a quorum at any meeting and, unless otherwise provided by law or by the Articles, action of the Board shall be controlled by majority action of the voting directors present at any meeting.

(e) The Board shall keep a record of its proceedings and shall make a detailed report available to the directors, the officers, including ex officio officers of the Foundation, and Board Associates.

**Section 3.07 Committees of the Board of Directors.**

(a) **Executive Committee.** The Executive Committee shall be responsible for personnel matters, and recommendations for Board action. The Executive Committee shall be a standing committee consisting of the CoB, EVP, and VP of the ISU Foundation and two (2) other directors. The other directors serving on the Committee shall be elected annually by the Board. The Secretary and the Treasurer of the Foundation shall serve as ex officio members of the Committee.

(b) **Investment Committee.** The Investment Committee shall be a standing committee of at least three (3) members of the Board and such other persons as may be determined by the Board. This committee shall be elected annually by the Board. The Investment Committee shall recommend investment policy and investment transactions. Said committee is authorized to buy and sell stocks, bonds and securities from any list of investments approved by the Board as qualified investments for the Foundation; subject, however, to any restrictions in any controlling instruments relating to the funds to be invested and subject to statements of investment policy of the Board then in effect. The Treasurer of the Foundation shall serve as an ex officio member of the Committee.

(c) **Nominating Committee.** The Nominating Committee shall be a standing committee consisting of at least three (3) members of the Board. This committee shall be elected annually by the Board. The Committee shall be responsible for submitting to the Board for election a list of potential nominees for the offices of VP, Secretary and Treasurer and for vacancies occurring on the Board. The Committee shall accept nominations for vacancies on the Board from members of the Board, from ex officio officers and from Board Associates. The Committee shall review the list of potential nominees, determine the nominees' willingness to serve and submit the list of nominees with recommendation to the Board prior to each election.

(d) **Audit Committee.** The Audit Committee shall provide oversight for Foundation financial statement integrity, financial practices, internal control systems, financial management, and financial standards of conduct. The Audit Committee shall be a standing committee of at least three (3) members of the Board and such other persons as may be determined by the Board. This committee shall be elected annually by the Board. Each member of this committee shall be free from any relationship that would interfere with the exercise of his or her independent judgment. At least one member of this committee shall have current accounting or related financial management expertise in the following areas:

1. an understanding of generally accepted accounting principles, experience in preparing, auditing, analyzing, or evaluating complex financial statements, and;
2. experience in preparing or auditing financial statements; and
3. an understanding of internal controls.

(e) **Other Committees.** The Board shall have the right to create any other

committee from time to time to assist in accomplishing the duties and the responsibilities of the Foundation. Membership on any committee need not be limited to members of the Board or Board Associates.

Section 3.08 Vacancies. Any vacancy occurring on the Board and any directorship to be filled by reason of any increase in the number of directors shall be filled by the Board based on nominations received from the Nominating Committee. The term of any directorship arising due to vacancy or increase in the number of directors shall be three (3) years and shall be subject to the term limits described in Section 3.02 above.

Section 3.09 Removal of Directors.

(a) Removal for Cause. Any director may be removed from office for cause by a two-thirds (2/3) majority vote of the total directors then in office.

(b) Removal for Unexcused Absences. A director may be removed from office after two (2) unexcused absences of any Board meeting within any twelve-month period, provided that a majority of the total directors then in office vote for such removal.

Section 3.10 Informal Action. Any action required to be taken at a meeting of the Board of directors may be taken without a meeting if a majority of the directors agree to such action either via electronic mail or in writing.

Section 3.11 Open Meetings. It is the intent of the Foundation to conduct its business in open sessions whenever possible. However, the meeting shall be closed in those circumstances where the Board is discussing or acting upon strategy with respect to litigation; discussing the purchase of real property not owned by a public agency; interviewing prospective Foundation employees; or considering the evaluation, dismissal or disciplining of, or hearing complaints or charges brought against, a Foundation employee or staff member.

On any other matter which the Board feels must be dealt with in a confidential manner, the Board may close its meeting to the non-Board members of the Foundation and the general public. An affirmative two-thirds (2/3) vote of the Board members present is necessary to close the meeting. The Board shall take no final action or make any final decision in closed meeting.

Section 3.12 Director Conflicts of Interest. All members of the Board shall comply with all provisions of the Conflict of Interest Policy as set forth in Article VI below.

Section 3.13 Loans to Directors. The Foundation shall not lend money to or guarantee the obligation of a director.

**Article IV Board Associates**

The Foundation shall have honorary Associates to provide advisory services to the  
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Foundation. The Associates are individuals who have previously served on the Board for the Foundation. Directors who have completed three (3) terms on the Board will automatically be eligible to serve as an Associate, unless they decline to do so. Associates shall be unlimited in number and shall serve until resignation or until removal by a majority vote of the Board. Associates shall be invited to all regular meetings of the Board, though they shall not be required to attend. Associates may not vote on matters being considered by the Board.

## **Article V      Officers**

Section 5.01 Designation and Method of Selection. Officers of the Foundation shall consist of the President (who also serves as Chairperson of the Board), Vice President ("VP"), Executive Vice President ("EVP"), Secretary and Treasurer. Except as otherwise provided herein, the officers shall be elected by the Board and, other than the CoB/President and VP, shall serve at the pleasure of the Board or until their respective successors are duly elected and qualified. The term of the CoB/President and VP shall be two years. Persons elected as either CoB/President or VP shall be current members of the Board at the time of their election and term of service. The VP will automatically assume the role of CoB/President at the end of the term of the previous CoB/President. Persons elected as Secretary or Treasurer shall be then current members of either the Board or Board Associates. Any vacancies in any office shall be filled by the Board at any regular or special meeting of the Board from nominees provided by the nominating committee. The terms of officers as described herein may be increased or decreased by majority vote of the Board members present at the meeting at which such increase or decrease is voted on, provided a quorum is present.

Should special circumstances exist, the Board may, by majority vote of the directors present at the meeting at which such matter shall be considered and the concurrence of the CoB/President, temporarily divide the office of the CoB/President into two separate roles of CoB and President with the CoB/President assuming one of the roles and the other role being filled by the former CoB/President or another qualified member of the Board. Such division of roles shall be for a period not to exceed one year. The directorship term limits provided in Section 3.02 above shall apply to situations described in this paragraph as follows: The directorship term of the former CoB/President, or other qualified Board member, serving in the temporary role described in this paragraph shall be extended an additional one year after the completion of such service, unless the maximum of three terms as described in Section 3.02 above has not been reached, in which case he or she will serve the remainder of his or her three terms.

## Section 5.02 Duties of the Officers.

(a) The CoB/President shall preside at all meetings of the Board. He or she shall have and possess all of the powers and duties ordinarily incident to the office or as may be assigned by the Board.

(b) The Vice President shall act in behalf of and carry out all of the duties of

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the CoB/President in the absence or inability to act of the CoB/President. He or she shall have and possess all of the powers and duties ordinarily incident to the office or as may be assigned by the Board. The VP will automatically assume the role of CoB/President at the end of the term of the previous CoB/President.

(c) The Executive Vice President of the Foundation shall devote such time as directed by the Board to the affairs of the Foundation. The Vice President for University Advancement of Idaho State University shall concurrently serve by virtue of that office, as the Executive Vice President of the Idaho State University Foundation. He or she shall have and possess all of the duties and powers ordinarily incident to the office of Executive Vice President and such other duties and powers as may be assigned by the Board.

(d) The Secretary of the Foundation shall have and possess such duties as are ordinarily incident to the office or as may be assigned by the Board. The Secretary shall be responsible for advising the Board regarding compliance with the various bylaws and requirements of the Foundation.

(e) The Treasurer of the Foundation shall have and possess such duties as are ordinarily incident to the office or as may be assigned by the Board. The Treasurer shall work directly with the Investment Committee to develop and implement investment strategies for the Foundation.

It is not expected that any officer, other than the EVP, shall devote his or her full time to the affairs of the Foundation unless otherwise directed by the Board at the time of his or her election and with his or her consent.

Section 5.03 Removal. Any officer elected or appointed by the Board may be removed by an affirmative vote of two-thirds (2/3) of the total Board whenever, in its judgment, the best interest of the Foundation would be served thereby.

Section 5.04 Officer Conflict of Interest. All officers shall comply with all provisions of the Conflict of Interest Policy as set forth in Article VI below.

Section 5.05 Loans to Officers. The Foundation shall not lend money to or guarantee the obligation of an officer.

## **Article VI Conflict of Interest Policy**

Section 6.01 Purpose. The purpose of the conflict of interest policy is to protect the Foundation's interest when it is contemplating entering into a contract, transaction, or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.



**Section 6.02 Definitions.**

(a) **Interested Person.** Any director, officer, or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business or investment, or a member of the person's family has:

- (i) A position as an officer, director, trustee, partner, employee, or agent of any entity with which the Foundation has or is considering a contract, transaction, or arrangement;
- (ii) An ownership or investment interest in any entity with which the Foundation has or is considering a contract, transaction, or arrangement;
- (iii) A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has or is considering a contract, transaction, or arrangement;
- (iv) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is considering or negotiating a contract, transaction, or arrangement; or
- (v) Any other direct or indirect dealings with any entity from which he or she knowingly benefitted (e.g., through receipt directly or indirectly of cash or other property in excess of \$500 a year exclusive of dividends or interest) and with which the Foundation has, is considering, or is negotiating a contract, transaction, or arrangement.

The term "a member of the person's family" means the person's spouse, parent, step-parent, guardian, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, child, stepchild, grandmother, grandfather, aunt, uncle, niece, nephew, brother-in-law, sister-in-law, first cousin, or grandchild.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 6.03 Paragraph (b), a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

**Section 6.03 Procedures**

(a) **Duty to Disclose.** At the first knowledge of the possibility, creation, or

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existence of a financial interest as described above, the interested person must disclose to the Board the existence of the financial interest and any and all relevant and material facts known to the interested person about the proposed or existing contract, transaction, or arrangement that might reasonably be construed to be adverse to the Foundation's interest. The interested person must be given the opportunity to disclose all other material facts to the directors and members of committees with Board delegated powers considering the proposed contract, transaction, or arrangement.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest.

1. An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the contract, transaction, or arrangement involving the possible conflict of interest.
2. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed contract, transaction, or arrangement.
3. After exercising due diligence, the Board or committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous contract, transaction, or arrangement from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous contract, transaction, or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the contract, transaction, or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the contract, transaction, or arrangement.
5. Such contract, transaction, or arrangement shall only be authorized, approved, or ratified upon the affirmative vote of a majority of the directors of the Board then in office, or a majority of the committee members, who are not interested persons as described above.

**Section 6.04 Violations of the Conflicts of Interest Policy.**

(a) If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Section 6.05 Records of Proceedings.** The minutes of the Board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the contract, transaction, or arrangement, the content of the discussion, including any alternatives to the proposed contract, transaction, or arrangement, and a record of any votes taken in connection with the proceedings.

**Section 6.06 Compensation.**

(a) A voting member of the Board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**Section 6.07 Annual Statements.** Each director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

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- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands the Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Section 6.08 Periodic Reviews.** To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**Section 6.09 Use of Outside Experts.** When conducting the periodic reviews as provided for in Section 6.08, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

**Section 6.10 Foundation Conflicts.** The Foundation acting through its officers and directors will make a good faith attempt to avoid conflicts of interest between the Foundation and Idaho State University and its Board, and will not, without approval of the Board of the Foundation, borrow funds from, or otherwise obligate Idaho State University.

## **Article VII Audits and Reports**

The Board shall cause an annual audit or review of the accounts of the Foundation to be made by a competent public accountant to be selected by the Board. The accountant shall make an annual report on the audit to the Board. The Board shall have the right, at any reasonable time, to cause an additional audit or request information be provided by the accountant regarding such accounts.

## **Article VIII      Miscellaneous**

**Section 8.01    Indemnification.** The Foundation shall indemnify any director, officer or former director or officer of the Foundation against expenses actually and reasonably incurred by him or her in connection with the defense of any action, suit or proceeding, civil or criminal, in which he or she is made a party by reason of being or having been a director or officer, except in relation to matters as to which he or she is adjudged in such action, suit or proceeding to be liable for gross negligence or misconduct in the performance of duty to the Foundation.

**Section 8.02    Investment.** Any funds of the Foundation which are not needed currently for the activities of the Foundation may, at the discretion of the Board, be invested in such investments as are permitted by law.

**Section 8.03    Depositories.** All funds of the Foundation not otherwise employed shall be deposited from time to time to the credit of the Foundation in such banks, savings and loan associations, trust companies, or other depositories as the Board may elect.

**Section 8.04    Contracts.** The Board may authorize any officer(s) or agent(s) of the Foundation, in addition to the officers authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Foundation, and such authority may be general or confined to specific instances.

**Section 8.05    Checks, Drafts, Etc.** All checks, drafts, or orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Foundation shall be signed by such persons and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instrument shall be signed by the Treasurer

**Section 8.06    Fiscal Year.** The fiscal year of the Foundation shall end on the last day of June of each year.

**Section 8.07    Books and Records.** The Foundation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its members, Board, and committees having any of the authority of the Board, and shall keep a record giving the name and address of the members entitled to vote. All books and records of the Foundation may be inspected by any member or his agent or attorney or the general public for any proper purpose at any reasonable time.

**Section 8.08    Nondiscrimination.** This Foundation is an equal opportunity employer and shall make available its services without regard to race, creed, age, sex, color, ancestry, or national origin.

**Section 8.09    Political Activity.** The Foundation shall not, in any way, use corporate funds in the furtherance of, nor engage in, any political activity for or against any candidate for public office. However, this Bylaw shall not be construed to limit the right

of any official or member of this Foundation to appear before any legislative committee, to testify as to matters involving the Foundation.

Section 8.10 Gifts. The Board may accept, on behalf of the Foundation, any contribution, gift, bequest, or devise for the general purposes or for any special purposes of the Foundation.

Section 8.11 Parliamentary Procedure. All meetings of the Board and membership shall be governed by *Roberts' Rules of Order* (Current Edition), unless contrary procedure is established by the Articles or these Bylaws, or by resolution of the Board.

## **Article IX     Amendments**

These Bylaws may be amended by the Board at any special meeting of such Board called for that purpose by an affirmative vote of a majority of the voting directors at such meeting. Notice of any proposed amendment shall be mailed by United States mail or by electronic mail to each director and to each person entitled to notice of Board meetings at his or her last known address not less than ten (10) days preceding the meeting at which such amendment will be submitted to a vote. This meeting may be conducted in person, by telephone, or by electronic mail. A quorum of the Board must participate.

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**EXHIBIT “E”**

**Foundation Conflict of Interest Policy**

(Also included in Foundation’s Amended & Restated Bylaws, pp. 7-11).

the CoB/President in the absence or inability to act of the CoB/President. He or she shall have and possess all of the powers and duties ordinarily incident to the office or as may be assigned by the Board. The VP will automatically assume the role of CoB/President at the end of the term of the previous CoB/President.

(c) The Executive Vice President of the Foundation shall devote such time as directed by the Board to the affairs of the Foundation. The Vice President for University Advancement of Idaho State University shall concurrently serve by virtue of that office, as the Executive Vice President of the Idaho State University Foundation. He or she shall have and possess all of the duties and powers ordinarily incident to the office of Executive Vice President and such other duties and powers as may be assigned by the Board.

(d) The Secretary of the Foundation shall have and possess such duties as are ordinarily incident to the office or as may be assigned by the Board. The Secretary shall be responsible for advising the Board regarding compliance with the various bylaws and requirements of the Foundation.

(e) The Treasurer of the Foundation shall have and possess such duties as are ordinarily incident to the office or as may be assigned by the Board. The Treasurer shall work directly with the Investment Committee to develop and implement investment strategies for the Foundation.

It is not expected that any officer, other than the EVP, shall devote his or her full time to the affairs of the Foundation unless otherwise directed by the Board at the time of his or her election and with his or her consent.

Section 5.03 Removal. Any officer elected or appointed by the Board may be removed by an affirmative vote of two-thirds (2/3) of the total Board whenever, in its judgment, the best interest of the Foundation would be served thereby.

Section 5.04 Officer Conflict of Interest. All officers shall comply with all provisions of the Conflict of Interest Policy as set forth in Article VI below.

Section 5.05 Loans to Officers. The Foundation shall not lend money to or guarantee the obligation of an officer.

## **Article VI     Conflict of Interest Policy**

Section 6.01 Purpose. The purpose of the conflict of interest policy is to protect the Foundation's interest when it is contemplating entering into a contract, transaction, or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.



**Section 6.02 Definitions.**

(a) **Interested Person.** Any director, officer, or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business or investment, or a member of the person's family has:

- (i) A position as an officer, director, trustee, partner, employee, or agent of any entity with which the Foundation has or is considering a contract, transaction, or arrangement;
- (ii) An ownership or investment interest in any entity with which the Foundation has or is considering a contract, transaction, or arrangement;
- (iii) A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has or is considering a contract, transaction, or arrangement;
- (iv) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is considering or negotiating a contract, transaction, or arrangement; or
- (v) Any other direct or indirect dealings with any entity from which he or she knowingly benefitted (e.g., through receipt directly or indirectly of cash or other property in excess of \$500 a year exclusive of dividends or interest) and with which the Foundation has, is considering, or is negotiating a contract, transaction, or arrangement.

The term "a member of the person's family" means the person's spouse, parent, step-parent, guardian, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, child, stepchild, grandmother, grandfather, aunt, uncle, niece, nephew, brother-in-law, sister-in-law, first cousin, or grandchild.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 6.03 Paragraph (b), a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

**Section 6.03 Procedures**

(a) **Duty to Disclose.** At the first knowledge of the possibility, creation, or

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existence of a financial interest as described above, the interested person must disclose to the Board the existence of the financial interest and any and all relevant and material facts known to the interested person about the proposed or existing contract, transaction, or arrangement that might reasonably be construed to be adverse to the Foundation's interest. The interested person must be given the opportunity to disclose all other material facts to the directors and members of committees with Board delegated powers considering the proposed contract, transaction, or arrangement.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest.

1. An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the contract, transaction, or arrangement involving the possible conflict of interest.
2. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed contract, transaction, or arrangement.
3. After exercising due diligence, the Board or committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous contract, transaction, or arrangement from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous contract, transaction, or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the contract, transaction, or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the contract, transaction, or arrangement.
5. Such contract, transaction, or arrangement shall only be authorized, approved, or ratified upon the affirmative vote of a majority of the directors of the Board then in office, or a majority of the committee members, who are not interested persons as described above.

**Section 6.04 Violations of the Conflicts of Interest Policy.**

(a) If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Section 6.05 Records of Proceedings.** The minutes of the Board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the contract, transaction, or arrangement, the content of the discussion, including any alternatives to the proposed contract, transaction, or arrangement, and a record of any votes taken in connection with the proceedings.

**Section 6.06 Compensation.**

(a) A voting member of the Board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**Section 6.07 Annual Statements.** Each director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

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- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands the Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Section 6.08 Periodic Reviews.** To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**Section 6.09 Use of Outside Experts.** When conducting the periodic reviews as provided for in Section 6.08, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

**Section 6.10 Foundation Conflicts.** The Foundation acting through its officers and directors will make a good faith attempt to avoid conflicts of interest between the Foundation and Idaho State University and its Board, and will not, without approval of the Board of the Foundation, borrow funds from, or otherwise obligate Idaho State University.

## **Article VII Audits and Reports**

The Board shall cause an annual audit or review of the accounts of the Foundation to be made by a competent public accountant to be selected by the Board. The accountant shall make an annual report on the audit to the Board. The Board shall have the right, at any reasonable time, to cause an additional audit or request information be provided by the accountant regarding such accounts.

## Article VIII      Miscellaneous

Section 8.01 Indemnification. The Foundation shall indemnify any director, officer or former director or officer of the Foundation against expenses actually and reasonably incurred by him or her in connection with the defense of any action, suit or proceeding, civil or criminal, in which he or she is made a party by reason of being or having been a director or officer, except in relation to matters as to which he or she is adjudged in such action, suit or proceeding to be liable for gross negligence or misconduct in the performance of duty to the Foundation.

Section 8.02 Investment. Any funds of the Foundation which are not needed currently for the activities of the Foundation may, at the discretion of the Board, be invested in such investments as are permitted by law.

Section 8.03 Depositories. All funds of the Foundation not otherwise employed shall be deposited from time to time to the credit of the Foundation in such banks, savings and loan associations, trust companies, or other depositories as the Board may elect.

Section 8.04 Contracts. The Board may authorize any officer(s) or agent(s) of the Foundation, in addition to the officers authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Foundation, and such authority may be general or confined to specific instances.

Section 8.05 Checks, Drafts, Etc. All checks, drafts, or orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Foundation shall be signed by such persons and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instrument shall be signed by the Treasurer.

Section 8.06 Fiscal Year. The fiscal year of the Foundation shall end on the last day of June of each year.

Section 8.07 Books and Records. The Foundation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its members, Board, and committees having any of the authority of the Board, and shall keep a record giving the name and address of the members entitled to vote. All books and records of the Foundation may be inspected by any member or his agent or attorney or the general public for any proper purpose at any reasonable time.

Section 8.08 Nondiscrimination. This Foundation is an equal opportunity employer and shall make available its services without regard to race, creed, age, sex, color, ancestry, or national origin.

Section 8.09 Political Activity. The Foundation shall not, in any way, use corporate funds in the furtherance of, nor engage in, any political activity for or against any candidate for public office. However, this Bylaw shall not be construed to limit the right

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of any official or member of this Foundation to appear before any legislative committee, to testify as to matters involving the Foundation.

Section 8.10 Gifts. The Board may accept, on behalf of the Foundation, any contribution, gift, bequest, or devise for the general purposes or for any special purposes of the Foundation.

Section 8.11 Parliamentary Procedure. All meetings of the Board and membership shall be governed by *Roberts' Rules of Order* (Current Edition), unless contrary procedure is established by the Articles or these Bylaws, or by resolution of the Board.

## **Article IX Amendments**

These Bylaws may be amended by the Board at any special meeting of such Board called for that purpose by an affirmative vote of a majority of the voting directors at such meeting. Notice of any proposed amendment shall be mailed by United States mail or by electronic mail to each director and to each person entitled to notice of Board meetings at his or her last known address not less than ten (10) days preceding the meeting at which such amendment will be submitted to a vote. This meeting may be conducted in person, by telephone, or by electronic mail. A quorum of the Board must participate.

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**EXHIBIT “F”****Idaho State University Foundation****Policy II D Conflict of Interest Policy****I. Purpose**

The purpose of the conflict of interest policy is to protect the Foundation's interest when it is contemplating entering into a contract, transaction, or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**II. Definitions**

(a) Interested Person. Any director, officer, or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business or investment, or a member of the person's family has:

- (i) A position as an officer, director, trustee, partner, employee, or agent of any entity with which the Foundation has or is considering a contract, transaction, or arrangement;
- (ii) An ownership or investment interest in any entity with which the Foundation has or is considering a contract, transaction, or arrangement;
- (iii) A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has or is considering a contract, transaction, or arrangement;
- (iv) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is considering or negotiating a contract, transaction, or arrangement; or
- (v) Any other direct or indirect dealings with any entity from which he or she knowingly benefitted (e.g., through receipt directly or indirectly of cash or other property in excess of \$500 a year exclusive of dividends or interest) and with which the Foundation has, is considering, or is negotiating a contract, transaction, or arrangement.

The term “a member of the person’s family” means the person’s spouse, parent, step-parent, guardian, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, child, stepchild, grandmother, grandfather, aunt, uncle, niece, nephew, brother-in-law, sister-in-law, first cousin, or grandchild.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 6.03 Paragraph (b), a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

### **III. Procedures**

(a) Duty to Disclose. At the first knowledge of the possibility, creation, or existence of a financial interest as described above, the interested person must disclose to the Board the existence of the financial interest and any and all relevant and material facts known to the interested person about the proposed or existing contract, transaction, or arrangement that might reasonably be construed to be adverse to the Foundation’s interest. The interested person must be given the opportunity to disclose all other material facts to the directors and members of committees with Board delegated powers considering the proposed contract, transaction, or arrangement.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest.

1. An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the contract, transaction, or arrangement involving the possible conflict of interest.
2. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed contract, transaction, or arrangement.
3. After exercising due diligence, the Board or committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous contract, transaction, or arrangement from a person or entity that would not give rise to a conflict of interest.



4. If a more advantageous contract, transaction, or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the contract, transaction, or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the contract, transaction, or arrangement.
5. Such contract, transaction, or arrangement shall only be authorized, approved, or ratified upon the affirmative vote of a majority of the directors of the Board then in office, or a majority of the committee members, who are not interested persons as described above.

#### **IV. Violations of the Conflicts of Interest Policy**

(a) If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **V. Records of Proceedings**

The minutes of the Board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the contract, transaction, or arrangement, the content of the discussion, including any alternatives to the proposed contract, transaction, or arrangement, and a record of any votes taken in connection with the proceedings.

#### **VI. Compensation**

(a) A voting member of the Board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## **VII Annual Statements**

Each director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands the Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **VIII Periodic Reviews**

To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## **IX Use of Outside Experts**

When conducting the periodic reviews as provided for in Section 6.08, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

### **X      Foundation Conflicts**

The Foundation acting through its officers and directors will make a good faith attempt to avoid conflicts of interest between the Foundation and Idaho State University and its Board, and will not, without approval of the Board of the Foundation, borrow funds from, or otherwise obligate Idaho State University.

Date of Board Approval:

Person responsible for the periodic review of policy and if necessary submits proposed revisions to board for approval: Board Chair

Date of Last Review

**EXHIBIT “G”****Idaho State University Foundation****Policy II C Code of Ethical Conduct****I. Personal and Professional Integrity**

All staff (when used in this code, employees or staff members include staff either employed directly by the Foundation or on behalf of the Foundation by the University), board members, and volunteers of the Idaho State University Foundation act with honesty, integrity, and openness in all their dealings as representatives of the organization. The organization promotes a working environment that values respect, fairness, and integrity.

**II. Mission**

The Idaho State University Foundation has a clearly stated mission and purpose, approved by the board, in pursuit of the public good. All of its programs support that mission and all who work for or on behalf of the organization understand and are loyal to that mission and purpose.

**III. Governance**

The Idaho State University Foundation has an active governing body, the board, which is responsible for setting the mission and strategic direction of the organization and oversight of the finances, operations, and policies of the Idaho State University Foundation. The board

- Ensures that its members have the requisite skills and experience to carry out their duties and that all members understand and fulfill their governance duties acting for the benefit of the Idaho State University Foundation and its public purpose
- Has a conflict-of-interest policy that ensures that any conflicts of interest or the appearance thereof are avoided or appropriately managed through disclosure, recusal, or other means
- Has a statement of personal commitment that provides attestation to the commitment to the Idaho State University Foundation’s goals and values
- Ensures that the chief executive and appropriate staff provide the board with timely and comprehensive information so that the board can effectively carry out its duties
- Ensures that the Idaho State University Foundation conducts all transactions and dealings with integrity and honesty
- Ensures that the Idaho State University Foundation promotes working relationships with board members, staff, volunteers, and program beneficiaries that are based on mutual respect, fairness, and openness
- Ensures that the organization is fair and inclusive in its hiring and promotion policies and practices for all board, staff, and volunteer positions
- Ensures that policies of the Idaho State University Foundation are in writing, clearly articulated, and officially adopted

- Has an audit committee that is responsible for engaging independent auditors to perform an annual audit of the Idaho State University Foundation's financial statements. The audit committee also is responsible for overseeing the reliability of financial reporting, including the effectiveness of internal control over financial reporting, reviewing, and discussing the annual audited financial statements to determine whether they are complete and consistent with operational and other information known to the committee members, understanding significant risks and exposures and management's response to minimize the risks, and understanding the audit scope and approving audit and non-audit services
- Ensures that the resources of the Idaho State University Foundation are responsibly and prudently managed
- Ensures that the Idaho State University Foundation has the capacity to carry out its programs effectively

#### **IV. Responsible Stewardship**

The Idaho State University Foundation manages its funds responsibly and prudently. This should include the following considerations:

- Spends an adequate amount on administrative expenses to ensure effective accounting systems, internal controls, competent staff, and other expenditures critical to professional management
- Intends that all who are entitled to receive compensation for the organization are, reasonably, fairly and appropriately compensated
- Knows that solicitation of funds has reasonable fundraising costs, recognizing the variety of factors that affect fundraising costs
- Does not accumulate operating funds excessively
- Draws prudently from endowment funds consistent with donor intent and to support the public purpose of the Idaho State University Foundation
- Ensures that all spending practices and policies are fair, reasonable, and appropriate to fulfill the mission of the Idaho State University Foundation
- Ensures that all financial reports are factually accurate and complete in all material respects

#### **V. Openness and Disclosure**

The Idaho State University Foundation provides comprehensive and timely information to all stakeholders and is responsive in a timely manner to reasonable requests for information. All information about the Idaho State University Foundation will fully and honestly reflect the policies and practices of the organization. Basic informational data about the Idaho State University Foundation, such as the Form 990, will be posted online or otherwise made available to the public. All solicitation materials accurately represent the Idaho State University Foundation's policies and practices and will reflect the dignity of program beneficiaries. All financial, organizational, and program reports will be complete and accurate in all material respects.

**VI. Legal Compliance**

The Idaho State University Foundation will employ knowledgeable legal counsel that will help ensure that the organization is knowledgeable of, and complies with, laws and regulations.

**VII. Organizational Effectiveness**

The Idaho State University Foundation is committed to improving its organizational effectiveness and develops mechanisms to promote learning from its activities. The Idaho State University Foundation is responsive to changes in its field of soliciting funds from private sources and managing endowments and is responsive to the needs of its constituencies.

**VIII. Inclusiveness and Diversity**

The Idaho State University Foundation has a policy of promoting inclusiveness and its staff, board, and volunteers reflect diversity in order to enrich its programmatic effectiveness. The Idaho State University Foundation takes meaningful steps to promote inclusiveness in its hiring, retention, promotion, board recruitment, and constituencies served.

**IX. Fundraising**

When the Idaho State University Foundation solicits funds it uses material that is truthful about the organization. The Idaho State University Foundation respects the privacy concerns of individual donors and expends funds consistent with donor intent. The Idaho State University Foundation discloses important and relevant information to potential donors.

In raising funds from public and private sources, the Idaho State University Foundation will respect the rights of donors, as follows:

Donors will be informed of the mission of the Idaho State University Foundation, the way the resources will be used, and their capacity to use donations effectively for their intended purpose. Further, they will

- Be informed of the identity of those serving on the Idaho State University Foundation's governing board and to expect the board to exercise prudent judgment in its stewardship responsibilities
- Have access to the Idaho State University Foundation's most recent financial reports
- Be assured their gifts will be used for purposes for which they are given
- Receive appropriate acknowledgment and recognition
- Be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law
- Be approached in a professional manner
- Be informed whether those seeking donations are volunteers, employees of Idaho State University or of the Foundation, or hired solicitors
- Have the opportunity for their names to be deleted from mailing lists that the Idaho State University Foundation may intend to share

- Be encouraged to ask questions when making a donation and to receive prompt, truthful, and forthright answers.

**Reporting Responsibility**

It is the responsibility of all directors, officers, and employees to comply with the code of ethical conduct and to report violations or suspected violations to the Chair of the Audit Committee or the general counsel of the organization. The person receiving the report will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days, unless the submission of the violation is anonymous. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Date of Board Approval:

Person responsible for the periodic review of policy and if necessary submits proposed revisions to board for approval: Board Chair

Date of Last Review

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**OPERATING AGREEMENT  
THE UNIVERSITY OF IDAHO AND  
THE UNIVERSITY OF IDAHO FOUNDATION, INC.**

This agreement ("Operating Agreement") is entered into effective the first day of July 2008 by and between the University of Idaho ("University") and the University of Idaho Foundation, Inc. ("Foundation"). The University and the Foundation are sometimes collectively referred to herein separately as a "Party" and collectively as the "Parties."

**WHEREAS**, the Foundation is a nonprofit corporation incorporated on September 23, 1970, pursuant to the Idaho Nonprofit Corporation Act;

**WHEREAS**, the Foundation has been recognized as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code;

**WHEREAS**, the mission of the Foundation is to secure, manage and distribute private support to enhance the growth and development of the University;

**WHEREAS**, the Foundation and the University desire to set forth in writing various aspects of their relationship with respect to matters such as the solicitation, receipt, management, transfer and expenditure of funds;

**WHEREAS**, the Idaho State Board of Education ("State Board") has promulgated Policies and Procedures to be effective as of July of 2008 ("State Board's Policies and Procedures") which are attached hereto as Exhibit "A";

**WHEREAS**, Section V.E.2.c. of the State Board's Policies and Procedures requires the Foundation to enter into a written operating agreement with the University that sets forth their operating relationship; and

**WHEREAS**, the Foundation and the University intend for this agreement to be the written operating agreement required by Section V.E.2.c. of the State Board's Policies and Procedures.

**NOW THEREFORE**, in consideration of the mutual covenants and undertakings herein, the University and the Foundation hereby agree as follows:

## **ARTICLE I**

### **Foundation's Purposes**

The Foundation is the primary affiliated foundation responsible for securing, managing and distributing private support for the University. Accordingly, to the extent consistent with the Foundation's Articles of Incorporation and By-Laws, and the State Board's Policies and Procedures, the Foundation shall: (1) solicit, receive and accept gifts, devises, bequests and other direct or indirect contributions of money and other property made for the benefit of the University from the general public (including individuals, corporations, other entities and other sources); (2) manage and invest the money and property it receives for the benefit of the University; and (3) support and assist the University in fundraising and donor relations.

In carrying out its purposes the Foundation shall not engage in activities that conflict with (1) federal or state laws, rules and regulations (including, but not limited to all applicable provisions of the Internal Revenue Code and corresponding Federal Treasury Regulations); (2) applicable policies of the State Board; or (3) the role and mission of the University.

## **ARTICLE II**

### **Foundation's Organizational Documents**

The Foundation shall provide copies of its current Articles of Incorporation and Bylaws to the University. All amendments of such documents shall also be provided to the University and the Regents of the University of Idaho ("Regents"). Furthermore, the Foundation shall, to the extent practicable, provide the University with an advance copy of any proposed amendments to the Foundation's Articles of Incorporation and Bylaws.

## **ARTICLE III**

### **University Resources and Services**

#### 1. University Employees.

a. *Liaison:* The University's Vice President for University Advancement shall serve as the University's liaison to the Foundation.

i. The Liaison shall be responsible for coordinating the University's and the Foundation's fundraising efforts and for supervising and coordinating the administrative support provided by the University to the Foundation.

ii. The Liaison or the Liaison's designee shall attend each meeting of the Foundation's Board of Directors and shall report on behalf of the

University to the the Foundation's Board of Directors regarding the University's and Foundation's joint fundraising efforts. The Liaison may also report other information to the Foundation's Board of Directors that is pertinent the common goals of the University and the Foundation.

b. *Executive Director*: The *Executive Director* of the Foundation is an employee of the University who is loaned to the Foundation. All of the *Executive Director's* services shall be provided directly to the Foundation as follows:

- i. The *Executive Director* shall be responsible for the supervision and control of the day-to-day operations of the Foundation. More specific duties of the *Executive Director* may be set forth in a written job description prepared by the Foundation and attached to the Loaned Employee Agreement described in iii below. The *Executive Director* shall be subject to the control and direction of the Foundation.
- ii. The *Executive Director* shall be an employee of the University and entitled to University benefits to the same extent and on the same terms as other full-time University employees of the same classification as the *Executive Director*. The Foundation shall reimburse the University for all costs incurred by the University in connection with the University's employment of the *Executive Director* including such expenses as salary, payroll taxes, and benefits.
- iii. The Foundation and the University shall enter into a written agreement, substantially in the form of Exhibit "B" hereto, establishing that the *Executive Director* is an employee of the University but subject to the direction and control of the Foundation (generally a "Loaned Employee Agreement"). The Loaned Employee Agreement shall also set forth the relative rights and responsibilities of the Foundation and the University with respect to the *Executive Director*, including the following:
  1. The Foundation shall have the right to participate in hiring and to terminate the Loaned Employee Agreement in accordance with Foundation Procedures and applicable law. Hiring shall be done in accordance with University procedures but the hiring decision shall be by the Foundation. Termination may include election by the Foundation for non-renewal of the Loaned Employee Agreement.

2. Termination of the Loaned Employee in accordance with the Foundation procedures and applicable law shall constitute grounds for a termination proceeding by the University, or for non-renewal of Loaned Employee's contract with the University.
3. Loaned Employee shall be subject to the supervision, direction and control of the Foundation Board of Directors and shall report directly to the Foundation's Chairman or such Chairman's designee.

c. *Limited Authority of University Employees.* Notwithstanding the foregoing provisions, no University employee who functions in a key administrative or policy making capacity for the University (including, but not limited to, any University Vice-President or equivalent position) shall be permitted to have responsibility or authority for Foundation policy making, financial oversight, spending authority, investment decisions, or the supervision of Foundation employees.

2. Support Staff Services. The University shall provide administrative support in financial, accounting, investment, and development services to the Foundation, as set forth in the Service Agreement attached hereto as Exhibit "C" ("Service Agreement"). Except as specifically provided otherwise herein, all University employees who provide support services to the Foundation shall remain University employees under the direction and control of the University, unless it is agreed that the direction and control of any such employee will be vested with the Foundation in a written Loaned Employee Agreement. The Foundation will pay directly to the University the portion of the overhead costs associated with the services provided to the Foundation pursuant to the Service Agreement. The portion of such costs shall be determined by the agreement of the Parties.

3. University Facilities and Equipment. The University shall provide the use of the University's office space, equipment and associated services to the Foundation's employees upon the terms agreed to by the University and the Foundation. The terms of use (including amount of rent) of the University's office space, equipment and associated services shall be as set forth in the Service Agreement, Exhibit "C" hereto.

4. No Foundation Payments to University Employees. Notwithstanding any contrary provision of this Agreement to the contrary, the Foundation shall not make any payments directly to a University employee in connection with any resources or services provided to the Foundation pursuant to this Article of this Operating Agreement.

## ARTICLE IV

### Management and Operation of Foundation

1. Gift Solicitation.

a. *Form of Solicitation.* Any and all Foundation gift solicitations shall make clear to prospective donors that (1) the Foundation is a separate legal and tax entity organized for the purpose of encouraging voluntary, private gifts, trusts, and bequests for the benefit of the University; and (2) responsibility for the governance of the Foundation, including the investment of gifts and endowments, resides in the Foundation's Board of Directors.

b. *Foundation is Primary Donee.* Absent unique circumstances, prospective donors shall be requested to make gifts directly to the Foundation rather than to the University.

2. Acceptance of Gifts.

a. *Approval Required Before Acceptance of Certain Gifts.* Before accepting contributions or grants for restricted or designated purposes that may require administration or direct expenditure by the University, the Foundation shall obtain the prior written approval of the University. Similarly, the Foundation shall also obtain the prior written approval of the University of the acceptance of any gift or grant that would impose a binding financial or contractual obligation on the University. Prior to any approval by the University, it shall obtain approval of the Regents where State Board policy requires such approval.

b. *Acceptance of Gifts of Real Property.* The Foundation shall conduct adequate due diligence on all gifts of real property that it receives. All gifts of real property intended to be held and used by the University shall be approved by the State Board before acceptance by the University and the Foundation. In cases where the real property is intended to be used by the University in connection with carrying out its proper functions, the real property may be conveyed directly to the University, in which case the University and not the Foundation shall be responsible for the due diligence obligations for such property.

c. *Processing of Accepted Gifts.* All gifts received by the University or the Foundation shall be delivered (if cash) or reported (if any other type of property) to the Foundation's designated Gift Administration Office (a unit of the University's Trust and Investment office) in accordance with the Service Agreement.

3. Fund Transfers. The Foundation agrees to transfer funds, both current gifts and income from endowments, to the University on a regular basis as agreed to by the Parties. The Foundation's Treasurer or other individual to whom such authority has been delegated by the Foundation's Board of Directors shall be responsible for transferring funds as authorized by the Foundation's Board of Directors. All transfers and expenditures noted in this section 3 (including subsections a. and b. below) must comply with the Internal Revenue Code §501 (c) (3) and be consistent with the Foundation's sole mission to support the University.

a. *Restricted Gift Transfers.* The Foundation may make restricted donations to the University. Such donated funds will only be expended by the University pursuant to the terms of such restrictions. The Foundation shall inform the University officials into whose program or department funds are transferred of any restrictions on the use of such funds and provide such officials with access to any relevant documentation concerning such restrictions. Such University officials shall account for such restricted funds separate from other program and department funds in accordance with applicable University policies and shall notify the Foundation on a timely basis regarding the uses of such restricted funds.

b. *Unrestricted Gift Transfers.* The Foundation may utilize any unrestricted gifts it receives for any use consistent with the Foundation's purposes as generally summarized in Article I of this Operating Agreement. The Foundation may make unrestricted donations to the University. Such donated funds will be expended under the oversight of the University President in compliance with state law and University policies. If the Foundation elects to use unrestricted gifts to make grants to the University, such grants shall be made at such times and in such amounts as the Foundation's Board of Directors may determine in the Board's sole discretion.

#### 4. Foundation Expenditures and Financial Transactions.

a. *Signature Authority.* The Foundation designates the Foundation Treasurer as the individual with signature authority for the Foundation in all financial transactions. The Foundation may supplement or change this designation with written notice to the University; provided, however, in no event may the person with Foundation signature authority for financial transactions be a University employee who functions in a key administrative or policy making capacity for the University (including, but not limited to, any University Vice-President or equivalent position).

b. *Expenditures.* All expenditures of the Foundation shall be (1) consistent with the charitable purposes of the Foundation, and (2) not violate restrictions imposed by the donor or the Foundation as to the use or purpose of the specific funds.

5. University Report on Distributed Funds. On a regular basis, which shall not be less than annually, the University shall report to the Foundation on the use of restricted and unrestricted funds transferred to the University. This report shall specify the restrictions on any restricted funds and the uses of such funds.

6. Transfer of University Assets to the Foundation. No University funds, assets, or liabilities may be transferred directly or indirectly to the Foundation without the prior approval of the State Board except when:

- a. A donor inadvertently directs a contribution to the University that is intended for the Foundation in which case such funds may be transferred to the Foundation so long as the documents associated with the gift indicate the Foundation was the intended recipient of the gift. In the absence of any such indication of donor intent, such gift shall be deposited in University account, and, except for transfers described in sub-sections b and d of this section 6, State Board approval will be required prior to the University's transfer of such funds to the Foundation.
- b. The University has gift funds that were originally transferred to the University from the Foundation and the University wishes to return a portion of those funds to the Foundation for reinvestment consistent with the original intent of the gift.
- c. The University has raised scholarship funds through a University activity and the University wishes to deposit the funds with the Foundation for investment and distribution consistent with the scholarship purposes for which the funds were raised.

Transfers of a *de minimis* amount not to exceed \$10,000 from the institution to the foundation provided such funds are for investment by the foundation for scholarship or other general university support purposes. This exception shall not apply to payments by the University to the Foundation for obligations of the institution to the foundation, operating expenses of the foundation or other costs of the foundation.

7. Separation of Funds. All Foundation assets (including bank and investment accounts) shall be held in separate accounts in the name of the Foundation using Foundation's Federal Employer Identification Number. The financial records of the Foundation shall be kept using a separate chart of accounts and shall be kept in a secured database that is protected by separate password-only access. For convenience purposes some Foundation expenses may be paid through the University such as payroll and campus charges. These expenses will be paid through accounts clearly titled as belonging to the Foundation and shall be reimbursed by the Foundation on a regular basis.

8. Insurance. To the extent that the Foundation is not covered by the State of Idaho Retained Risk program, the Foundation shall maintain insurance to cover the operations and activities of its directors, officers and employees. The Foundation shall also maintain general liability coverage.

9. Investment Policies. All funds held by the Foundation, except those intended for short term expenditures, shall be invested in accordance with the Uniform Management of Institutional Funds Act, Idaho Code Sections 33-5001 to 33-5010, and the Foundation's investment policy which is attached hereto as Exhibit "D"; provided, however, the Foundation shall not invest any funds in a manner that would violate the applicable terms of any restricted

gifts. The Foundation shall provide to the University any updates to such investment policy which updates shall also be attached hereto as Exhibit "D". Further, the Parties expressly acknowledge the Indenture, attached hereto as Exhibit "E", between the University and Foundation, dated May 20, 1975, transferring the assets of certain funds, trusts and endowments from the University to the Foundation and further acknowledge such shall be invested pursuant to the terms of this paragraph of this Operating Agreement.

10. Organization Structure of the Foundation. The organizational structure of the Foundation is set forth in the Foundation's Articles of Incorporation which are attached hereto as Exhibit "F" and the Foundation's By-Laws dated January 25, 2007, which are attached at Exhibit "G." The Foundation agrees to provide copies of such Articles and By-Laws as well as any subsequent amendments to such documents to both the University and the State Board. Any such amendments to the Articles and By-Laws shall be attached hereto as additions to Exhibit "F" and Exhibit "E", respectively.

11. Conflicts of Interest. The Foundation has adopted a written policy addressing the manner the Foundation will address conflict of interest situations. The Foundation's Conflict of Interest Policy is attached hereto as Exhibit "H."

## **ARTICLE V**

### **Foundation Relationships with the University**

1. Access to Records. The University shall have reasonable access to the financial records of the Foundation in accordance with applicable laws, Foundation policies, and guidelines. The scope of this right of the University shall be construed as broadly as reasonably needed to conduct a complete audit of the Foundation as such an audit would be conducted under generally accepted accounting procedures if the University should so require. Provided, however, that the University need not conduct an audit to be provided such access but shall be provide such access at any time. Except as specifically authorized under this agreement, the University's access shall not include donor specific data of the Foundation such that would provide individually identifiable information about donors or their donations made to the Foundation.

2. Record Management.

a. The Parties recognize that the records of the Foundation relating to actual or potential donors contain confidential information. Such records shall be kept by the Foundation in such a manner as to protect donor confidentiality to the fullest extent allowed by law. Notwithstanding the access to records permitted above, access to such confidential information by the University shall be limited to the University's President and any designee of the University's President. Notwithstanding the foregoing, the University acknowledges that in most cases the University is primary recipient and depository of confidential donor information. The donor database and all other data, materials and information of the Foundation and the University



pertaining to past, current or prospective donors, are proprietary to the Foundation and the University respectively and constitute confidential information and trade secrets. The Foundation and University shall take the steps necessary to monitor and control access to the donor database and to protect the security of computer servers and software relevant to the database.

b. The Foundation shall be responsible for maintaining all permanent records of the Foundation including but not limited to the Foundation's Articles, By-Laws and other governing documents, all necessary documents for compliance with IRS regulations, all gift instruments, and all other Foundation records as required by applicable laws.

c. Except to the extent that records are confidential (including confidential donor information), the Foundation agrees to be open to public inquiries for information that would normally be open in the conduct of University affairs and to provide such information in a manner consistent with the Idaho Public Records Law, set forth in Idaho Code Sections 9-337 – 9-350, except where otherwise required by state and federal law.

3. Name and Marks. Each Party hereby is granted a general, non-exclusive, royalty-free license to use the corporate name of the other, specifically: "The University of Idaho" and "The University of Idaho Foundation" in all activities conducted in association with or for the benefit of the other. Use of the other Party's name must be in manner that clearly identifies the Parties as separate entities, and neither Party may use the other Party's name to imply approval or action of the other Party. Neither Party may delegate, assign, or sublicense the rights granted hereunder without express written consent from the other Party. This license does not extend to any identifying marks of either Party other than the specified corporate name. Use of other marks must receive prior written approval.

4. Identification of Source. The Foundation shall be clearly identified as the source of any correspondence, activities and advertisements emanating from the Foundation.

5. Establishing the Foundation's Annual Budget. The Foundation shall provide the University with the Foundation's proposed annual operating budget and capital expenditure plan (if any) prior to the date the Foundation's Board of Directors meeting at which the Foundation's Board of Directors will vote to accept such operating budget. Any of the University's funding requests to the Foundation shall be communicated in writing to the Foundation's Treasurer by April 1 of each year.

6. Attendance of University's President at Foundation's Board of Director Meetings. The University's President shall be invited to attend all meetings of the Foundation's Board of Directors and may act in an advisory capacity in such meetings.

7. Supplemental Compensation of University Employees. No University employee shall receive direct payments, compensation, or other benefits from the Foundation, provided that

the Foundation may pay for those benefits which are necessary for its normal course of operation, including, but not limited to, travel and continuing professional education. Any such payment must be paid by the Foundation to the University, and the University shall then pay compensation to the employee in accordance with the University's normal practice. No University employee shall receive any payments or other benefits directly from the Foundation.

## **ARTICLE VI**

### **Audits and Reporting Requirements**

1. Fiscal Year. The Foundation and the University shall have the same fiscal year.
2. Annual Audit. The Foundation shall have an annual financial audit conducted in accordance with Government Accounting Standards Board or Financial Accounting Standards Board principles as appropriate. The audit shall be conducted by an independent certified public accountant who is not a director or officer of the Foundation. Such audit shall be conducted at the same or similar time as the University audit and shall be reported to the Foundation's Board of Directors. Such audit reports shall contain the Foundation's financial statements and the auditor's independent opinion regarding such financial statements. All such reports and any accompanying documentation shall protect donor privacy to the extent allowable by law.
3. Separate Audit Rights. The University agrees that the Foundation, at its own expense, may at any time during normal business hours conduct or request additional audits or reviews of the University's books and records pertinent to the expenditure of donated funds. The Foundation agrees that the University and the State Board, at its own expense, may, at reasonable times, inspect and audit the Foundation's financial books and accounting records.
4. Annual Reports to University President. On a regular basis, which shall not be less than annually, the Foundation shall provide a written report to the University President and the Audit Committee of the State Board setting forth the following items:
  - a. the annual financial audit report;
  - b. an annual report of Foundation transfers made to the University, summarized by University department;
  - c. an annual report of unrestricted funds received by the Foundation;
  - d. an annual report of unrestricted funds available for use during the current fiscal year;
  - e. a list of all of the Foundation's officers, directors, and employees;

- f. a list of University employees for whom the Foundation made payments to the University for approved purpose during the fiscal year, and the amount and nature of that payment;
- g. a list of all state and federal contracts and grants managed by the Foundation;
- h. an annual report of the Foundation's major activities;
- i. an annual report of each real estate purchase or material capital lease, investment, or financing arrangement entered into during the preceding Foundation fiscal year for the benefit of the University; and
- j. an annual report of (1) any actual litigation involving the Foundation during its fiscal year; (2) identification of legal counsel used by the Foundation for any purpose during such year; and (3) identification of any potential or threatened litigation involving the Foundation.

## ARTICLE VII

### Conflict of Interest and Code of Ethics and Conduct

1. Conflicts of Interest Policy Statement. The Foundation has adopted a written policy addressing the manner the Foundation will address conflict of interest situations. The Foundation's Conflict of Interest Policy is attached hereto as Exhibit "H."

2. Dual Representation. Under no circumstances may a University employee represent both the University and the Foundation in any negotiation, sign for both entities in transactions, or direct any other institution employee under their immediate supervision to sign for the related party in a transaction between the University and the Foundation. This shall not prohibit University employees from drafting transactional documents that are subsequently provided to the Foundation for its independent review, approval and use.

3. Contractual Obligation of University. The Foundation shall not enter into any contract that would impose a financial or contractual obligation on the University without first obtaining the prior written approval of the University. University approval of any such contract shall comply with policies of the State Board and the Regents with respect to the Regent's approval of University contracts.

4. Acquisition or Development of Real Estate. The Foundation shall not acquire or develop real estate or otherwise build facilities for the University's use without first obtaining approval of the State Board. In the event of a proposed purchase of real estate for such purposes by the Foundation, the University shall notify the State Board, at the earliest possible date, of such proposed purchase for such purposes. Furthermore, any such proposed purchase of real

estate for the University's use shall be a coordinated effort of the University and the Foundation. Any notification to the State Board required pursuant to this paragraph may be made through the State Board's chief executive officer in executive session pursuant to Idaho Code Section 67-2345(1)(c).

## **ARTICLE VIII**

### **General Terms**

1. Effective Date. This Agreement shall be effective on the date set forth above.
  
2. Right to Terminate. This Operating Agreement shall terminate upon the mutual written agreement of both parties. In addition, either party may, upon 90 days prior written notice to the other, terminate this Operating Agreement, and either party may terminate this Operating Agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within 30 days after receiving written notice from the non-defaulting party specifying the nature of the default. Should the University choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the Foundation that is not cured within the time frame set forth above, the Foundation may require the University to pay, within 180 days of written notice, all debt incurred by the Foundation on the University's behalf including, but not limited to, lease payments, advanced funds, and funds borrowed for specific initiatives. Should the Foundation choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the University that is not cured within the time frame set forth above, the University may require the Foundation to pay any debt it holds on behalf of the Foundation in like manner. The parties agree that in the event this Operating Agreement shall terminate, they shall cooperate with one another in good faith to negotiate a new agreement within six (6) months. In the event negotiations fail, the parties will initiate the Dispute Resolution mechanism described below (through reference to the Foundation Chair and the Regents) to further attempt to negotiate a new agreement. Termination of this Operating Agreement shall not constitute or cause dissolution of the Foundation.
  
3. Dispute Resolution. The Parties agree that in the event of any dispute arising from this Operating Agreement, they shall first attempt to resolve the dispute by working together with the appropriate staff members of each of the parties. If the staff cannot resolve the dispute, then the dispute will be referred to the Foundation's Chairman and the University's President. If the Foundation's Chairman and University's President cannot resolve the dispute, then the dispute will be referred to the Foundation's Chairman and the Regents for resolution. If the dispute is not resolved by the aforementioned parties, the University and the Foundation shall submit the dispute to mediation by an impartial third party or professional mediator mutually acceptable to the parties. If and only if all the above mandatory steps are followed in sequence and the dispute remains unresolved, then, in such case, either party shall have the right to initiate litigation arising from this Operating Agreement. In the event of litigation, the prevailing party

shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including court costs, attorney fees, and other professional expenses.

4. Dissolution of Foundation. Consistent with provisions appearing in the Foundation's bylaws and its articles of incorporation, should the Foundation cease to exist or cease to be an Internal Revenue Code §501(c) (3) organization, the Foundation shall transfer the balance of all property and assets of the Foundation for any source, after the payment of all debts and obligations of the Foundation, shall be vested, in trust, with the Regents for the use and benefit of the University. Any such assets not so disposed of shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

5. Board Approval of Operating Agreement. Prior to the Parties' execution of this Operating Agreement, an unexecuted copy of this Operating Agreement must be approved to the State Board. Furthermore, this Operating Agreement, including any subsequent modifications and restatements of this Operating Agreement, shall be submitted to the State Board for review and approval no less frequently than once every two (2) years or more frequently if otherwise requested by the State Board.

6. Modification. Any modification to the Agreement or Exhibits hereto shall be in writing and signed by both Parties.

7. Providing Document to and Obtaining Approval from the University. Unless otherwise indicated herein, any time documents are to be provided to the University or any time the University's approval of any action is required, such documents shall be provided to, or such approval shall be obtained from, the University's President or an individual to whom such authority has been properly delegated by the University's President.

8. Providing Documents to and Obtaining Approval from the Foundation. Unless otherwise indicated herein, any time documents are to be provided to the Foundation or any time the Foundation's approval of any action is required, such document shall be provided to, or such approval shall be obtained from, the Foundation's Board of Directors or an individual to whom such authority has been properly delegated by the Foundation's Board of Directors.

9. Notices. Any notices required under this agreement may be mailed or delivered as follows:

To the University:

President of the University of Idaho  
University of Idaho  
P.O. Box 443151

Administration Building Room 105  
Moscow, Idaho 83844-3151

To the Foundation:

*Executive Director*  
University of Idaho Foundation, Inc.  
714 W. State Street, Suite 240  
Boise, Idaho 83702

10. No Joint Venture. At all times and for all purposes of this Memorandum of Understanding, the University and the Foundation shall act in an independent capacity and not as an agent or representative of the other party.

11. Liability. The University and Foundation are independent entities and neither shall be liable for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members or employees.

12. Indemnification. The University and the Foundation each agree to indemnify, defend and hold the other party, their officers, directors, agents and employees harmless from and against any and all losses, liabilities, and claims, including reasonable attorney's fees arising out of or resulting from the willful act, fault, omission, or negligence of the party, its employees, contractors, or agents in performing its obligations under this Operating Agreement. This indemnification shall include, but not be limited to, any and all claims arising from an employee of one party who is working for the benefit of the other party. Nothing in this Operating Agreement shall be construed to extend to the University's liability beyond the limits of the Idaho Tort Claims Act, Idaho Code §6-901 et seq.

13. Assignment. This Agreement is not assignable by either party, in whole or in part.

14. Governing Law. This Agreement shall be governed by the laws of the State of Idaho.

15. Severability. If any provision of this Agreement is held invalid or unenforceable to any extent, the remainder of this Agreement is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

16. Entire Agreement. This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior agreements and understandings pertaining thereto.

Sub-committee Draft – 09/2508

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|-----|--|---------|
| 17. | <u>List of Attachments.</u>                      |         |
| a.  | State Board of Education Policies and Procedures | Page 16 |
| b.  | Agreement for Loaned Employee                    | Page 17 |
| c.  | Services Agreement                               | Page 25 |
| d.  | Statement of Investment Policy and Management    | Page 27 |
| e.  | Indenture  | Page 43 |
| f.  | Amended Articles of Incorporation                | Page 47 |
| g.  | Restated By-laws                                 | Page 52 |
| h.  | Conflicts of Interest Policy                     | Page 67 |

IN WITNESS WHEREOF, the University and the Foundation have executed this agreement on the above specified date.

University of Idaho

By: \_\_\_\_\_  
Its: President

University of Idaho Foundation, Inc.

By: \_\_\_\_\_  
Its: Chairman

UI Foundation OPERATING AGREEMENT-highlighted changes

**EXHIBIT "A"**

State Board's Policies and Procedures effective July of 2008

[COPY OF POLICIES AND PROCEDURES ARE NOT ATTACHED TO  
THIS EXEMPLAR BUT WILL BE ATTACHED TO THE EXECUTED FINAL]



## SUB-COMMITTEE DISCUSSION DRAFT

**AGREEMENT FOR LOANED EMPLOYEE  
UNIVERSITY OF IDAHO/UNIVERSITY OF IDAHO FOUNDATION, INC.**

THIS AGREEMENT is entered into by and between the UNIVERSITY OF IDAHO, a public corporation, state educational institution, and a body politic and corporate organized and existing under the Constitution and laws of the state of Idaho ("University"), and THE UNIVERSITY OF IDAHO FOUNDATION, INC. a nonprofit corporation ("UIF") and is effective the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**BACKGROUND**

A. UIF has asked University to make certain staff members available to fulfill various staffing requirements for UIF's day-to-day operations.

B. University has agreed to loan its employee, \*\*\*\*\*("Loaned Employee"), to UIF to act in the capacity of \*\*\*\*\* for UIF pursuant to the terms of this Agreement.

**AGREEMENT**

The parties agree as follows:

**1. Relationship between Loaned Employee and University.**

a. Status. At all times under this Agreement, Loaned Employee shall be an exempt, fiscal year employee of the University subject to all applicable policies and procedures of the Regents and the University. UIF shall have control over all aspects of Loaned Employee's day to day work, and Loaned Employee shall devote 100% of his or her working time to performing services for UIF. Only University may terminate the employment of Loaned Employee. Notwithstanding the foregoing, UIF may discipline the Loaned Employee for cause, which may include taking action up to and including termination of this Agreement, such discipline and determination of cause to be in accordance with UIF policies and procedures and applicable law. The parties acknowledge that University and Loaned Employee have agreed and acknowledged that Loaned Employee's contract with the University is contingent upon continuation of this Agreement and in the event this agreement is terminated Loaned Employee's contract with the University will also terminate. Loaned Employee will be considered a loaned employee under the worker's compensation law of the State of Idaho.

## SUB-COMMITTEE DISCUSSION DRAFT

**b. Compensation.** University shall pay Loaned Employee a fiscal year salary rate of \$\*\*\*\*, payable on the regular bi-weekly paydays of the University, and subject to adjustment in accordance with the University's regular policies and procedures. Loaned Employee will be entitled to University benefits to the same extent and on the same terms as other full-time University employees of her/his classification. UIF shall pay University for this cost as provided in Section 3 below.

**c. Travel Expenses.** University shall reimburse directly to Loaned Employee costs incurred for UIF travel that is approved in advance by the UIF or the University. UIF shall pay University for this cost as provided in Section 3 below.

**d. No Prohibition on Leasing Employee to UIF.** University represents and warrants to UIF that there is no agreement with Loaned Employee nor any University policy or procedure (including, without limitation, any agreement, policy, or rule of the Idaho State Board of Education, the Regents or the University) that prohibits the University from leasing Loaned Employee to UIF pursuant to the terms of this Agreement. University further represents and warrants that Loaned Employee is eligible for benefits as a full-time leased employee under the term of all applicable University benefit plans. University shall indemnify, defend, and hold UIF harmless from any breach of the foregoing representations.

## **2. Relationship between UIF and Loaned Employee.**

**a. Supervision.** Loaned Employee will work full time under the supervision and direction of the UIF Board of Directors. Loaned Employee will report directly to UIF President or her/his designee, who shall determine her/his duties to perform work for UIF.

**b. Performance Evaluations.** UIF will evaluate the performance of Loaned Employee on an annual basis at a time consistent with the annual reviews of exempt employees at the University. UIF will provide University with a copy of any written documentation regarding the evaluation within fourteen (14) days after the evaluation is complete.

## **3. Relationship between UIF and University.**

**a. Lease of Loaned Employee.** During the term of this Agreement, so long as Loaned Employee is employed by University, University shall make available to UIF the full time services of Loaned Employee, subject to University's continued employment of Loaned Employee. The furnishing of Loaned Employee shall not be considered a professional service of the University to UIF, nor shall University be considered a contractor of UIF.

**b. University to Provide Salary and Benefits.** As indicated above, University

## SUB-COMMITTEE DISCUSSION DRAFT

shall provide Loaned Employee with a fiscal year salary rate of \$\*\*\*\* and other University benefits to the same extent and on the same terms as other full-time University employees of her/his classification. University shall be responsible for all facets of payroll and benefits administration with respect to Loaned Employee, including, without limitation, withholding and payment of payroll taxes, unemployment compensation, worker's compensation coverage, social security, and providing any fringe and welfare benefit programs for Loaned Employee. University shall indemnify, defend, and hold UIF harmless for the payment of all items set forth in this Section 3(b) and any claims or losses resulting from the administration of any employee benefits pursuant to any applicable law, including without limitation the Fair Labor Standards Act, the Employee Retirement Income Security Act, and the Internal Revenue Code.

**c. Reimbursement of Salary and Benefits by UIF.** UIF will reimburse University for one hundred percent (100%) of the University's total cost of Loaned Employee's salary and benefits and any reimbursable costs such as travel expenses. Such costs will be billed annually and paid to the University in one annual installment. University shall maintain accurate books and account records reflecting the actual cost of all items of direct cost for which payment is sought under this Agreement. At all reasonable times, UIF shall have the right to inspect and copy said books and records, which the University agrees to retain for a minimum period of five (5) years following the termination of this Agreement.

**d. Review of Loaned Employee's Status/Discipline/Termination for Cause.** Loaned Employee shall at all times remain an employee of University. Accordingly, University shall have the power to evaluate, discipline, and terminate Loaned Employee in its discretion and in accordance with any of its policies, procedures, or agreements between University and Employee. As provided above, UIF will conduct an annual review of Loaned Employee. UIF will provide a copy of any documents related to its evaluation to the University no later than fourteen (14) days after the evaluation is completed. Based on its annual review of Loaned Employee's performance or any interim review or concerns regarding Loaned Employee's performance, UIF may discipline the Loaned Employee for cause, which may include taking action up to and including termination of this Agreement, such discipline and determination of cause to be in accordance with UIF policies and procedures and applicable law. If UIF makes such a determination, UIF shall provide notice to the University that it will no longer lease the services of Loaned Employee effective as of the date specified in the notice with a reasonable amount of detail as to the reason UIF is discontinuing the services of Loaned Employee.

**e. Indemnification by UIF for Acts of Loaned Employee.** University shall have no liability to UIF for loss or damage directly resulting from the fault, negligence, misconduct, or other acts of the Loaned Employee while Loaned Employee is performing

## SUB-COMMITTEE DISCUSSION DRAFT

activities on behalf of or at the direction of UIF. UIF therefore agrees to release, defend, indemnify and hold harmless the state of Idaho, University, its governing board, officers, employees, and agents, from and against any and all claims, demands, losses, damages, costs, expenses, and liabilities, for injuries (including death) to persons and for damages to property (including damage to property of UIF or others) arising out of or in connection with the activities of the Loaned Employee performed on behalf of or at the direction of UIF. Notwithstanding the foregoing, both parties may maintain any liability insurance coverage as it shall deem appropriate with respect to liabilities arising out of the acts or omissions of Loaned Employee.

**f. Compliance With Employment Discrimination Laws.**

- 1) UIF agrees to comply with all laws regarding employment discrimination, including, without limitation, the Americans with Disabilities Act, Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Equal Pay Act, and the Idaho Human Rights Act with respect to Loaned Employee as if Loaned Employee were an employee of UIF. UIF shall notify University within five (5) days of any claim by Loaned Employee alleging a violation of any laws relating to employment discrimination. UIF shall indemnify, defend, and hold University harmless from any claims or losses resulting from UIF's failure to comply with any applicable employment discrimination laws.
- 2) University agrees to comply with all laws regarding employment discrimination, including, without limitation, the Americans with Disabilities Act, Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Equal Pay Act, and the Idaho Human Rights Act with respect to Loaned Employee. University shall notify UIF within five (5) days of any claim by Loaned Employee alleging a violation of any laws relating to employment discrimination. University shall indemnify, defend, and hold UIF harmless from any claims or losses resulting from University's failure to comply with any applicable employment discrimination laws.

**4. General Terms**

**a. Term, Termination.** The term that University shall lease Loaned Employee to UIF shall extend to \*\*\*\*\*, which is the term of employment specified in Loaned Employee's contract as an exempt employee of the University, unless it is terminated earlier upon the occurrence of any of the following:

## SUB-COMMITTEE DISCUSSION DRAFT

- 1) Notice to University Due to Loaned Employee Performance Problems. Pursuant to Section 3(d) above, UIF may discipline Loaned Employee by taking action up to and including termination of this Agreement for cause based on its annual review of Loaned Employee's performance or any interim review or concerns regarding Loaned Employee's performance. If UIF makes such a determination, UIF shall provide notice to the University that it will no longer lease the services of Loaned Employee effective as of the date specified in the notice with a reasonable amount of detail as to the reason UIF is discontinuing the services of Loaned Employee.
- 2) Termination in the Event of Default. Either party may terminate the lease of Loaned Employee by University to UIF upon the material default of the other's performance provided that the non-defaulting party first provides the other with at least ten (10) day's notice of the default and an opportunity to cure such default within the notice period.
- 3) Discontinued Employment of Loaned Employee by University. The lease of Loaned Employee to UIF shall automatically terminate if Loaned Employee is no longer an employee of University for any reason.

The parties may extend the term of this Agreement at any time upon mutual agreement for a new term that is equal to the term of the Loaned Employee's renewed contract with the University. The UIF is under no obligation to extend the term of this Agreement for a new term, however, (in order to be consistent with University policies which call for at least 60 days notice if the University will not renew the Loaned Employee's employment agreement) in the event the UIF determines that it will not agree to an extension of the term of this Agreement the UIF will give University notice of its intention not to extend the term of this agreement at least 60 days prior to the expiration of the term of this Agreement. Failure to give the notice required hereunder shall NOT effect a renewal of the term of this agreement, rather it will only extend the term of this agreement long enough for 60 days notice to be given.

**b. No Third Party Beneficiaries.** The parties acknowledge that there are no intended third party beneficiaries of this Agreement. Without limiting the foregoing, this Agreement shall not be construed as a promise of continuing employment to Loaned Employee, who remains subject to all applicable Regents and University policies, including but not limited to policies regarding nonrenewal of fixed term appointments and termination or discipline.

## SUB-COMMITTEE DISCUSSION DRAFT

**c. Governing Law.** This Agreement will be governed by the laws of the State of Idaho as an agreement to be performed within the State of Idaho. The venue for any legal action under this Agreement shall be in Latah County.

**d. Notice.** Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

**To UIF:**

University of Idaho Foundation, Inc.	Phone: (208) 364-4065
Chairman	Fax: (208) 364-4037
714 W. State Street, Suite 240	
Boise, ID 83702	

**To the University:**

University of Idaho	Phone: (208) 885-6155
Vice President for Advancement	Fax: (208) 885-4999
1106 Blake Avenue	
Moscow, ID 83844-3150	

Notice shall be deemed given on its date of mailing, faxing, or upon written acknowledgment of its receipt by personal delivery, whichever shall be earlier.

**e. Waiver.** Waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained.

**f. Attorney's Fees.** In the event an action is brought to enforce any of the terms, covenants or conditions of this Agreement, or in the event this Agreement is placed with an attorney for collection or enforcement, the successful party to such an action or collection shall be entitled to recover from the losing party a reasonable attorney's fee, together with such other costs as may be authorized by law.

**g. Assignment.** Neither party shall assign this Agreement without the prior written consent of the other.

SUB-COMMITTEE DISCUSSION DRAFT

**h.** Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by both of the parties.

**i.** Acknowledgment by Employee. This Agreement shall not be effective until it is executed by University and UIF and acknowledged by Loaned Employee pursuant to the signature blocks below.

Signature page follows.

## SUB-COMMITTEE DISCUSSION DRAFT

The parties have executed this Agreement effective as of the date set forth above.

UNIVERSITY OF IDAHO  
FOUNDATION,

UNIVERSITY OF IDAHO  
INC.

\_\_\_\_\_  
Lloyd Mues, Vice President  
Finance and Administration

\_\_\_\_\_, Chairman

\_\_\_\_\_  
Christopher Murray, Vice President  
University Advancement

\_\_\_\_\_, \_\_\_\_\_

**Acknowledgment by Loaned Employee:**

Loaned Employee, by his or her signature below, acknowledges the terms of this Agreement between University and UIF and agrees that he or she is an employee of the University that is loaned to UIF pursuant to the terms of this Agreement. Loaned Employee further acknowledges that he or she is a 'loaned employee' pursuant to all state workman's compensation laws. Accordingly, Loaned Employee acknowledges and agrees that in the event of any work-related injury that is covered by workman's compensation insurance held for the benefit of Loaned Employee by University, Loaned Employee will be precluded from recovering damages from UIF for such injury in accordance with applicable state workman's compensation laws.

\_\_\_\_\_  
Name: \_\_\_\_\_

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DISCUSSION DRAFT - SERVICES AGREEMENT  
UNIVERSITY OF IDAHO – UNIVERSITY OF IDAHO FOUNDATION

THIS SERVICES AGREEMENT is entered into by and between the REGENTS OF THE UNIVERSITY OF IDAHO, a public corporation, state educational institution, and a body politic and corporate organized and existing under the Constitution and laws of the state of Idaho (“University”), and THE UNIVERSITY OF IDAHO FOUNDATION, a private nonprofit corporation (“UIF”).

The University agrees to provide to the UIF the following administrative, financial, accounting, and investment support services.

1. Administrative support for UIF investment management function including support for UIF relationship with investment managers, brokerage accounts, securities custodial firms, brokerage firms, other financial institutions, and investment advisors, preparation of reports on investment detail, monitoring activities of investment managers, and accounting for investment transactions.
2. Administrative support for UIF endowment/trust and gift management functions (including Consolidated Investment Trust – CIT) including analysis of endowment/trust and gift agreements to assist UIF in considering approval, maintenance of UIF endowment files, accounting and database management for UIF endowments/trusts, preparation of reports of UIF endowment/trust activities, earnings and status, preparation of endowment/trust earnings estimates for UIF report to UI Financial Aid, support for UIF investment committee, preparation of cash management earnings estimates for the UIF finance committee.
3. Administrative support for management of UIF charitable remainder trusts and gift annuities, including calculation of charitable gift amounts and payment schedules, support for federal tax reporting, calculations of payments to trust income beneficiaries, and preparation of reports for trust donors.
4. Administrative Support for UIF general accounting, including cash receipt and disbursement processing, preparation of financial statement and work papers for external audit, support for UIF Audit Committee and Finance Committee, support for UIF tax return filing (separate from tax reporting for individual trusts in which UIF is the Trustee), support for UIF management of real property and other non-cash assets.
5. Administrative support for UIF gift accounting, including establishing UIF gift accounts, preparation of gift revenue reports and reconciliation between UIF and UI, assist with transfers of gift funds to UI, assist with monitoring gift fund use to ensure compliance with wishes of donor, UIF policies and applicable laws.
6. Administrative support for UIF gift acceptance committee including analysis for evaluation of proposed gifts of real estate and analysis of gifts with unusual restrictions and/or financial/legal consequences, assist with transfers of gifted marketable securities and approved real estate to UIF, assist with receipt of distributions from estates and trusts to UIF.
7. Administrative support for UIF gift receipting and acknowledgment including depositing cash, checks and credit card payments into UIF accounts, receipt,

verification and valuation of marketable securities gifted to UIF, issuing contribution receipts and acknowledgements to UIF donors, assist with training UI personnel in gift transmittal policies and procedures.

All University employees who provide support services to the UIF shall remain University employees under the direction and control of the University.

The University will supply the facilities, equipment, software and operating supplies necessary for the University employees supplying the above support services to the UIF, the nature and location of which shall be in the University's discretion. In addition, the University shall furnish office space and office equipment for use by the UIF's Managing Director the nature and location of which shall be subject to agreement of the parties.

The UIF will pay directly to the University a reasonable consideration for the the services, facilities, equipment, software and operating supplies provided to the UIF pursuant to the Service Agreement based upon agreed upon budgets for the services and operations described herein. In conjunction with the University's annual budget process, the University will prepare and present to the UIF for consideration and acceptance an operating budget for the services and operations to be provided under this Agreement upon which the consideration shall be based.

This Services Agreement shall be effective as of the date of the last signature thereto and shall continue in annual terms matched to the University's fiscal year until terminated by either party. This Services Agreement may be terminated by either party upon written notice of termination, such termination to be effective \_\_\_\_ days after notice thereof. This Services Agreement shall also terminate at the same time as any termination of the Memorandum of Understanding between the University and the UIF dated \_\_\_\_\_. In the event of termination, all obligations of the parties hereto shall cease as of the date of termination except for obligations for payment or reimbursement which accrued prior to the date of termination.

UNIVERSITY OF IDAHO

UNIVERSITY OF IDAHO FOUNDATION

\_\_\_\_\_  
Lloyd Mues, Vice President  
Finance and Administration

\_\_\_\_\_  
William G. Gilbert, Jr, Chairman

Date:\_\_\_\_\_

Date:\_\_\_\_\_

# **University of Idaho Foundation, Inc.**

## **POOLED ENDOWMENT FUNDS Statement of Investment Policy and Management**

Presented by the  
Investment Committee

and

Adopted by the  
University of Idaho Foundation, Inc.  
Board of Directors

January 25, 2008

First Adopted November 18, 1995, Amended March 8, 1996, October 25, 1997, March 13, 1998,  
September 30, 2000, April 20, 2001, October 17, 2003, September 16, 2005, January 25, 2008

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## **BACKGROUND:**

On September 17, 1970, The University of Idaho Foundation, Inc. (Foundation) was incorporated under the laws of the State of Idaho as a non-profit organization exempt from Federal tax under section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a Board of Directors. The Foundation's sole purpose is to support the University of Idaho (University) by the means at its disposal with an emphasis on soliciting financial support for the University and managing and investing the securities, monies and real and personal property it receives from such sources, and to expend its resources, beyond that required to cover the costs of its operation, to and for the benefit of the University.

The University is governed by the Regents of The University of Idaho (Regents) and is a constitutional corporation organized and existing under and by virtue of the Constitution of the State of Idaho. The University is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, as an educational organization.

The Consolidated Investment Trust (C.I.T.) was established by the Regents in July 1959, when the assets of 25 individual endowments having a combined market value of \$441,460 were pooled for investment purposes only and in return were issued unit participation shares in an investment account called the C.I.T. The purpose for creating the C.I.T. was to provide a well-managed, diversified investment vehicle owned entirely by endowments.

Effective July 1, 1975, the Regents transferred the assets of the C.I.T. to the Foundation. Upon accepting the C.I.T., the Foundation Board of Directors established an Investment Committee and charged it with the responsibility of monitoring and guiding the C.I.T.'s investment policy.

## **INVESTMENT POLICY:**

**Introduction:** The Foundation Investment Committee developed this policy through careful study and consideration of the returns and risks associated with alternative investment strategies in relation to the current and projected income needs of University and Foundation activities which are supported by the endowments. The policy provides a structure within which the funds may be managed to achieve the long term investment and financial objectives of all pooled endowment funds. The Foundation is committed to ensuring the assets of the pooled endowment funds are fully diversified and are managed efficiently and prudently by qualified investment personnel.

Because of the perpetual nature of endowments, decisions with regard to investment management and performance of all pooled endowment funds must focus on long-term goals and objectives which safeguard endowment principal and maximize returns which support the education, research, and service missions of the University.

**Statement of Investment Policy and Management**  
**University of Idaho Foundation, Inc.**  
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It is noted that the Foundation may accept and administer endowments and/or trusts which for various reasons are not invested in the C.I.T. or other pooled endowment funds. In those rare instances, the Investment Committee shall ensure the assets of said endowments/trusts are invested in a prudently and fiscally sound manner and are administered in accordance with the terms and conditions stipulated in the individual endowment/trust agreement which exists for each.

**Objectives:** The specific objectives of all pooled endowment fund investments are to:

1. provide a regular and reliable source of funding to meet the goals and objectives of the endowments which own pooled endowment fund unit participation shares,
2. target a long-term total rate of return that is, as a minimum, net of fees, at least five percent (5%) greater than the rate of inflation as measured by the Consumer Price Index (CPI),
3. maintain or increase the purchasing power of the corpus after withdrawals are taken, and
4. keep in perspective the long-term (ten year or longer) investment objectives when evaluating interim fluctuations.

**Spending Policy:** An endowment spending policy determines how the endowment payout amount will be calculated, including how much of the total return will be distributed to support the purposes of the endowment and how much will be reinvested. It is the intent of the Investment Committee to achieve a balance between the endowment growth objectives and stability in the annual investment revenue available for spending in support of the specified purposes of the endowments which own unit participation shares. A spending policy in conjunction with the investment policy is intended to help achieve this balance thereby allowing greater predictability in allocation planning.

**C.I.T. Endowment Classes:** The spending policy for each endowment is determined by the endowment agreement that exists for each endowment owning C.I.T. unit participation shares. There are two “classes” of endowments:

1. *“Old” or “Traditional” Language:* Most endowments that were created prior to 1996 stipulate that realized income is to be distributed and that all realized capital gains are to be reinvested as principal. Accordingly, the spending policy for these is to annually distribute all of the net realized income from dividends and interest to support activities and programs specified in the endowment agreements. Net realized capital gains, unless stated otherwise in the endowment agreements, are returned to the principal of the endowments and reinvested. The principal of all C.I.T. endowments is inviolate. The C.I.T. distributions are made on a unit participation share pro-rata basis.
2. *“New” or “Flexible” Language:* Most endowment agreements written since 1996 and some of the older endowments include more flexible language that allows for distributable earnings to be calculated in accordance with policy established by the Foundation’s governing board.

**Statement of Investment Policy and Management**  
**University of Idaho Foundation, Inc.**  
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In September 2000, the Foundation Board of Directors determined that a spending rate for “new” or “flexible” endowments will be established annually by the Foundation Board of Directors based upon the recommendation of the Investment Committee. The target spending rate, net of fees, will be four and a half percent (4.5%) of the three-year rolling average fair market value of the C.I.T.

*Assessment for Administration and Investment Management Expenses:* Each endowment participating in the C.I.T. will annually be assessed 75 basis points (.75%) of its three-year rolling average fair market value to pay for expenses associated with the administration and investment management of the C.I.T.

*Assessment for Foundation Operations:* Each “New” or “Flexible” Language Endowment will annually be assessed 50 basis points (.50%) of its three-year rolling average fair market value to be allocated to the Foundation for expenses including but not limited to operating costs and fund raising/development expenses.

**Investment Management Expenses:** Investment management expenses will be paid from the following sources: 1) the 75 basis points assessment described above; 2) revenues generated by commission recapture, and 3) temporary investment of realized investment earnings.

**Asset Allocation Guidelines:** The asset allocation process includes: 1) the selection of asset categories, i.e., domestic and international equities, fixed-income funds, real estate, private equity, other alternative investments and cash and/or cash equivalents; and 2) the percentage of the total portfolio for each asset category. Once the asset allocation has been determined by the Investment Committee, the selection of individual investments within each class is the responsibility of the investment managers. The Investment Committee is responsible for determining strategic (long-term) asset allocation, which focuses on the optimal combination of asset classes that is consistent with the Foundation’s risk-return preference and the time horizon.

Asset allocation includes the establishment of risk tolerance and the maximization of the long-run productivity of the pooled endowment fund’s portfolio. This determination, in conjunction with the spending policy, is the basis for balancing the investment policy to assure the growth and financial stability of the endowment in perpetuity.

The asset allocation as shown below will be reviewed at least annually by the Investment Committee, rebalanced, and reported to the Foundation Board.

### ASSET ALLOCATION TARGETS

#### Asset Allocation @ Market

<u>Asset Category</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>	<u>Performance Benchmark</u> (net of fees)
<b>Equities</b>	<b>38%</b>	<b>43%</b>	<b>48%</b>	
<i>Broad US Equity</i>		30%		Russell 3000 Index
<i>Non-US Equity</i>		13%		MSCI EAFE Index
<b>Fixed Income</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>	<b>Lehman Aggregate</b>
<b>Alternative &amp; Real Estate Investments</b>	<b>14%</b>	<b>17% (1)</b>	<b>20%</b>	
<i>REIT's</i>		6%		FTSE NAREIT Composite REIT
<i>Private Equity/Other</i>		11%		Russell 3000 + 5%
<b>Cash and Cash Equivalents</b>	<b>0%</b>	<b>0%</b>	<b>10%</b>	<b>90-day T-Bill</b>
<b>Total</b>		<b>100%</b>		

(1) Achievement of this target is expected to take 3 to 5 years.



## **INVESTMENT MANAGEMENT:**

**Foundation Board of Directors:** With regard to investment policy, the board is responsible for establishing and delegating the duties of the Investment Committee and for approving investment policies based on recommendations by the Investment Committee.

### **Investment Committee:**

The Investment Committee is responsible for managing the investment process in a fiscally responsible and prudent manner with regard to preserving principal while providing reasonable investment returns. The committee shall establish the policy to include, but not be limited to, selection of acceptable asset classes, allowable ranges of holdings in each asset class and by individual investment managers as a percent of assets, the determination of acceptable securities within each asset class, and investment performance expectations.

The committee will communicate in formal contracts the policy and performance expectations for each investment manager, and will review investment performance regularly to assure policy compliance. Performance will also be regularly evaluated to judge investment managers.

The Investment Committee is a standing committee of the Foundation. It generally meets three or four times a year with the staff from the University Trust and Investment Office (TIO). Membership of the Investment Committee shall be structured to assure investment acumen, continuity and opportunities for service.

The Investment Committee shall consist of a minimum of seven voting members including the Chairman of the Foundation, the Vice Chairman of the Foundation and a University of Idaho College Dean. The Treasurer of the Foundation and the Managing Director of the Foundation shall be included as non-voting members. Additional committee members shall be appointed by the Foundation's Chairman and approved by the Foundation Board of Directors. The chairman of the committee shall be appointed by the Foundation's Chairman and approved by the Foundation Board of Directors.

The primary responsibility of the Investment Committee is to oversee and provide guidance for the investment of Foundation assets. Its major responsibilities are:

1. Recommending investment goals and objectives to the Board of Directors.
2. Formulating investment policy (asset allocation, spending policy, and level of risk).
3. Selecting and hiring investment managers and reviewing their performance.
4. Establishing performance measurement criteria for investment managers and the overall portfolio.
5. Terminating investment managers.
6. Selecting, hiring and terminating investment advisory consultants.

**Trust & Investment Office:** The Trust & Investment Office (TIO) is responsible for the day-to-day stewardship of all funds and/or finances of the Foundation, including the fiduciary responsibility for all funds so designated to be in trust.

The TIO has the responsibility to comply with: applicable state and federal laws and regulations; Regents' regulations and requirements; University of Idaho policies and procedures; donor requirements; generally accepted accounting and financial management principles; the Foundation's Articles of Incorporation and the Foundation's by-laws.

Specifically with regard to the investment responsibilities, the TIO will oversee the administration and support of those functions essential to sound financial management of all Foundation funds, including pooled endowment funds, such as fiscal planning, budgeting, receipting and disbursing of funds, and investing/managing assets to include custodial and accounting functions.

The Foundation Board of Directors shall authorize specific individual(s) to endorse securities/stock or bond powers for sale, transfer, merger or other lawful purposes and to open or close brokerage accounts and accounts with commercial banks, as necessary to implement investment decisions and transact business in the name of and on behalf of the Foundation.

The TIO will, under the direction of the Investment Committee, provide and/or arrange for the following services: conducting selection processes for investment management; review, assess, and present to the Investment Committee analysis data about investment performance; analyze and present discussion agendas regarding modifications to the investment policy, especially the allocation matrix and spending policy; negotiate the management fee structure; and provide desired accounting and reporting to the Investment Committee and Foundation Board of Directors.

**Investment Managers:** The pooled endowment funds will be managed by qualified investment management personnel/investment management organizations. The investment managers have discretion, within the guidelines set forth in this investment policy statement and any additional guidelines provided each manager, to manage the assets in each portfolio to best achieve the investment objectives established by the Investment Committee. The investment managers shall be responsible for determining investment strategy and implementing security selection and the timing of purchases and sales within the policy guidelines set forth in this statement and as otherwise provided by the Investment Committee.

Each investment manager will be provided a copy of this statement of investment policy. In turn, as part of the investment management contract that will govern the allocated portfolio, each investment manager is to be provided a written statement of the Foundation's expectations, stated in terms of the objectives and comparative benchmarks that will be used to evaluate performance and the allowable investment vehicles that can be used to achieve these objectives.

**Investment Managers - General Guidelines:** These guidelines shall apply to all investment managers, unless addressed otherwise in individual management contracts.

Parameters:

1. All managers shall have discretion to invest in cash reserves; however, managers will be evaluated on total funds investment performance.
2. Cash and short-term instruments maturing in less than 360 days shall be restricted to a maximum of 10% of total assets except for brief periods and for temporary defensive purposes.
3. Mutual funds and other pooled asset portfolios are acceptable investment vehicles provided they conform to all other requirements and restrictions.
4. US equity holdings shall be restricted to readily marketable securities of corporations that are actively traded on the major US exchanges including National Market System Stocks. US equity holdings may include American Depository Receipts traded on US Exchanges. Preferred and convertible preferred stocks may be held. Publicly traded Real Estate Investment Trust (REIT) shares may be held and are considered part of the allocation to stocks. There is no minimum market capitalization for holdings of individual issues. However, each holding shall be of sufficiently low percentage of average daily trading volume to ensure sale on favorable terms at the appropriate time.
5. At least 75% of all non-US equity holdings shall be highly liquid securities issued by corporations headquartered in countries included in the Morgan Stanley Capital International Europe, Australia, Far East Index and Canada. Up to 25% of non-US equity holdings may be issues purchased and sold on exchanges in other countries that offer a ready market for individual issues and have no restrictions on the transfer of funds to and from the US. Managers holding non-US dollar denominated securities are permitted to employ currency hedging strategies.
6. Fixed income investments shall be marketable securities which may include, but not necessarily be limited to US Treasury, federal agencies and US Government guaranteed obligations, sovereign debt, and domestic and foreign corporate issues including convertibles. Mortgage pass-throughs and collateralized debt obligations may be held. Quality preferred stock issued by domestic corporations may also be held. The overall rating of the fixed income assets will be at least "A" as measured by a nationally recognized rating agency. In cases where the yield spread adequately compensates for additional risk, BAA or BBB and below and non-rated securities may be purchased. However, no more than 30% of the holdings shall be in securities whose credit rating is less than BAA- or BBB-.

7. Cash equivalent reserves shall consist of cash instruments having a quality rating by at least one rating agency of A-2, P-2 or higher, maturing in 360 days or less.
8. The following securities and transactions are not authorized: letter stock and other unregistered equity securities; commodities or commodity contracts; short sales or margin transactions.
9. Financial options and futures may be employed in defensive and hedge strategies undertaken to preserve principal.
10. An investment manager shall not use derivatives to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. Moreover, an investment manager will not use derivatives to acquire exposure to changes in the value of assets or indexes that, by themselves, would not be purchased for the portfolio. Under no circumstances will an investment manager undertake an investment that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed normal duration limits. Investment in "exotic" derivatives with unstable durations is prohibited. These include IO's, PO's, Inverse IO's, and Inverse Floaters. Conventional classes of CMO's are allowed.

Diversification: Investments shall be diversified with the intent to minimize the risk of large realized and unrealized losses to the invested assets. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holding in individual issues, corporations, or industries.

1. Not more than 5% of the total equity portfolio valued at market may be invested in the common stock of any one corporation.
2. Not more than 5% of the total outstanding shares of any one company may be held.
3. Not more than 20% of the equity portfolio valued at market may be held in any one industry category.
4. Fixed income securities of any one issuer shall not exceed 5% of the market value of the total bond portfolio at the time of the purchase (except US Treasury or other federal agency issues).
5. Holdings of any individual fixed income issue must not exceed 5% of the value of the total issue (except US Treasury or other federal agency issues).

Volatility: Consistent with the desire for adequate diversification, the investment policy is based on the assumption that the volatility of the combined equity portfolios will be similar to that of the market opportunity available to institutional investors with similar return objectives. Fixed income portfolio durations may exceed that of the market even though the volatility of fixed income portfolios, under these conditions, may be greater than the market.

Voting of Proxies: The Investment Managers shall vote shareholder proxy ballots.

Execution of Security Trades: The Investment Committee expects the purchase and sale of securities by investment managers to be made in a manner designed to receive the combination of best price and execution.

### **MONITORING AND EVALUATION:**

**Overall Portfolio:** This will entail a review of the investment objectives. Investment performance will be reviewed annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives.

It is not expected that the investment policy will change frequently. In particular, short-term changes in the financial markets should not require any adjustment in the investment policy.

**Managers:** The TIO will provide monthly investment activity reports to the Investment Committee, including a breakdown by each investment manager. The Investment Committee shall meet on a periodic basis with the Foundation's investment advisory consultant and TIO staff to review total assets and individual manager performance. Performance reviews will focus on:

1. Comparison of managers' results to funds using similar policies (in terms of diversification, volatility, style, etc.).
2. Manager and total assets adherence to the policy guidelines.
3. Material changes in the manager organizations, such as investment philosophy, personnel changes, acquisitions or losses of major accounts, etc.
4. Evaluate performance on a minimum rolling three to five-year investment horizon to judge interim fluctuations with an appropriate perspective.
5. Evaluate performance relative to performance benchmarks that realistically reflect the market of each investment portfolio.

The Investment Managers shall keep the Investment Committee advised of any material changes in personnel, investment strategy, or other pertinent information potentially affecting performance of all managers.

**Performance Expectations:** The most important performance expectation is the achievement of long-term investment results that are consistent with this Investment Policy Statement. The C.I.T. will be compared to a blended benchmark that represents the target asset classes. The

C.I.T. is expected to meet or exceed the passive policy benchmark over a majority of rolling three- and five-year periods. Implementation of the policy will be directed toward achieving this return and not toward maximizing return without considering the risk.

The Investment Committee recognizes that this real return objective may not be meaningful during some time periods. In order to ensure that investment opportunities available over a specific time period are fairly evaluated, comparative performance statistics will be used to evaluate investment results. The Investment Committee expects each manager to meet or exceed their passive index and the median of their respective performance evaluation universe. This performance should be achieved over a majority of rolling three to five year periods.

### **ACCOUNTING AND REPORTING**

In addition to retaining competent investment managers, essential elements of a successful portfolio include proper accounting, investment activity reporting, performance reporting and internal activity reporting. These functions are provided to the Foundation by financial systems and personnel of the TIO.

#### **Annual Audit:**

1. The accounting records for the pooled endowment funds will be maintained in conformity with generally accepted accounting principles and reporting standards, and will be audited annually by the same independent external auditors who audit the Foundation's financial statements.
2. The annual audited financial statements and auditor's letter to management will be presented at the Foundation's annual meeting.
3. The internal controls utilized by the Foundation will be adapted to meet the needs of all pooled endowment funds and will be routinely reviewed by external auditors for appropriateness.

#### **Investment Pool:**

1. Endowments which own pooled endowment fund unit participation shares will be separately accounted for -- each will have their own separate fund identification and subaccounts which detail uninvested cash, fund balance invested in a pooled endowment fund, and total fund balance.
2. Endowments which have cash available for investing in a pooled endowment fund will be allowed to purchase unit participation shares at their fair market value on the first day of each month.

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**University of Idaho Foundation, Inc.**  
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3. The fair market value of a unit participation share will be determined as of the close of business on the last working day of each month. The share value will be determined by valuing the pooled endowment fund's portfolio at market and dividing that market value by the number of permanent unit participation shares outstanding.
4. The pooled endowment fund's annual spending distributions will be made based on the number of distribution unit participation shares owned by each endowment.
5. The TIO will ensure idle cash is fully invested until needed for distributions at year end, and for transfer to a pooled endowment from individual endowments to purchase unit participation shares.
6. The TIO will receive all broker/custodial confirmations for purchases and sales of securities and ensure that (1) purchases are paid in a timely manner, (2) sales proceeds are received and immediately deposited in a Foundation brokerage/custodial or bank account and invested, (3) the financial records properly reflect all purchases and sales, and (4) sales and purchase commissions are reasonable.

**Investment Management:**

1. The TIO will monitor investment activity and determine whether or not current established portfolio investment parameters are being followed.
2. The TIO will receive monthly broker/custodial statements and reconcile detail shown thereon to the financial and investment records.
3. The TIO will receipt all interest and dividend checks and ensure they are (1) the proper amount, (2) properly recorded on the financial records, and (3) promptly deposited in a Foundation brokerage or bank account.
4. The TIO will maintain a detailed schedule of investments to ensure that all dividends and interest are, in fact, received when due, and that the exact location of all investments is known at all times.
5. The TIO will ensure accurate and timely investment data is submitted to an independent funds evaluation firm so that firm can prepare investment performance reports.
6. The TIO will ensure that accurate and timely Investment Activity Reports are prepared for use by Investment Managers, Investment Committee and others.
7. The TIO will prepare accurate and timely monthly valuations of the pooled endowment fund portfolios and calculate the value of a unit participation share.
8. The TIO will ensure that endowments which have cash available for the purchase of pooled endowment fund unit participation shares have that cash transferred to the appropriate

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University of Idaho Foundation, Inc.  
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pooled endowment fund in a timely manner, and that the investment manager is aware of the amount of new money available for investment.

9. The TIO will approve all operating expenses associated with the operation of all pooled endowment funds and initiate action to ensure said expenses are paid in a timely manner and properly recorded on the financial records.



**APPENDIX I: ASSET CLASS DESCRIPTIONS**

<b>Asset Class</b>	<b>Definition</b>
<b><u>Equities</u></b>	
U.S. Equities	Stocks issued by companies domiciled or registered in the United States, which trade on domestic stock exchanges.
Non-U.S. Developed Market Equity	Stocks issued by companies in developed economies, excluding the U.S.
Non-U.S. Emerging Market Equity	Stocks issued by companies domiciled in countries with less developed economies in terms of GDP per capita as defined by the World Bank.
<b><u>Fixed Income</u></b>	
Core U.S. Fixed Income	All fixed rate debt securities issued in the U.S., including government, corporate, agency, mortgage pass-through and asset-backed securities that are rated investment grade (BBB) or higher.
Core Plus Fixed Income	A portfolio of debt securities that may include all core fixed income investments, and typically has allocations to non-U.S. bonds (developing and developed countries), non-investment grade bonds (high yield credit), and sectors outside the LB Aggregate Bond Index (i.e., TIPS or Treasury Inflated Protected Securities).
High Yield	All corporate debt issued in the U.S. that is rated below investment grade, or is not rated. These securities have a higher yield than investment grade corporates, and are riskier, both in terms of price risk and default risk.
Non-U.S. Emerging Market Fixed Income	Emerging market fixed income includes debt securities in countries with less developed economies.
Non-U.S. Developed Market Fixed Income	Bonds that are issued by companies or governments in developed countries other than the U.S.

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Inflation Linked Bonds (TIPS)	A special type of Treasury note or bond that offers protection from inflation. As with other Treasuries, when you buy an inflation-linked bond you receive interest payments every six months, which is continuously adjusted for inflation.
<b><u>Alternative Asset Classes</u></b>	
Private Equity	Private equity represents a basket of private illiquid investments such as venture capital, leveraged buyouts, mezzanine financing, distressed securities, oil & gas and timber.
Real Estate	Real estate includes investment in income producing properties. Real estate investments can vary by property type, geographic location, position in the property cycle, structure of the deal and investment vehicle.
REIT's	A publicly traded pool of investments as described for Real Estate above.
Non Directional Hedge Fund of Funds	Long-short, arbitrage and other low risk strategies. Leverage used.

INDENTURE

THIS INDENTURE, made in Moscow, Idaho, on May 20, 1975, between the Regents of the University of Idaho, a constitutional corporation organized and existing under and by virtue of the Constitution of the State of Idaho, hereinafter called the Regents, and the University of Idaho Foundation, Inc., an Idaho not-for-profit corporation, having its principal place of business at the University of Idaho, Moscow, Idaho, hereinafter called the Foundation:

WHEREAS, the Foundation exists for the purposes to solicit and receive, by gift, devise or otherwise, monies and property, real and personal, to be managed and used exclusively for the benefit of the University of Idaho, and

WHEREAS, on February 7, 1974, and December 5, 1974, the Regents passed resolutions directing the Bursar of the University of Idaho to offer to the Foundation the responsibility for the investment and administration of the Consolidated Investment Trust and other private monies or properties inuring to the benefit of the University of Idaho by way of gift, and

WHEREAS, The Board of Directors of the Foundation, meeting in Boise, Idaho, on April 11, 1975, voted to accept the Regents' offer as of July 1, 1975.

NOW THEREFORE, IN CONSIDERATION OF THE PREMISES, AND OF THE MUTUAL COVENANTS CONTAINED BELOW, IT IS MUTUALLY AGREED, AS FOLLOWS:

FIRST. The Regents as of July 1, 1975, do convey, transfer, and assign, set over and deliver to the Foundation, in trust, the assets, and related records of the Consolidated Investment Trust Pooled Investment Fund, the Ella L. Olesen Endowment, the George T. Warren Endowment, the Guy Wicks Endowment, the Stillinger Trust Real Estate contracts, the Leora Stillinger Real Estate contract and the Leonard Halland Physics Building Real Estate contract, all to be particularly itemized and set forth in audited financial statements as of July 1, 1975.

SECOND. The Regents do hereby and by these presents offer to provide whatever support and assistance that the Foundation may wish to receive from the University of Idaho Business Office; PROVIDED HOWEVER THAT the Bursar, who is the Foundation Treasurer, shall continue to be responsible for providing necessary accounting services for the Foundation, custody of the Foundation's assets, and the ministerial functions pertinent to the individual trust accounts, and if either the Foundation or the Regents wish to reassign these functions elsewhere, either party shall first secure the written consent of the other; and further provided that all questions pertaining to the validity and construction of this Indenture shall be determined in accordance with the laws of the State of Idaho.

THIRD. The Regents reserve the right to entrust other property to the Foundation, to amend this Indenture in any respect or to revoke it entirely, and to withdraw at any time, or from time to time, any assets transferred to the Foundation, all upon reasonable notice to the Foundation.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand the date first above written.

UNIVERSITY OF IDAHO FOUNDATION, INC.

THE REGENTS OF THE UNIVERSITY  
OF IDAHO

Carl G. Berry  
Its President and duly authorized  
agent

Sherman Carter  
Bursar, Financial Vice President  
and duly authorized agent

Attest:

Attest:

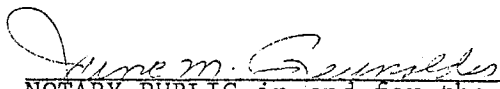
Frank P. McCreary  
Frank P. McCreary  
Executive Director

Ernest W. Hartung  
Ernest W. Hartung, President  
University of Idaho

STATE OF IDAHO     )  
                           ) ss.  
 County of Latah    )

On this 18<sup>th</sup> day of May, 1975, before me, the undersigned, a Notary Public in and for said State, personally appeared CARL BERRY, known to me to be the President of the University of Idaho Foundation, Inc., the corporation that executed the above and foregoing instrument, and acknowledged to me that such corporation executed the same.

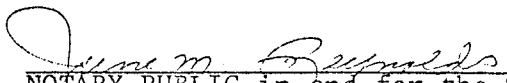
IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the date last above written.

  
 NOTARY PUBLIC in and for the State  
 of Idaho, residing at University of  
 Idaho, Moscow, Idaho

STATE OF IDAHO     )  
                           ) ss.  
 County of Latah    )

On this 18<sup>th</sup> day of May, 1975, before me, the undersigned, a Notary Public in and for said State, personally appeared FRANK MCCREARY, Executive Director of the University of Idaho Foundation, Inc., the corporation that executed the above and foregoing instrument, and acknowledged to me that such corporation executed the same.

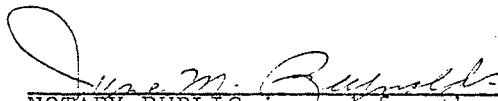
IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the date last written.

  
 NOTARY PUBLIC in and for the State of  
 Idaho, residing at Moscow, Idaho

STATE OF IDAHO        )  
                           ) ss.  
 County of Latah        )

On this 20th day of may, 1975, before me, the undersigned, a Notary Public in and for said State, personally appeared SHERMAN CARTER, known to me to be the Bursar, Financial Vice President and Duly Authorized Agent of THE REGENTS OF THE UNIVERSITY OF IDAHO, the corporation that executed the above and foregoing instrument, and acknowledged to me that such corporation executed the same.

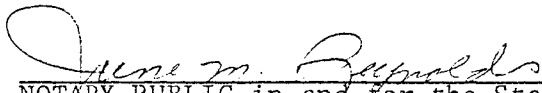
IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the date last above written.

  
 NOTARY PUBLIC in and for the State  
 of Idaho, residing at Moscow, Idaho

STATE OF IDAHO        )  
                           ) ss.  
 County of Latah        )

On this 10th day of may, 1975, before me, the undersigned, a Notary Public in and for said State, personally appeared ERNEST W. HARTUNG, known to me to be the President of the University of Idaho, the corporation that executed the above and foregoing instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the date last above written.

  
 NOTARY PUBLIC in and for the State  
 of Idaho, residing at Moscow, Idaho

THIRD REVISED AND RESTATED ARTICLES OF INCORPORATION  
THE UNIVERSITY OF IDAHO FOUNDATION, INC.

ARTICLE I

Name and Address

The name of this corporation is:

THE UNIVERSITY OF IDAHO FOUNDATION, INC.

The registered agent, location, and post office address of the registered and principal office of the Corporation is:

Executive Director  
 University of Idaho Foundation, Inc.  
 1106 Blake Street  
 PO Box 443150  
 Moscow, Idaho 83844-3150

ARTICLE II

Not for Profit

The Corporation is a nonprofit corporation under the Idaho Nonprofit Corporation Act. The Corporation is not formed for pecuniary profit. No part of the income or assets of the Corporation shall inure to the benefit of or be distributable to its members, directors, officers, or other private persons, except to the extent permissible by law and except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article IV hereof.

ARTICLE III

Term

The term of the Corporation is perpetual.

ARTICLE IV

Purposes

The Corporation is organized, and shall be operated exclusively, for the following purposes: to exercise all of the rights and powers conferred by the laws of the state of Idaho upon nonprofit corporations, including without limiting the generality of the foregoing, to acquire by bequest, devise, gift, purchase, lease, charitable trusts, life estates, or any other method of transferring any property of any sort or nature, without limitation as to its amount or value, and to hold, invest, reinvest, manage, use, apply, employ, sell, expend, disburse, lease,

THIRD REVISED AND RESTATED ARTICLES OF INCORPORATION, THE UNIVERSITY OF IDAHO FOUNDATION, INC.  
 Revised October 2003

mortgage, convey, option, donate, or otherwise dispose of such property and the income, principal, and proceeds of such property for the benefit of the University of Idaho. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding provision of any future federal tax code (hereinafter "Internal Revenue Code"), or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

## ARTICLE V

### Trusts and Trust Funds

Notwithstanding the provisions of Article IV, any donor or testator may direct that his or her gift shall be held in such charitable trusts as may be specifically designated by said donor or testator and in such case his or her intentions shall be carried out by The University of Idaho Foundation, Inc. (hereinafter "Foundation"). Donors or testators may give a principal sum to the Foundation for the benefit of said Foundation, and provide that the income thereof shall be payable to the donor during his or her life, or that it shall be paid to a beneficiary or beneficiaries named by him or by her for life, or for some other period of time, and that after the termination of the estate or estates so provided, the income or principal shall be disbursed as part of the unrestricted income or principal of said Foundation in accordance with Article IV or for such charitable purposes as the donor or testator may specify in accordance with this Article V.

If the members of the Foundation by the vote of ninety percent (90%) of the members shall at any time declare that the purposes of any gift made pursuant to this Article V have become (1) unnecessary, undesirable, impracticable, or impossible of fulfillment, or (2) if any beneficiary to which the income or principal of any gift shall be provided to be paid shall have become nonexistent or shall have ceased its activities, or (3) if for any other reasons the application or applications provided by the said donor or testator shall have become impossible, impracticable, unnecessary, or undesirable, the Foundation shall apply such gift to the purposes set forth in Article IV. The determination of the members that such purposes have become unnecessary, undesirable, impracticable, or impossible of fulfillment shall be binding and conclusive upon all persons.

The Foundation may accept appointments by any court of competent jurisdiction as trustee to hold any fund or funds under the terms of these articles.

## ARTICLE VI

### Commingleing of Funds

In the absence of any provisions expressing the intention of the donor or testator to the contrary, the Foundation shall be authorized to mingle any property given to it under the terms hereof with other property given to it under the terms hereof without obligation to retain any gift as a separate fund, but any donor or testator may direct that his or her gift be held as a separate fund and may, if he or she so desires, designate such fund as a memorial fund in memory

THIRD REVISED AND RESTATED ARTICLES OF INCORPORATION, THE UNIVERSITY OF IDAHO FOUNDATION, INC.  
Revised October 2003



of a particular person or event, and in such case the said fund shall be maintained as a separate fund forming a part of the said Foundation, under such name, if any, as may be properly designated therefor. The Foundation shall in any event be authorized to hold as a separate fund any gift which, in the discretion of the Foundation shall require segregation in order to carry out any specific provision expressed by the donor or testator, or which shall require such segregation or any other reason deemed sufficient by the Foundation.

Subject to any written agreement with the donor or testator to the contrary, if any fund, the income of which is directed by the donor or testator to be paid to any donor or other beneficiary, is commingled, the Foundation shall make available to pay to such donor or other beneficiary as income on such fund the average rate of return on such commingled funds.

If, at any time after such mingling of funds shall have taken place, it should thereafter for any reason be deemed by the foundation as desirable or necessary to separate any fund or funds, each fund so separated shall be considered to be that proportion of the value at the date of separation of the principal or income of the combined funds as the value at the date of gift of such fund so separated shall bear to the total value of such combined funds at said last mentioned date plus any subsequent gifts valued as of the date thereof.

#### ARTICLE VII

Membership The membership of this Corporation shall consist of one or more classes of members as prescribed in the bylaws. The manner of acting and meeting procedures for the members shall be as prescribed by the bylaws of this Corporation.

#### ARTICLE VIII

##### Board of Directors

Management of the affairs of the Corporation shall be by the board of directors who may delegate to officers and to committees of their own number and such additional members from the general membership as the board may deem appropriate such of their powers as they see fit. Directors shall be selected by the members at the times stated in the bylaws, for such terms and in such manner as the bylaws prescribe.

#### ARTICLE IX

##### Officers

Officers shall consist of a president, one or more vice presidents, a secretary, and a treasurer. The president and vice presidents shall be selected from members of the board of directors but the secretary and treasurer need not be directors or members. Two (2) or more offices may be held by the same person except that the president may not be secretary or treasurer. Officers shall be selected by the board of directors at the times, for such terms and in such manner as the bylaws prescribe.

ARTICLE XDissolution

In the event of the dissolution of this Corporation, or in the event that it should cease to carry out its purposes, no member, director, officer, or individual shall be entitled to or receive any distribution or division of its remaining assets, property or proceeds, and the balance of all property and assets of the Corporation from any source, after the payment of all debts and obligations of the Corporation, shall be vested in the Board of Regents of the University of Idaho in trust for the use and benefit of the University.

Any such assets not so disposed of shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

ARTICLE XITax Exemption

It is the intent of the incorporators that this organization shall be incorporated as a tax-exempt organization to which deductible gifts may be made pursuant to the terms of the Internal Revenue Code. To that end, this Corporation shall be subject to all the restrictions and requirements now or hereafter imposed by the United States Internal Revenue Code, any rules and regulations duly and properly promulgated in the application and interpretation of said Code with which compliance is required for qualification as a tax exempt organization. In particular, in any year in which this Corporation is a "private foundation," as that term is defined in the Internal Revenue Code, its income must be distributed at such time and in such manner as not to subject this Corporation to taxes under Section 4942, Internal Revenue Code, or in the regulations promulgated thereto, and the Corporation shall not engage in any act of self dealing as defined in Section 4941, Internal Revenue Code, or in the regulations promulgated pursuant thereto, and shall not retain any excess business holdings as defined in Section 4042(c), Internal Revenue Code, or under the regulations promulgated pursuant thereto, and shall not make any investments in such manner as to subject the Corporation to taxes under Section 4944, Internal Revenue Code, or in the regulations promulgated pursuant thereto, and shall not make any taxable expenditures as defined in Section 4945(d), Internal Revenue Code, or in the regulations promulgated pursuant thereto.

ARTICLE XIIAmendments

The articles of incorporation of this Corporation may be altered, amended, or newly adopted at any meeting of the members of the Corporation called for the purpose by majority of a quorum of the voting members present, in person or by proxy, provided that notice is sent to each member not less than ten (10) days prior to such meeting, and provided that a quorum is present. A majority of the voting members of the Corporation shall constitute a quorum for such purposes. Such notice shall state in a general way the nature of the proposed change.

ARTICLE XIIINotice

Except as otherwise specified, whenever notice is required, it shall be in writing sent prepaid not less than three (3) days before the event if by electronic transmission and not less than six (6) days if by mail, addressed to the last known address. Notice may be waived either before or after a meeting.

Pursuant to the provisions of the Articles of Incorporation and Bylaws of The University of Idaho Foundation, Inc., an Idaho nonprofit corporation, and pursuant to the Idaho Non-profit Corporation Act, the qualified voting members of the Corporation duly noticed, approved, and adopted the within and foregoing third revised and restated articles of incorporation and all of the amendments therein contained, at a duly constituted meeting held on October 17, 2003.

Executed in triplicate effective October 21, 2003

THE UNIVERSITY OF IDAHO FOUNDATION, INC.

By: Joanne B. Carr  
Joanne B. Carr, Secretary

THIRD REVISED AND RESTATED ARTICLES OF INCORPORATION, THE UNIVERSITY OF IDAHO FOUNDATION, INC.  
Revised October 2003

RESTATED BY-LAWS OF  
THE UNIVERSITY OF IDAHO FOUNDATION, INC.

Moscow, Idaho  
 January 25, 2007

ARTICLE I  
Name and Address

The name of this Corporation is:

THE UNIVERSITY OF IDAHO FOUNDATION, INC. (the "Foundation")

The registered agent, location, and post office address of the registered and principal office of the Foundation is:

Chairman  
 University of Idaho Foundation, Inc.  
 1106 Blake Street  
 PO Box 443150  
 Moscow, Idaho 83844-3150

ARTICLE II  
Purposes

The mission of The University of Idaho Foundation, Inc., Moscow, Idaho ("Foundation") is to secure, manage, and distribute private support to enhance the growth and development of the University of Idaho.

The Foundation is organized and operated exclusively for educational, charitable, scientific and literary purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue Law); specifically, the Foundation is organized and operated exclusively to seek, receive, hold, invest, and administer property and to make expenditures to or for the benefit of The University of Idaho ("University"), a State educational institution which is governed by the Regents of the University of Idaho, the governing board legally responsible for the performance and oversight of all aspects of University operations (the "Regents").

In furtherance of such purposes, the Foundation may solicit, receive and accept gifts, devises, bequests and other direct or indirect contributions of money and other property, absolutely or in trust, tangible or intangible, real, personal or mixed, and wherever located, from the general public, including individuals, corporations, and other entities and sources. The Foundation may administer, manage, invest and reinvest such money and property, and apply and expend the

principal, income and proceeds thereof for such purposes, all to or for the benefit of the above-described University.

The Foundation may hold and convey any real estate or other property necessary for, or in furtherance of, its operations or purposes or in relation to the execution or administration of any trust. The Board of Directors of the Foundation shall have full power, at its sole discretion, except as prohibited or limited by the terms of any instrument establishing or governing a gift, devise, bequest or other contribution or transfer, to change the form of any investment and to dispose of any securities or other property held by the Foundation.

### ARTICLE III MEMBERSHIP

SECTION 1. Members. The Board of Directors (Voting and Non-Voting) and the Foundation Council (Non-Voting) shall constitute the members of the Foundation.

SECTION 2. Annual Meeting. An annual meeting of the members shall be held in the second quarter of each fiscal year, at a time and place to be fixed by the Chairman, for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

SECTION 3. Notice of Meetings. A written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose for which the meeting is called, shall be delivered or mailed by the Secretary, or by the officer or person calling the meeting to each member of record entitled to vote at that meeting, at the address which appears on the records of the Foundation, at least ten (10) days before the meeting date. Notice of any meeting of members may be waived in writing filed with the secretary or by attendance in person.

SECTION 4. Quorum. A majority of the persons qualified to vote as members at any meeting shall constitute a quorum.

SECTION 5. Voting by Proxy Prohibited. Except as provided in Section 6 of this Article III, a member must be present in person to vote on any matter coming before a meeting of the members. Voting by proxy is prohibited.

SECTION 6. Participation by Telephone or other Electronic Means. Any or all of the members may participate in a meeting of the membership by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other. Participation by these means constitutes presence in person at the meeting.

ARTICLE IV  
DIRECTORS

SECTION I. Voting and Non-Voting Directors. The Board of Directors shall consist of at least fifteen (15) but no more than twenty-five (25) Voting Directors, and a number of Non-Voting Directors, which shall vary from time to time, depending upon the number of individuals who shall meet the criteria of a non-voting member as hereinafter set out.

- (A) Voting Directors. The Board of Directors shall consists of at least fifteen (15) but no more than twenty-five (25) voting directors elected generally, upon recommendation by the Board's Committee on Directors, at the annual meeting of the members by a majority vote of the members present. The term of an elected Voting Director shall begin immediately following his or her election and shall continue for a period of three (3) years (unless elected to fill out the un-expired balance of a newly created term or the term of a Director who resigns, is deceased or is removed from office). Any elected Voting Director shall be eligible to serve two (2) consecutive three (3)-year terms as a Director of the Foundation, provided, however: Should any director be elected to the office of Chairman or Vice-Chairman during their final 3-year term as a Director of the Foundation, then that director's term shall be extended until the termination of their service in that office, with the understanding that the Vice-Chairman's term shall include service as Chairman, should that director be so elected. Any director having served two (2) consecutive terms may be re-elected to the Board of Directors after a minimum of one year from the date of previous service as a Director. Any vacancy on the Board of Directors of an elected Voting Director may be filled at the next regularly scheduled meeting by the remaining Voting Directors choosing a Director to fill the un-expired term.
- (B) Non-Voting Directors. Non-Voting Directors shall consist of a varying number of members who shall be eligible for election by virtue of a certain position of responsibility which each has occupied or presently occupies with the Foundation, as follows:
- (1) Emeritus Directors  
Any person who has previously served on the Board of Directors as President or Chairman will automatically be appointed an "Emeritus Director" for life at the conclusion of his or her term of office. Any person who has previously served on the Board of Directors and has exhibited exemplary service to the Foundation shall be eligible to be elected an "Emeritus Director" by the Board at the conclusion of his or her last term of office and shall serve as such Emeritus Director for life. Emeritus Directors shall be invited to attend at least one (1) meeting of the Board during each fiscal year (Annual Meeting).

- (2) **Managing Director**  
The Managing Director of the Foundation shall serve as a Non-Voting Director for the same time that he or she is employed by the Foundation and shall attend all Board meetings at which his or her presence is required by the Board.
- (3) **Executive Director**  
The Vice President for University Advancement will also serve as Executive Director of the Foundation. This position shall serve as a Non-Voting Director for the same period of time that he or she is employed by the University and shall attend all Board meetings at which his or her presence is required by the Board.
- (4) **Ex Officio Directors**  
The following persons shall be designated non-voting ex-officio directors of the Board of Directors so long as they shall hold their position:
- The president of the University;
  - The provost of the University;
  - The president of the University of Idaho Alumni Association, Inc;
  - The president of the Vandal Scholarship Fund;
  - The chair of the Faculty Council of the University;
  - The president of the Associated Students of the University of Idaho
- (5) **Officers of the Foundation**  
Any Officer of the Foundation who is not otherwise designated or elected as a Voting Director of the Foundation shall serve as a Non-Voting Director of the Foundation and shall attend all Board meetings at which his or her presence is required by the Board.
- (C) **Classes of Directors.** As nearly as mathematically possible, one-third (1/3) of the positions on the Board of Directors elected shall be open for election each year at the annual meeting.

**SECTION 2. Resignation and Removal.** Any Director may resign at any time by giving written notice to the Chairman, Secretary, or the Board of Directors of the Foundation. Such resignation shall take effect at the time specified therein. Any Director may be removed from office by a vote of three-fourths (3/4) of all Voting Directors at any annual, regular or special meeting of the Board.

**SECTION 3. Meetings.** At least four (4) meetings of the Board of Directors shall be held in each fiscal year. An annual meeting of the Board of Directors shall be held in the second quarter of each fiscal year, at a time and place to be fixed by the Chairman. Regular meetings

of the Board of Directors shall be held three (3) additional times during each fiscal year at a time and place to be fixed by the Chairman. Special meetings may be called at any time by the Chairman, or by a majority of the Voting Directors upon request made to the Secretary. A majority of the Voting Directors shall constitute a quorum for election of officers or any other business. Notice of any annual, regular or special meeting of the Board shall be delivered or mailed by the Chairman or Secretary to each Voting Director at least ten (10) days prior to the date of any such meeting unless such notice is waived in writing, filed with the Secretary or by attendance in person by any such Voting Director.

SECTION 4. Participation by Telephone or other Electronic Means. Any or all of the Directors may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other. Participation by these means constitutes presence in person at the meeting.

SECTION 5. Board Action Without a Meeting. Any action which may be taken at a meeting of the Board may be taken without a meeting if, prior to such action, a consent in writing setting forth such action is signed by all of the Directors, and is filed in the minutes of the proceedings of the Board. Action is effective when the last Director signs the consent, unless the consent specifies a different prior or subsequent effective date.

SECTION 6. General Powers of Directors. The Board of Directors shall have all of the general powers provided by the Idaho Nonprofit Corporation Act (the Act), as amended, to the extent not prohibited by these Bylaws.

SECTION 7. Standards of Conduct for Directors. The Board of Directors shall be subject to the Standards of Conduct for Directors as provided by the Act, as amended.

SECTION 8. Directors Conflict of Interest. No contract or other transaction between the Foundation and one or more of its Directors or any other corporation, firm, association or entity in which one or more of its Directors is a director or officer or is financially interested, shall be either void or voidable because of such relationship or interest or because such Director or Directors are present at the meeting of the Board of Directors which authorizes, approves or ratifies such contract or transaction, if:

- (a) The interested Director does not participate in the vote on the contract or transaction;
- (b) The fact of such relationship or interest is disclosed or known to the Board of Directors which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the vote or consents of such interested Directors; and
- (c) The contract or transaction is fair and reasonable to the Foundation.



Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors, which authorizes, approves or ratifies such contract or transaction.

## ARTICLE V OFFICERS

SECTION 1. Designated Officers. The officers of the Foundation shall consist of a Chairman, Vice-Chairman, Executive Director, Managing Director, Secretary and Treasurer (which latter two offices may be held by one and the same individual). The Board of Directors may appoint such other Assistant Officers as it may from time to time determine necessary and may define their powers and duties. The Chairman and Vice-Chairman of the Board shall be chosen from among the Voting Directors of the Foundation. The Executive Director, Managing Director, Secretary, Treasurer, and such Assistant Officers as may be appointed by the Board, need not be Voting Directors.

SECTION 2. Election. The Officers of the Foundation shall be elected at the annual meeting of the Board of Directors and shall hold office until the next annual meeting or until the successor for any such officer shall have been elected and qualified. A vacancy in any office may be filled by the Board at any meeting for the balance of the term of such office. A Voting Director who is elected as an officer is eligible to serve in that office for two (2) consecutive one (1)-year terms. A Non-Voting Director who serves as an officer because of his or her position of employment may serve as an officer so long as he or she holds the position.

SECTION 3. Removal. Any officer may be removed from office by a vote of three-fourths (3/4) of all Voting Directors at any annual, regular, or special meeting of the Board.

SECTION 4. Duties of Officers. The duties of the officers of the Foundation shall be as follows:

- (A) Chairman. The Chairman shall be the chief volunteer officer of the Foundation; and, subject to the control of the Board of Directors, shall in general supervise and control all the business and affairs of the Foundation. He or she shall, when present, preside at all meetings of the Board of Directors. He or she may sign, with the Treasurer or other proper officer of the Foundation, so authorized by the Board of Directors, contracts, deeds, mortgages, notes, or other instruments which the Board of Directors has authorized to be executed. He or she will present a slate of Committee chairs and appointees to the Board of Directors for ratification. He or she shall in general perform all duties as may be prescribed from time-to-time by the Board of Directors.
- (B) Vice-Chairman. The Vice-Chairman shall, in the absence of the Chairman or in the event of his or her death, inability or refusal to act, perform the duties of the

Chairman, and, when so acting, shall have all the powers and be subject to all the restrictions upon the Chairman.

- (C) Managing Director. The Managing Director is an employee of the University of Idaho Foundation and shall be the chief operating officer. Subject to the direction of the Chairman and the control of the Board of Directors, the Managing Director shall in general supervise and control the day-to-day operations of the Foundation. The Managing Director shall serve pursuant to the terms of a written employment agreement approved by the Board of Directors. He or she shall in general perform all duties as may be prescribed from time to time by the Board of Directors.
- (D) Executive Director. The Vice President for University Advancement also serves as Executive Director and shall be responsible for serving as a liaison with the Foundation and the University of Idaho as well supporting and directing volunteers in fundraising and advancement efforts.
- (E) Secretary. The Secretary shall attend all meetings of members and of the Board of Directors and shall keep, or cause to be kept, in a book or file provided for the purpose, a true and complete record of the proceedings of such meetings, and he or she shall perform a like duty, when requested, for all standing committees appointed by the Board of Directors. He or she shall attend to the giving and serving of all notices of the Foundation required by these By-Laws, have power to authenticate records, have custody of the books (except books of account), records and corporate seal of the Foundation, and in general shall perform all duties pertaining to the office of Secretary and such other duties as these By-Laws or the Board of Directors may prescribe. The Secretary shall also keep or cause to be kept at the principal office of the Foundation a register of the names and addresses of each Director.
- (E) Treasurer. The Treasurer shall keep, or cause to be kept, correct and complete records of account. He or she shall be responsible for all funds and securities and other valuables which may from time to time come into the possession of the Foundation. The Treasurer shall deposit, or cause to be deposited, all funds of the Foundation with such depositories as the Board of Directors shall designate. He or she shall deposit with a Trustee, hold in a safe deposit box, or handle in any other manner as directed by the Board of Directors, all securities and other valuables of the Foundation. The Treasurer shall furnish to the Board of Directors at each annual meeting, as of the end of each fiscal year, and whenever requested, financial statements in the form and content as prescribed by the Board of Directors. He or she shall in general perform all duties pertaining to the office of Treasurer and such other duties as these By-Laws or the Board of Directors may prescribe.
- (F) Execution of Contracts. All bonds, mortgages, leases, deeds, promissory notes and other written instruments, except checks, leases, and contracts for normal budgeted

operations, shall be authorized by resolution of the Board of Directors and shall be executed in the name of the Foundation and on its behalf by the Managing Director of the Foundation or by such officers or members of the Board as the Board may specifically designate. All checks, drafts and other evidences of indebtedness payable to the Foundation shall be endorsed for collection in the name of the Foundation by the Managing Director, Treasurer or such other persons as the Board may designate.

SECTION 5. Assistant Officers. Such assistant officers as the Board of Directors shall from time to time designate and elect shall have such powers and duties as these By-Laws or the Board of Directors may prescribe.

SECTION 6. Vacancies. Whenever any vacancies shall occur in any office of the Foundation, such vacancy shall be filled by the Directors by the election of a new officer who shall hold office until the next annual meeting or until his or her successor is duly elected and qualified.

## ARTICLE VI COMMITTEES

SECTION 1. Executive Committee. The Executive Committee of the Board shall consist of the Chairman, the Vice-Chairman, the Treasurer, the Executive Director/Secretary, the Managing Director, the Chairman of the Operations and Finance Committee, the Chairman of the Committee on Directors, the Chairman of the Investment Committee, and any other committee chairman as determined by the Chairman of the Board. During the intervals between meetings of the Board of Directors, the Executive Committee shall possess and may exercise all powers of the Board of Directors in the management and direction of the affairs of the Foundation in such manner as it shall deem best for the interest of the Foundation in all cases in which specific directions shall not have been given by the Board of Directors. Regular minutes of the proceedings of the Committee shall be kept in a book provided for that purpose. All actions by the Executive Committee shall be reported to the Board at its next meeting succeeding such action, and shall be subject to revision or alteration by the Board provided that no rights of third parties shall be affected by any such revision or alteration. Vacancies in the Executive Committee shall be filled by the Board of Directors by election from the Voting Directors. The presence of a majority shall be necessary to constitute a quorum, and in every case, the affirmative vote of the majority of the members of the Committee present shall be necessary. Such Committee shall fix its own rules of procedure, and shall meet where and as provided by such rules or by resolution of the Board, and shall also meet at the call of the Chairman or any three (3) members of the Committee.

SECTION 2. Committee on Directors. In addition to other duties assigned to it by the Board of Directors, the Committee on Directors shall (i) screen, recruit, and recommend

potential Board and Foundation Council members; based upon the diversity of: skills needed, ethnicity, gender, and geography, (ii) recommend to the Board of Directors a slate of officers for election, (iii) evaluate the performance of Directors and officers, both individually and collectively; and (iv) be responsible for orientation and deployment of new Board members. This committee shall also propose nominees to the Foundation Council, a supporting organization of the Foundation.

SECTION 3. Operations and Finance Committee. In addition to other duties assigned to it by the Board of Directors, the Operations and Finance Committee shall advise the Board of Directors on (i) general fiscal policy, fiscal management and all operational matters including budgetary and financial issues, (ii) personnel issues including determination of the Foundation's salary pool and its salary structure, and (iii) evaluating the Managing Director.

SECTION 4. Investment Committee. In addition to other duties assigned to it by the Board of Directors, the Investment Committee shall be responsible for (i) deciding how investments will be managed, (ii) making asset allocation decisions, (iii) making direct investments, (iv) selecting the investment managers, (v) reviewing the investment portfolio performance, and (vi) providing periodic reports to the Board on investment operations and results.

SECTION 5. Audit Committee. In addition to other duties assigned to it by the Board of Directors, the Audit Committee shall oversee the Foundation's audit process, including (i) communicating with the auditors and the Foundation's staff, (ii) review of the audit and management letter process, and (iii) recommending to the Board of Directors potential audit firms.

SECTION 6. Development Committee. In addition to other duties assigned to it by the Board of Directors, the Development Committee shall (i) promote, support and enhance the development program on behalf of the University of Idaho and its donors, (ii) review and recommend development program policies and procedures, and amendments thereto, including gift acceptance and donor recognition and stewardship policies, (iii) assist when appropriate with the cultivation, education and solicitation of gift donor prospects.

SECTION 7. Other Committees. The Board of Directors, upon the recommendation of the Chairman or otherwise, may appoint such other committees as may be desirable for carrying out the purposes of the Foundation. Such committees shall have and may exercise such powers as shall be conferred or authorized by the resolution of appointment by the Board. Both Voting and Non-Voting Board members, and where appropriate, non-board members may be appointed by the Chairman of the Board to any such committees.

SECTION 8. Ex Officio Committee Members. The Chairman and Vice Chairman of the Board shall serve as *ex officio* voting members of the Committee on Directors, Operations and Finance Committee, Investment Committee, and any other committees established by the Board of Directors with the exception of the Audit Committee. The Managing Director and

the Treasurer shall serve as *ex officio* non-voting members of the Executive Committee, Operations and Finance Committee, and Investment Committee. The Managing Director shall also serve as an *ex officio* non-voting member of the Committee on Directors. Additional *ex-officio* non-voting directors (as outlined in Article III, Section II (B)(3)) may serve on such committees as designated by the Board of Directors so long as said directors shall hold their respective designated position.

SECTION 9. Selection of Committee Chairmen and Committee Members. The Chairman of the Board of Directors shall recommend to the Board of Directors for its approval a Chairman for each of the Foundation's committees and a list of members for each committee. Vacancies in the membership of a committee other than the Executive Committee may be filled by the Chairman of the Board of Directors with the consent of the Board at Directors. Prior to the making of any such recommendations, the Chairman shall endeavor to determine the preferences of Directors regarding committee assignments and shall assign each Director to at least one (1) standing committee. Chairmen of committees shall be members of the Board of Directors. Members of committees must be in good standing with the University of Idaho Foundation, Inc. Board of Directors and the Foundation Council.

SECTION 10. Terms and Term Limitations. Committee chairman and committee members are elected to serve for one (1) year or until his or her successor is elected and qualified. A committee member may serve on a particular committee for any number of consecutive terms.

SECTION 11. Committee Meetings. Meetings of any committee may be called by the Chairman of such committee or by the Chairman of the Board, by giving or causing to be given notice of such meeting, setting forth its time and place and delivered personally or by mail or telephone to the residence or place of business of the committee member as listed in the records of the Foundation, at least two (2) calendar days prior to such meeting. A majority of the voting members of any committee shall constitute a quorum for the transaction of business. Each committee shall keep minutes of its meetings and report to the Board and/or Chairman as necessary with recommendations.

SECTION 12. Participation by Telephone or other Electronic Means. Any or all of the voting members of any committee may participate in a meeting of the committee by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other, and participation in this manner constitutes presence in person at the meeting.

SECTION 13. Committee Action Without a Meeting. Any action which may be taken at a meeting of a committee may be taken without a meeting if, prior to such action, a consent in writing setting forth such action is signed by all of the voting members of the committee and is filed in the minutes of the proceedings of the committee.

ARTICLE VII  
FISCAL YEAR

The fiscal year of the Foundation shall begin on the first day of July of each year and end on the thirtieth day of June of the next succeeding year.

ARTICLE VIII  
DISSOLUTION

In the event of the dissolution of this Foundation, or in the event that it should cease to carry out its purposes, no member, director, officer, or individual shall be entitled to or receive any distribution or division of its remaining assets, property or proceeds, and the balance of all property and assets of the Foundation for any source, after the payment of all debts and obligations of the Foundation, shall be vested in the Board of Regents of the University of Idaho in trust for the use and benefit of the University.

Any such assets not so disposed of shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

ARTICLE IX  
BOOKS AND RECORDS

The Foundation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at the principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Foundation may be inspected by any member, or his or her agent or attorney for any proper purpose at any reasonable time.

ARTICLE X  
INDEMNIFICATION AND INSURANCE

SECTION 1. Indemnification. The Foundation shall indemnify each member of the Board of Directors and each Officer of the Foundation now or hereafter serving as such, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he or

she is or was a Director or Officer or is or was serving at the request of the Foundation as a Director, Officer or member of another corporation, partnership, joint venture, trust or other enterprise, against expenses, (including attorney's fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such claim, action, suit or proceeding, including any appeal thereof, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Foundation, and with respect to any criminal action or proceeding when he or she had no reasonable cause to believe the act was unlawful. The termination of any claim, action, suit or proceeding, civil or criminal, by judgment, settlement (with or without court approval), or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption that a Director or Officer did not meet the standards of conduct set forth in the preceding sentence.

SECTION 2. When Made.

- (a) To the extent that a Director or Officer has been successful on the merits or otherwise in defense of any claim, action, suit or proceeding referred to in Section (1) of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against the expenses (including attorney's fees) actually and reasonably incurred by him or her in connection therewith.
- (b) To the extent that a Director or Officer has not been successful on the merits in defense of any action, suit or proceeding referred to in Section 1 of this Article, or the defense of any claim, issue or matter therein, indemnification (unless ordered by the court) shall be made at the discretion of the Foundation and only upon a determination that indemnification of the Director or Officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in said Section (1). Such determination shall be made: (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel (who may be regular counsel of the Foundation) in a written opinion.

SECTION 3. Expenses. As authorized by the Board of Directors, expenses incurred by any person who may have a right of indemnification under this Article in defending a civil or criminal claim, action, suit or proceeding may be paid by the Foundation in advance of the final disposition of such claim, action, suit or proceeding, or where appropriate the Foundation may, itself, undertake the defense of such claim, action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Foundation pursuant to this Article.

SECTION 4. Non-exclusive. The indemnification provided by this Article for Directors and Officers shall not be deemed exclusive of any other rights to which any of them may be entitled, under any bylaw, agreement, vote of the disinterested Directors, as a matter of law or otherwise, both

as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director or Officer and shall inure to the benefit of the heirs, executors and administrators of any such person.

SECTION 5. Agents and Employees. In addition to the indemnification which shall be provided by the Foundation to its Directors and Officers as hereinbefore provided in this Article, the Foundation may, if authorized by action of the Board of Directors, indemnify any agent or employee of the Foundation, to the same extent and under the same circumstances as such indemnification is assured to the Directors and Officers of the Foundation under this Article

SECTION 6. Insurance. The Foundation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Foundation, or is or was serving at the request of the Foundation as a Director, Officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against the person and incurred by the person in any such capacity, or arising out of the person's status as such, whether or not the Foundation would have the power to indemnify the person against such liability under the provisions of this Article or otherwise under the laws of the State of Idaho.

#### ARTICLE XI AMENDMENT

These By-Laws, or any Article thereof, may be amended in whole or in part by a majority vote of the Board of Directors at any annual, regular or special meeting of the Board of Directors.

#### ARTICLE XII COMPENSATION

Directors shall receive no compensation for their services as directors. The board of directors may, however, reimburse a director out of Foundation funds for professional or other services actually performed. Officers may be paid such reasonable compensation as the board of directors may prescribe, and, in the case of officers who are employees of the University, in accordance with the policies of the Regents of the University of Idaho. (See Idaho State Board of Education Governing Policies and Procedures V.E2.i.)

#### ARTICLE XIII FUNDS AND SECURITIES

SECTION 1. The board of directors may authorize any officer or officers or officer together with any member, in the name of and on behalf of the Foundation to enter into any contract or execute and deliver any instrument, or to sign checks, drafts, or other orders for the payment of money or notes or other evidences of indebtedness, and such authority may be general or



confined to specific instances; and, unless so authorized by the board of directors, no officer shall have power or authority to bind the Foundation by any contract or engagement or to render it pecuniarily liable for any purpose or to any amount.

SECTION 2. No loan shall be contracted on behalf of the Foundation and no negotiable paper shall be issued in its name unless authorized by the board of directors. When authorized by the board of directors so to do, any officer of the Foundation may effect loans and advances at any time for the Foundation from any bank, trust company, or other institution, or from any firm, corporation, or individual. Such authority may be general or confined to specific instances.

SECTION 3. All funds of the Foundation not otherwise employed shall be deposited from time to time to the credit of the Foundation in such banks, trust companies, investment funds, or accounts, or other depositories as the board of directors may select, or as may be selected by any officer or officers of the Foundation to whom such power may from time to time be delegated by the board of directors.

#### ARTICLE XIV SEAL

The seal of the Foundation shall be circular in form and shall bear the name of the Foundation, the year of its organization, and the words "corporate seal, State of Idaho".

CERTIFICATE

Know all men by these presents:

That we, the undersigned Chairman and Secretary of THE UNIVERSITY OF IDAHO FOUNDATION, INC., an Idaho corporation, do hereby certify that the foregoing By-laws, supersede all prior By-laws, amended or restated, were duly adopted as the restated By-laws of said corporation at a duly constituted meeting of the members of the corporation at which a quorum was present, in person or by proxy, said meeting held on the 25<sup>th</sup> day of January, 2007 and that the same do now constitute the By-laws of said corporation.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2007.

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William G. Gilbert, Jr.  
Chairman

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Christopher P. Murray  
Secretary

## University of Idaho Foundation, Inc.

### Conflicts of Interest Policy

- A. **Purpose.** The purpose of this Conflicts of Interest Policy is to protect the Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or committee member of the Foundation. Such transactions may include services provided by the Foundation, purchase of services and/or tangibles from a vendor; and/or access to specialized or privileged information which can be used for personal gain. This policy is intended to supplement but not replace any Idaho laws governing conflicts of interest applicable to nonprofit and charitable corporations.
- B. **Applicability.** This Policy applies to any transaction or arrangement between the Foundation and any "interested person".

An "interested person" is a director, officer or member of a committee with board-delegated powers who has a direct or indirect "financial interest".

A "financial interest" is:

1. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;
2. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
3. Being an officer, director, employee or agent of any entity or individual with which the Foundation has a transaction or arrangement.

Compensation includes direct and indirect remuneration and gifts or favors which are substantial in nature.

- C. **Determination of a Conflict of Interest.** With respect to any proposed transaction or arrangement between the Foundation and any entity or individual being considered by the board of directors or any committee with board-delegated powers:
1. Any interested person shall disclose any financial interest and all material facts related thereto to the board or committee as soon as the interested person becomes aware of a possible conflict of interest.
  2. Upon the disclosure by an interested person of a financial interest and all material facts relating thereto and discussion with the interested person, he or she shall leave the meeting while the remaining members of the board or committee discuss the matter and determine, by majority vote without the interested person voting,

whether or not the financial interest of the interested person constitutes a conflict of interest.

**D. Addressing a Conflict of Interest.** If a conflict of interest is determined to exist, then the board or committee shall:

1. Require the interested person to leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest; provided, however, that the interested person may make a presentation at the meeting prior to leaving;
2. Appoint, if it deems appropriate, a non-interested person or committee to investigate alternatives to the proposed transaction or arrangement; and
3. Determine, by a majority vote without the interested person voting, that the transaction or arrangement is in the Foundation's best interests and for its own benefit; is fair and reasonable to the Foundation, and, after exercising due diligence, determine that the Foundation cannot obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances.

Any interested person who violates this Conflict of Interest Policy shall be subject to appropriate discipline, including removal from office.

**E. Recording Conflicts of Interest.** The minutes of all board meetings and the meetings of all committees with board-delegated powers shall include:

1. The names of the persons who disclose financial interests, the nature of the financial interests and whether the board or committee determined that there was a conflict of interest; and
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement; the content of these discussions, including any alternatives to the proposed transaction or arrangement; and a record of the vote.

**F. Distribution of Conflict of Interest Policy.**

1. At the first board meeting following the annual board meeting, and at the first meeting of each committee with board-delegated powers following the annual board meeting, a copy of the Foundation's current Conflicts of Interest Policy shall be distributed to all directors and committee members.
2. On or before the date of the second board or committee meeting following the annual board meeting, each director and committee member shall sign and return to the secretary of the board a written statement that he or she:
  - a. Has received a copy of the Conflicts of Interest Policy;
  - b. Has read and understands the Policy;

- c. Agrees to comply with the Policy;
- d. Understands that the Policy applies to all committees and subcommittees having board-delegated powers; and
- e. Understands that the Foundation is a charitable organization and that in order to maintain its tax-exempt status, it must continuously engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**G. Periodic Reviews.** At the first board meeting following the annual board meeting, and at the first meeting of each committee with board-delegated powers following the annual board meeting, and at such other times as the board or committee may deem appropriate, the board or committee shall conduct a review of the Foundation's activities to ensure that the Foundation is operating in a manner consistent with accomplishing its charitable purposes and that its operations do not result in private inurement or impermissible benefit to private interests.

Adopted by the Board of Directors of the University of Idaho Foundation, Inc. on \_\_\_\_\_, 2006.

\_\_\_\_\_  
Name, Secretary

## University of Idaho Foundation, Inc.

### Conflicts of Interest Statement

The undersigned hereby states that he or she is an officer, director or committee member of the University of Idaho Foundation, Inc. ("Foundation") and that he or she:

- a. has received a copy of the Foundation's Conflicts of Interest Policy;
- b. has read and understands the Policy;
- c. agrees to comply with the Policy;
- d. understands that the Policy applies to all committees and subcommittees having board-delegated powers;
- e. understands that the Foundation is a charitable organization and that in order to maintain its tax-exempt status, it must continuously engage primarily in activities which accomplish one or more of its tax-exempt purposes; and
- f. recognizes the need to maintain confidentiality regarding information he or she might receive as an officer, director or committee member regarding the activities of the Foundation.

The undersigned hereby states that, to the best of his or her knowledge and belief, he or she is not in a position of possible conflict of interest with the Foundation except as stated below:

Name of Organization

Position Held

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dated: \_\_\_\_\_, 2007

\_\_\_\_\_  
Signature

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>1</b>	<b>BOISE STATE UNIVERSITY</b> Employment Contract – Director of Athletics	Motion to approve
<b>2</b>	<b>UNIVERSITY OF IDAHO</b> Employment Contract – Co-Head Track & Field Coach	Motion to approve

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**BOISE STATE UNIVERSITY**

**SUBJECT**

Addendum to the employment contract for Director of Athletics Gene Bleymaier

**REFERENCE**

June 2003	Board approved first addendum to athletic director's employment contract
December 2005	Board approved second addendum to athletic director's employment contract

**APPLICABLE STATUTE, RULE OR POLICY**

Idaho State Board of Education Governing Policies and Procedures, Section II.H.1.

**BACKGROUND / DISCUSSION**

In July 2005 the University received Board approval of a second addendum to the employment contract for Director of Athletics Gene Bleymaier. If approved this agreement will replace that addendum and be in effect until 2013.

**IMPACT**

Addendum three provides for increases in performance incentives for overall performance, academic performance, conference championships and appearances, top 25 finishes, and BCS appearances. The revised terms of each performance incentive can be seen in the attached redline addendum. The addendum also reflects annual raises to the Athletic Director's base salary since 2005 totaling \$46,115 (\$18,200 appropriated/\$27,915 athletic department funds).

**ATTACHMENTS**

Attachment 1 - Addendum Three	Page 3
Attachment 2 - Redline Addendum	Page 7

**STAFF AND COMMENTS AND RECOMMENDATIONS**

The FY 2008 salary is \$258,336, and this addendum includes a 3% increase for FY 2009 to \$266,115. The total amount of cumulative incentives allowed in section 7 increased from 25% to 40% of Salary including the following expectations:

	<u>Current</u> <u>Agreement</u>	<u>Proposed</u> <u>Agreement</u>
Conference Championship	\$10,000	1 month's salary
NCAA Sweet Sixteen	5,000	1 month's salary
NIT Third Round	3,000	1 month's salary

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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One month's salary would be over \$22,000 in the proposed addendum. Staff takes no position.

**BOARD ACTION**

A motion to approve Boise State University's request to enter into Addendum Three to Employment Contract with Director of Athletics Gene Bleymaier.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes\_\_\_\_\_ No\_\_\_\_\_

**THIRD ADDENDUM TO EMPLOYMENT  
CONTRACT FOR GENE BLEYMAIER**

This document is intended to supplement the Employment Contract for Gene Bleymaier by Boise State University and replaces the "SECOND ADDENDUM TO EMPLOYMENT CONTRACT" that was effective July 1, 2005. The following terms are considered a part of the Employment Contract and are incorporated therein by reference, with all other provisions of the Employment Contract not addressed herein remaining unchanged. The additional terms are as follows:

1. Term. This is a five (5) year contract. The five (5) years will expire on June 30, 2013.
2. Salary. The total salary of \$266,115 for each year of this contract is broken down as follows:
  - A. \$125,000 Appropriated Funds \*
  - B. \$141,115 Athletic Department Non-State Funds\*; from the following sources:
    - Foundation/BAA General Contribution Funds
    - Media Contract Funds
- \* Any raises given over the life of this contract may increase this figure. Provided, however, that any such raises are at the sole discretion of the President of Boise State University and may be subject to the approval of the State Board of Education.
3. All funds provided for in section 2 of this addendum shall be paid through the University's normal bi-weekly payroll with the applicable withholdings as required by law and applicable deductions as directed by Mr. Bleymaier.
4. Mr. Bleymaier is entitled to the use of a courtesy car through the athletic department tradeout program, if available, for his business use.
5. The University shall provide Mr. Bleymaier with a country club membership during the term of this contract.
6. Additional Expectations:
  - A. Role of Athletic Director: Mr. Bleymaier is expected to devote himself fulltime to the effective management of the Athletic Department. Duties and responsibilities will be those customarily associated with the position of an athletic director at a Division 1-A university.

- B. Mr. Bleymaier agrees to supervise and manage his department to insure, to the maximum extent possible, that all staff follow applicable University policies, State Board of Education policies, NCAA, and applicable conference rules and regulations at all times.
  - C. Manage departmental fiscal areas consistent with State Board of Education policies and the policies of Boise State University.
  - D. Maintain student athlete graduations within six (6) years at a rate equal to or better than the general BSU student body.
7. Incentives. The following annual incentives are available to Mr. Bleymaier conditioned upon the successful completion of the Additional Expectations enumerated above, conditioned upon compliance with all terms of the Employment Contract, and conditioned upon his continued employment to the July following the year the incentive criteria was met. Further, all funds provided for in this section 7 shall be paid in one lump sum through the University's payroll system with the applicable withholdings as required by law and applicable deductions as directed by Mr. Bleymaier. All the below amounts in this section 7 are cumulative. Provided, however, that the total amount paid in these section 7 incentives in any one year cannot exceed 40% of the Salary set forth in section 2 above.

A. Overall Departmental Performance:

NACDA Director's Cup National Sports Award:

Top 25	= \$20,000
Top 50	= \$15,000
Top 100	= \$10,000
Top 150	= \$7,500

- B. Academic Performance: As long as the annual departmental average NCAA APR scores meet the following levels, the following applicable incentive payments will be paid by the University:

<u>Department APR Score</u>	<u>Incentive pay</u>
940-944	\$7,500
945-949	\$10,000
950-954	\$12,500
955-959	\$15,000
960-964	\$17,500
965-969	\$20,000
970 or above	\$22,500

**C. Conference Championships:**

Football	one month's base salary
Basketball (Men or Women)	one month's base salary
All other sports	\$5,000 (per sport)

**D. If Not Conference Champions:**

Football Bowl Appearance	\$10,000
NCAA Basketball Tournament Appearance (Men or Women)	\$10,000
NIT Basketball Tournament Appearance (Men or Women)	\$ 5,000

**E. NCAA or NIT Basketball Tournament Finish (Men or Women):**

NCAA "Sweet Sixteen" or Higher	one month's base salary
NIT Third Round or Higher	one month's base salary

**F. Top 25 National Finish by Any Sport Team: \$5,000/team**

**G. Conference Commissioner's Cup Standings**

1 <sup>st</sup> Place	\$15,000
2 <sup>nd</sup> Place	\$12,500
3 <sup>rd</sup> Place	\$10,000
4 <sup>th</sup> Place	\$ 7,500

8. BCS Game Incentive. If the football team appears in a BCS football bowl game, the University shall pay Mr. Bleymaier an additional incentive pay of one month's base salary. In such case, the incentive payment for a football bowl appearance in section 7.D. shall not be paid to Mr. Bleymaier. This incentive payment shall be paid in one lump sum through the University's payroll system with the applicable withholdings as required by law and applicable deductions as directed by Mr. Bleymaier.
9. Scheduling Incentive. If the football team plays regular season games against a minimum of two teams from BCS conferences in one season, then the University shall pay the sum of \$20,000 to Mr. Bleymaier as additional incentive pay. The BCS conferences as used herein shall mean the teams from the PAC 10, Big 10, Big 12, Big East, SEC and ACC conferences. If the team from the BCS conference is ranked in the top 25 in either the Associated Press or the Coaches' national poll at the time of the game with Boise State, the University shall pay Mr. Bleymaier an additional \$5,000.

MR. BLEYMAIER

BOISE STATE UNIVERSITY

\_\_\_\_\_  
Gene Bleymaier

\_\_\_\_\_  
Robert W. Kustra, President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by the State Board of Education on the \_\_\_\_ day of \_\_\_\_\_, 2008.

**SECOND~~THIRD~~ ADDENDUM TO EMPLOYMENT****CONTRACT FOR GENE BLEYMAIER**

This document is intended to supplement the Employment Contract for Gene Bleymaier by Boise State University, ~~dated \_\_\_\_\_, 2005~~ and replaces the "~~SECOND~~ ADDENDUM TO EMPLOYMENT CONTRACT" that was effective July 1, ~~2003-2005~~. The following terms are considered a part of the Employment Contract and are incorporated therein by reference, with all other provisions of the Employment Contract not addressed herein remaining unchanged. The additional terms are as follows:

1. Term. This is a five (5) year contract. The five (5) years will expire on June 30, ~~2010~~2013.
2. Salary. The total salary of ~~\$220,000~~ \$266,115 for ~~the~~ each year of this contract is broken down as follows:
  - A. ~~\$106,800~~ \$125,000 Appropriated Funds \*
  - B. ~~\$113,200~~ \$141,115 Athletics Department Non-State Funds\*; from the following sources:
    - Foundation/BAA General Contribution Funds
    - Media Contract Funds
- \* Any raises given over the life of this contract may increase this figure. Provided, however, that any such raises are at the sole discretion of the President of Boise State University and may be subject to the approval of the State Board of Education.
3. All funds provided for in section 2 of this addendum shall be paid through the University's normal bi-weekly payroll with the applicable withholdings as required by law and applicable deductions as directed by Mr. Bleymaier.
4. Mr. Bleymaier is entitled to the use of a courtesy car through the athletic department tradeout program, if available, for his business use.
5. The University shall provide Mr. Bleymaier with a country club membership during the term of this contract.
6. Additional Expectations:
  - A. Role of Athletic Director: Mr. Bleymaier is expected to devote himself fulltime to the effective management of the Athletic Department. Duties and responsibilities will be those customarily associated with the position of an athletic director at a Division 1-A university.

- B. Mr. Bleymaier agrees to supervise and manage his department to insure, to the maximum extent possible, that all staff follow applicable University policies, State Board of Education policies, NCAA, and applicable conference rules and regulations at all times.
- C. Manage departmental fiscal areas consistent with State Board of Education policies and the policies of Boise State University.
- D. Maintain student athlete graduations within six (6) years at a rate equal to or better than the general BSU student body.
7. Incentives. The following annual incentives are available to Mr. Bleymaier conditioned upon the successful completion of the Additional Expectations enumerated above, conditioned upon compliance with all terms of the Employment Contract, and conditioned upon his continued employment to the July following the year the incentive criteria was met. Further, all funds provided for in this section 7 shall be paid in one lump sum through the University's payroll system with the applicable withholdings as required by law and applicable deductions as directed by Mr. Bleymaier. All the below amounts in this section 7 are cumulative. Provided, however, that the total amount paid in these section 7 incentives in any one year cannot exceed ~~25~~40% of the Salary set forth in section 2 above.

A. Overall Departmental Performance:

NACDA Director's Cup National Sports Award:

Top 25	= \$ <del>12,500</del> <u>20,000</u>
Top 50	= \$ <del>10</del> <u>15</u> ,000
Top 100	= \$ <del>7,500</del> <u>10,000</u>
Top 150	= \$ <del>5,000</del> <u>7,500</u>

~~B.~~ Academic Performance:

- ~~1. For the first two years of this agreement (ending June 30, 2006 and June 30, 2007), as long as the athletic department meets the NCAA Academic Progress Report (APR) minimum goal of 925, and if student athletes' graduation rate exceeds the general student body's rate by the following rates, then the following incentives will be earned:~~

<u>Graduation rates</u>	<u>Incentive pay</u>
<del>5%</del>	<del>\$1,500</del>
<del>10%</del>	<del>\$3,000</del>
<del>15%</del>	<del>\$4,500</del>
<del>20%</del>	<del>\$6,000</del>
<del>25%</del>	<del>\$7,500</del>



2.B. ~~For the remaining three years of this agreement (ending June 30, 2008, June 30, 2009 and June 30, 2010) the following NCAA APR scores shall be used to determine the applicable incentives: As long as the annual departmental average NCAA APR scores meet the following levels, the following applicable incentive payments will be paid by the University:~~

<u>Department APR Score</u>	<u>Incentive pay</u>
940-944	<del>\$5,000</del> <u>7,500</u>
945-949	<del>\$6,500</del> <u>10,000</u>
950-954	<del>\$8,000</del> <u>12,500</u>
955-959	<del>\$9,500</del> <u>15,000</u>
960-964	<del>\$11,000</del> <u>17,500</u>
965-969	<del>\$12,500</del> <u>20,000</u>
970 or above	<del>\$15,000</del> <u>22,500</u>

C. Conference Championships:

Football	<del>\$10,000</del> <u>one month's base salary</u>
Basketball (Men or Women)	<del>\$10,000</del> <u>one month's base salary</u>
All other sports	<del>\$25,000</del> (per sport)

D. If Not Conference Champions:

Football Bowl Appearance	<del>\$7,500</del> <u>\$10,000</u>
NCAA Basketball Tournament Appearance (Men or Women)	<del>\$7,500</del> <u>\$10,000</u>
NIT Basketball Tournament Appearance (Men or Women)	<del>\$3</del> <u>\$5,000</u>

E. NCAA or NIT Basketball Tournament Finish (Men or Women):

NCAA "Sweet Sixteen" or Higher	<del>\$5,000</del> <u>one month's base salary</u>
NIT Third Round or Higher	<del>\$3,000</del> <u>one month's base salary</u>

F. Top 25 National Finish by Any Sport Team: ~~\$2,500~~5,000/team

G. Conference Commissioner's Cup Standings

<u>1<sup>st</sup> Place</u>	<u>\$15,000</u>
<u>2<sup>nd</sup> Place</u>	<u>\$12,500</u>
<u>3<sup>rd</sup> Place</u>	<u>\$10,000</u>
<u>4<sup>th</sup> Place</u>	<u>\$7,500</u>

8. BCS Game Incentive. If the football team appears in a BCS football bowl game, the University shall pay Mr. Bleymaier an additional incentive pay of one month's base salary. In such case, the incentive payment for a football bowl appearance in section 7.D. shall not be paid to Mr. Bleymaier. This incentive payment shall be paid in one lump sum through the University's payroll system with the applicable withholdings as required by law and applicable deductions as directed by Mr. Bleymaier.
9. Scheduling Incentive. If the football team plays regular season games against a minimum of two teams from BCS conferences in one season, then the University shall pay the sum of \$20,000 to Mr. Bleymaier as additional incentive pay. The BCS conferences as used herein shall mean the teams from the PAC 10, Big 10, Big 12, Big East, SEC and ACC conferences. If the team from the BCS conference is ranked in the top 25 in either the Associated Press or the Coaches' national poll at the time of the game with Boise State, the University shall pay Mr. Bleymaier an additional \$5,000.

MR. BLEYMAIER

BOISE STATE UNIVERSITY

\_\_\_\_\_  
Gene Bleymaier

\_\_\_\_\_  
Robert W. Kustra, President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by the State Board of Education on the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**SUBJECT**

The University of Idaho requests approval for extension of the employment contract for co-head track and field coach Carla “Yogi” Teevens.

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures Section II.H.1.

**BACKGROUND / DISCUSSION**

The University of Idaho has extended, subject to Board approval, the employment contract for co-head track and field coach Carla “Yogi” Teevens. The primary terms of the agreement are set forth below, and the entire contract and matrix comparison to the Board model contract are attached.

**IMPACT**

The term of the Employment Contract is three years, commencing on August 1, 2008, and terminating on July 31, 2011.

The annual base salary is \$53,643.20 per year with such salary increases as may be determined appropriate by the Director and President and approved by the University’s Board of Regents.

There are the following incentive/supplemental compensation provisions:

- Conference champions or co-champion = \$1,000 for each champion or co-champion team
- Top 20 national ranking at season end = \$1,000 for each ranked team
- Individual National Champion in intercollegiate track and field and cross country = \$500 for each individual champion
- Academic achievement and behavior of team = \$250 - \$450 per team based on national rank within the sport
- Conference Coach of the Year or Conference Co-Coach of the year = \$1000 for each award

**ATTACHMENTS**

Attachment 1 – Employment Contract	Page 3
Attachment 2 – Contract – Redline Version	Page 15
Attachment 3 – Contract Comparison Matrix	Page 31

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends approval.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**BOARD ACTION**

A motion to approve the University of Idaho's employment contract with co-head track and field coach Carla "Yogi" Teevens as submitted.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

## EMPLOYMENT AGREEMENT

This Employment Agreement (Agreement) is entered into by and between the University of Idaho (University), and Carla "Yogi" Teevens (Coach).

### ARTICLE 1

1.1. Employment. Subject to the terms and conditions of this Agreement, the University shall employ Coach as the co-head coach of its intercollegiate track and field and cross country teams (Teams). Coach represents and warrants that Coach is fully qualified to serve, and is available for employment, in this capacity.

1.2. Reporting Relationship. Coach shall report and be responsible directly to the University's Director of Athletics (Director) or the Director's designee. Coach shall abide by the reasonable instructions of Director or the Director's designee and shall confer with the Director or the Director's designee on all administrative and technical matters. Coach shall also be under the general supervision of the University's President (President).

1.3. Duties. Coach shall manage and supervise the Teams and shall perform such other duties in the University's athletic program as the Director may assign and as may be described elsewhere in this Agreement. The University shall have the right, at any time, to reassign Coach to duties at the University other than as head coach of the Teams, provided that Coach's compensation and benefits shall not be affected by any such reassignment, except that the opportunity to earn supplemental compensation as provided in sections 3.2.1 through 3.2.5 shall cease.

### ARTICLE 2

2.1. Term. This Agreement is for a fixed-term appointment of three ( 3 ) years, commencing on August 1, 2008, and terminating, without further notice to Coach, on July 31, 2011, unless sooner terminated in accordance with other provisions of this Agreement.

2.2. Extension or Renewal. This Agreement is renewable solely upon an offer from the University and an acceptance by Coach, both of which must be in writing and signed by the parties. Any renewal is subject to the prior approval of University's Board of Regents. This Agreement in no way grants to Coach a claim to tenure in employment, nor shall Coach's service pursuant to this agreement count in any way toward tenure at the University.

### ARTICLE 3

3.1. Regular Compensation.

3.1.1. In consideration of Coach's services and satisfactory performance of this Agreement, the University shall provide to Coach:

- a) An annual salary of \$53,643.20 per year, payable in biweekly installments in accordance with normal University procedures, and such salary increases as may be determined appropriate by the Director and President and approved by the University's Board of Regents;
- b) The opportunity to receive such employee benefits as the University provides generally to non-faculty exempt employees; and
- c) The opportunity to receive such employee benefits as the University's Department of Athletics (Department) provides generally to its employees of a comparable level. Coach hereby agrees to abide by the terms and conditions, as now existing or hereafter amended, of such employee benefits.

**3.2. Supplemental Compensation**

3.2.1. Each year one of the Teams is the conference champion or co-champion and if Coach continues to be employed as University's co-head coach of its intercollegiate track and field and cross country teams as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$1,000 during the fiscal year in which the championship is achieved. If more than one Team is the conference champion or co-champion, the amount of supplemental compensation will be \$1,000 for each conference champion or co-champion. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.2. Each year one of the teams finishes in the top 20 in the NCAA championships and if Coach continues to be employed as University's co-head coach of its intercollegiate track and field and cross country teams as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$1,000. If more than one Team places in the Top 20 at the NCAA championships, the Coach will earn supplemental compensation of \$1,000 for each Top 20 finish. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.3. For each individual National Champion in intercollegiate track and field and cross country and if Coach continues to be employed as University's co-head coach of its intercollegiate track and field and cross country teams as of the ensuing July 1<sup>st</sup>, the University shall pay to Coach supplemental compensation of \$500 for each individual champion.

3.2.4. Each year Coach shall be eligible to receive supplemental compensation based on the academic achievement and behavior of Team members if either Team's cumulative APR ranks nationally within the applicable sport at the 50th percentile or higher as follows:

National rank within sport  
50th - 60th % = \$250 per team  
60th - 70th % = \$300 per team  
70th – 80th % = \$400 per team  
80th % or above = \$450 per team

Any such supplemental compensation paid to Coach shall be accompanied with a justification for the supplemental compensation based on the factors listed above, and such justification shall be separately reported to the Board of Regents as a document available to the public under the Idaho Public Records Act.

3.2.5. Each year Coach is named Conference Coach of the Year or Conference Co-Coach of the year, and if Coach continues to be employed as University's co-head track and field and cross country coach as of the ensuing July 1st, Coach shall receive supplemental compensation of \$1,000. If the Coach is named Conference Coach of the Year or Conference Co-Coach of the year for both the men's and women's track and field and cross country teams, Coach will receive \$1,000 for each award. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.6 Coach agrees that the University has the exclusive right to select footwear, apparel and/or equipment for the use of its student-athletes and staff, including Coach, during official practices and games and during times when Coach or the Team is being filmed by motion picture or video camera or posing for photographs in their capacity as representatives of University. Coach recognizes that the University is negotiating or has entered into an agreement with Nike to supply the University with athletic footwear, apparel and/or equipment. Coach agrees that, upon the University's reasonable request, Coach will consult with appropriate parties concerning Nike products' design or performance, shall act as an instructor at a clinic sponsored in whole or in part by Nike, or give a lecture at an event sponsored in whole or in part by Nike, or make other educationally-related appearances as may be reasonably requested by the University. Notwithstanding the foregoing sentence, Coach shall retain the right to decline such appearances as Coach reasonably determines to conflict with or hinder his duties and obligations as co-head coach of track and field and cross country. In order to avoid entering into an agreement with a competitor of Nike, Coach shall submit all outside consulting agreements to the University for review and approval prior to execution. Coach shall also report such outside income to the University in accordance with NCAA rules. Coach further agrees that Coach will not endorse any athletic footwear, apparel and/or equipment products, including Nike, and will not participate in any messages or promotional appearances that contain a comparative or qualitative description of athletic footwear, apparel or equipment products.

3.3. General Conditions of Compensation. All compensation provided by the University to Coach is subject to deductions and withholdings as required by law or the terms and conditions of any fringe benefit in which Coach participates. However, if any fringe benefit is based in whole or in part upon the compensation provided by the University to Coach, such fringe benefit shall be based only on the compensation provided pursuant to section 3.1.1, except to the extent required by the terms and conditions of a specific fringe benefit program.

#### **ARTICLE 4**

4.1. Coach's Specific Duties and Responsibilities. In consideration of the compensation specified in this Agreement, Coach, in addition to the obligations set forth elsewhere in this Agreement, shall:

4.1.1. Devote Coach's full time and best efforts to the performance of Coach's duties under this Agreement;

4.1.2. Develop and implement programs and procedures with respect to the evaluation, recruitment, training, and coaching of Team members that enable them to compete successfully and reasonably protect their health, safety, and well-being;

4.1.3. Observe and uphold all academic standards, requirements, and policies of the University, and encourage Team members to perform to their highest academic potential and to graduate in a timely manner; and

4.1.4. Know, recognize, and comply with all applicable laws and the policies, rules and regulations of the University, the University's governing board, the conference, and the NCAA; supervise and take appropriate steps to ensure that Coach's assistant coaches, any other employees for whom Coach is administratively responsible, and the members of the Team know, recognize, and comply with all such laws, policies, rules and regulations; and immediately report to the Director and to the Department's Director of Compliance if Coach has reasonable cause to believe that any person or entity, including without limitation representatives of the University's athletic interests, has violated or is likely to violate any such laws, policies, rules or regulations. Coach shall cooperate fully with the University and Department at all times. The names or titles of employees whom Coach supervises are attached as Exhibit C. The applicable laws, policies, rules, and regulations include: (a) State Board of Education and Board of Regents of the University of Idaho Governing Policies and Procedures and Rule Manual; (b) University's Handbook; (c) University's Administrative Procedures Manual; (d) the policies of the Department; (e) NCAA rules and regulations; and (f) the rules and regulations of the volleyball conference of which the University is a member.

4.2 Outside Activities. Coach shall not undertake any business, professional or personal activities, or pursuits that would prevent Coach from devoting Coach's full time and best efforts to the performance of Coach's duties under this Agreement, that



would otherwise detract from those duties in any manner, or that, in the opinion of the University, would reflect adversely upon the University or its athletic program. Subject to the terms and conditions of this Agreement, Coach may, with the prior written approval of the Director, who may consult with the President, enter into separate arrangements for outside activities and endorsements which are consistent with Coach's obligations under this Agreement. Coach may not use the University's name, logos, or trademarks in connection with any such arrangements without the prior written approval of the Director and the President.

4.3. NCAA Rules. In accordance with NCAA rules, Coach shall obtain prior written approval from the University's President for all athletically related income and benefits from sources outside the University and shall provide a written detailed account of the source and amount of all such income and benefits to the University's President whenever reasonably requested, but in no event less than annually before the close of business on June 30th of each year or the last regular University work day preceding June 30th. The report shall be in a format reasonably satisfactory to University. Sources of such income include, but are not limited to, the following:

- (a) Income from annuities;
- (b) Sports camps;
- (c) Housing benefits, including preferential housing arrangements;
- (d) Country club memberships;
- (e) Complimentary ticket sales;
- (f) Television and radio programs; and
- (g) Endorsement or consultation contracts with athletics shoe, apparel or equipment manufacturers.

4.4. Hiring Authority. Coach shall have the responsibility and the sole authority to recommend to the Director the hiring and termination of assistant coaches for the Team, but the decision to hire or terminate an assistant coach shall be made by the Director and shall, when necessary or appropriate, be subject to the approval of the President and the University's Board of Regents.

4.5. Scheduling. Coach shall consult with, and may make recommendations to, the Director or the Director's designee with respect to the scheduling of Team competitions, but the final decision shall be made by the Director or the Director's designee.

4.6. Other Coaching Opportunities. Coach shall not, under any circumstances, interview for, negotiate for, or accept employment as a coach at any other institution of higher education or with any professional sports team, requiring performance of duties prior to the expiration of this Agreement, without the prior approval of the Director. Such approval shall not unreasonably be withheld.

## **ARTICLE 5**

5.1. Termination of Coach for Cause. The University may, in its discretion, suspend Coach from some or all of Coach's duties, temporarily or permanently, and with or without pay; reassign Coach to other duties; or terminate this Agreement at any time for good or adequate cause, as those terms are defined in applicable rules and regulations.

5.1.1. In addition to the definitions contained in applicable rules and regulations, University and Coach hereby specifically agree that the following shall constitute good or adequate cause for suspension, reassignment, or termination of this Agreement:

- a) A deliberate or major violation of Coach's duties under this agreement or the refusal or unwillingness of Coach to perform such duties in good faith and to the best of Coach's abilities;
- b) The failure of Coach to remedy any violation of any of the terms of this agreement within 30 days after written notice from the University;
- c) A deliberate or major violation by Coach of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference or the NCAA, including but not limited to any such violation which may have occurred during the employment of Coach at another NCAA or NAIA member institution;
- d) Ten (10) working days' absence of Coach from duty without the University's consent;
- e) Any conduct of Coach that constitutes moral turpitude or that would, in the University's judgment, reflect adversely on the University or its athletic programs;
- f) The failure of Coach to represent the University and its athletic programs positively in public and private forums;
- g) The failure of Coach to fully and promptly cooperate with the NCAA or the University in any investigation of possible violations of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA;
- h) The failure of Coach to report a known violation of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA, by one of Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team; or

- i) A violation of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA, by one of Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team if Coach knew or should have known of the violation and could have prevented it by ordinary supervision.

5.1.2. Suspension, reassignment, or termination for good or adequate cause shall be effectuated by the University as follows: before the effective date of the suspension, reassignment, or termination, the Director or her designee shall provide Coach with notice, which notice shall be accomplished in the manner provided for in this Agreement and shall include the reason(s) for the contemplated action. Coach shall then have an opportunity to respond. After Coach responds or fails to respond, University shall notify Coach whether, and if so when, the action will be effective.

5.1.3. In the event of any termination for good or adequate cause, the University's obligation to provide compensation and benefits to Coach, whether direct, indirect, supplemental or collateral, shall cease as of the date of such termination, and the University shall not be liable for the loss of any collateral business opportunities or other benefits, perquisites, or income resulting from outside activities or from any other sources.

5.1.4. If found in violation of NCAA regulations, Coach shall, in addition to the provisions of Section 5.1, be subject to disciplinary or corrective action as set forth in the provisions of the NCAA enforcement procedures including suspension without pay or termination of employment for significant or repetitive violations. This section applies to violations occurring at the University or at previous institutions at which the Coach was employed.

**5.2. Termination of Coach for Convenience of University.**

5.2.1. At any time after commencement of this Agreement, University, for its own convenience, may terminate this Agreement by giving ten (10) days prior written notice to Coach.

5.2.2. In the event that University terminates this Agreement for its own convenience, University shall pay to Coach the salary set forth in section 3.1.1(a), excluding all deductions required by law, on the regular paydays of University until the term of this Agreement ends or until Coach obtains reasonably comparable employment, whichever occurs first, provided however, in the event Coach obtains lesser employment after such termination, then the amount of compensation University pays will be adjusted and reduced by the amount of compensation paid Coach as a result of such lesser employment, such adjusted compensation to be calculated for each University pay-period by reducing the gross salary set forth in section 3.1.1(a) (before deductions required by law) by the gross compensation paid to Coach under the

lesser employment, then subtracting from this adjusted gross compensation deductions according to law. In addition, Coach will be entitled to continue his health insurance plan and group life insurance as if he remained a University employee until the term of this Agreement ends or until Coach obtains reasonably comparable employment or any other employment providing Coach with a reasonably comparable health plan and group life insurance, whichever occurs first. Coach shall be entitled to no other compensation or fringe benefits, except as otherwise provided herein or required by law. Coach specifically agrees to inform University within ten business days of obtaining other employment and to advise University of all relevant terms of such employment, including without limitation the nature and location of the employment, salary, other compensation, health insurance benefits, life insurance benefits, and other fringe benefits. Failure to so inform and advise University shall constitute a material breach of this Agreement and University's obligation to pay compensation under this provision shall end. Coach further agrees to repay to University all compensation paid to him by University after the date he obtains other employment, to which he is not entitled under this provision.

5.2.3. University has been represented by legal counsel, and Coach has either been represented by legal counsel or has chosen to proceed without legal counsel, in the contract negotiations. The parties have bargained for and agreed to the foregoing provision, giving consideration to the fact that the Coach may lose certain benefits, supplemental compensation, or outside compensation relating to Coach's employment with University that are extremely difficult to determine with certainty. The parties further agree that the payment of such compensation by University and the acceptance thereof by Coach shall constitute adequate and reasonable compensation to Coach. Such compensation is not, and shall not be construed to be, a penalty.

**5.3. Termination by Coach for Convenience.**

5.3.1. Coach recognizes that Coach's promise to work for University for the entire term of this Agreement is of the essence of this Agreement. Coach also recognizes that the University is making a highly valuable investment in Coach's employment by entering into this Agreement and that its investment would be lost were Coach to resign or otherwise terminate Coach's employment with the University before the end of the contract term.

5.3.2. Coach, for Coach's own convenience, may terminate this Agreement during its term by giving prior written notice to the University. Termination shall be effective ten (10) days after notice is given to the University.

5.3.3. If Coach terminates this Agreement for convenience at any time, all obligations of the University shall cease as of the effective date of the termination. If Coach terminates this Agreement for Coach's convenience Coach shall pay to the University the following sums: (a) if the Agreement is terminated on or before August 1, 2009, the sum of \$10,000; (b) if the Agreement is terminated between August 1, 2009, and July 31, 2010, inclusive, the sum of \$5,000; (c) if the Agreement is terminated

between August 1, 2010, and July 31, 2011, inclusive, the sum of \$2,000. Sums shall be due and payable within twenty (20) days of the effective date of the termination, and any unpaid amount shall bear simple interest at a rate eight (8) percent per annum until paid.

5.3.4. University has been represented by legal counsel, and Coach has either been represented by legal counsel or has chosen to proceed without legal counsel in the contract negotiations. The parties have bargained for and agreed to the foregoing provision, giving consideration to the fact that the University will incur administrative and recruiting costs in obtaining a replacement for Coach, in addition to potentially increased compensation costs if Coach terminates this Agreement for convenience that are extremely difficult to determine with certainty. The parties further agree that the payment of such sums by Coach and the acceptance thereof by University shall constitute adequate and reasonable compensation to University. Such payments are not, and shall not be construed to be, a penalty. This section 5.3.4 shall not apply if Coach terminates this Agreement because of a material breach by the University.

5.3.5. Except as provided elsewhere in this Agreement, if Coach terminates this Agreement for convenience, Coach shall forfeit to the extent permitted by law Coach's right to receive all supplemental compensation and other payments.

5.4. Termination due to Disability or Death of Coach.

5.4.1. Notwithstanding any other provision of this Agreement, this Agreement shall terminate automatically if Coach becomes totally or permanently disabled as defined by the University's disability insurance carrier, becomes unable to perform the essential functions of the position of head coach, or dies.

5.4.2. If this Agreement is terminated because of Coach's death, Coach's salary and all other benefits shall terminate as of the last day worked, except that the Coach's personal representative or other designated beneficiary shall be paid all compensation due or unpaid and death benefits, if any, as may be contained in any fringe benefit plan now in force or hereafter adopted by the University and due to the Coach's estate or beneficiaries thereunder.

5.4.3. If this Agreement is terminated because the Coach becomes totally or permanently disabled as defined by the University's disability insurance carrier, or becomes unable to perform the essential functions of the position of head coach, all salary and other benefits shall terminate, except that the Coach shall be entitled to receive any compensation due or unpaid and any disability-related benefits to which she is entitled by virtue of employment with the University.

5.5. Interference by Coach. In the event of termination, suspension, or reassignment, Coach agrees that Coach will not interfere with the University's student-

athletes or otherwise obstruct the University's ability to transact business or operate its intercollegiate athletics program.

5.6. No Liability. The University shall not be liable to Coach for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of any termination of this Agreement by either party or due to death or disability or the suspension or reassignment of Coach, regardless of the circumstances.

5.7. Waiver of Rights. Because the Coach is receiving a multi-year contract and the opportunity to receive supplemental compensation and because such contracts and opportunities are not customarily afforded to University employees, if the University suspends or reassigns Coach, or terminates this Agreement for good or adequate cause or for convenience, Coach shall have all the rights provided for in this Agreement but hereby releases the University from compliance with the notice, appeal, and similar employment-related rights provide for in the State Board of Education and Board or Regents of the University of Idaho Rule Manual (IDAPA 08) and Governing Policies and Procedures Manual, and the University Faculty-Staff Handbook.

## ARTICLE 6

6.1. Board Approval. This Agreement shall not be effective until and unless approved of the University's Board of Regents and executed by both parties as set forth below. In addition, the payment of any compensation pursuant to this agreement shall be subject to the approval of the University's Board of Regents, the President, and the Director; the sufficiency of legislative appropriations; the receipt of sufficient funds in the account from which such compensation is paid; and the Board of Regents and University's rules regarding financial exigency.

6.2. University Property. All personal property (excluding vehicle(s) provided through the Vandal Wheels program), material, and articles of information, including, without limitation, keys, credit cards, personnel records, recruiting records, team information, films, statistics or any other personal property, material, or data, furnished to Coach by the University or developed by Coach on behalf of the University or at the University's direction or for the University's use or otherwise in connection with Coach's employment hereunder are and shall remain the sole property of the University. Within twenty-four (24) hours of the expiration of the term of this agreement or its earlier termination as provided herein, Coach shall immediately cause any such personal property, materials, and articles of information in Coach's possession or control to be delivered to the Director.

6.3. Assignment. Neither party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party.

6.4. Waiver. No waiver of any default in the performance of this Agreement shall be effective unless in writing and signed by the waiving party. The waiver of a

particular breach in the performance of this Agreement shall not constitute a waiver of any other or subsequent breach. The resort to a particular remedy upon a breach shall not constitute a waiver of any other available remedies.

6.5. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain in effect.

6.6. Governing Law. This Agreement shall be subject to and construed in accordance with the laws of the state of Idaho as an agreement to be performed in Idaho. Any action based in whole or in part on this Agreement shall be brought in the courts of the state of Idaho.

6.7. Oral Promises. Oral promises of an increase in annual salary or of any supplemental or other compensation shall not be binding upon the University.

6.8. Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (including financial inability), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage.

6.9. Confidentiality. The Coach hereby consents and agrees that this document may be released and made available to the public after it is signed by the Coach. The Coach further agrees that all documents and reports she is required to produce under this Agreement may be released and made available to the public at the University's sole discretion.

6.10. Notices. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the University:                      Director of Athletics  
University of Idaho  
P.O. Box 442302  
Moscow, Idaho 83844-2302

with a copy to:                      President  
University of Idaho  
P.O. Box 443151  
Moscow, ID 83844-3151

the Coach: Carla "Yogi" Teevens  
 Last known address on file with  
 University's Human Resource Services

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

6.11. Headings. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof.

6.12. Binding Effect. This Agreement is for the benefit only of the parties hereto and shall inure to the benefit of and bind the parties and their respective heirs, legal representatives, successors and assigns.

6.13. Non-Use of Names and Trademarks. The Coach shall not, without the University's prior written consent in each case, use any name, trade name, trademark, or other designation of the University (including contraction, abbreviation or simulation), except in the course and scope of her official University duties.

6.14. No Third Party Beneficiaries. There are no intended or unintended third party beneficiaries to this Agreement.

6.15. Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements and understandings with respect to the same subject matter. No amendment or modification of this Agreement shall be effective unless in writing, signed by both parties, and approved by University's Board of Regents.

6.16. Opportunity to Consult with Attorney. Coach acknowledges that Coach has had the opportunity to consult and review this Agreement with an attorney. The language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party.

UNIVERSITY

COACH

\_\_\_\_\_  
 President date

\_\_\_\_\_  
 Carla "Yogi" Teevens Date

Approved by the Board of Regents on the \_\_\_\_ day of \_\_\_\_, 2008



## EMPLOYMENT AGREEMENT

This Employment Agreement (Agreement) is entered into by and between the  
~~(University of Idaho (University), (College),~~ and Carla "Yogi"  
Teevens ~~(Coach).~~

## ARTICLE 1

1.1. Employment. Subject to the terms and conditions of this Agreement, the University ~~(College)~~ shall employ Coach as the co-head coach of its intercollegiate track and field and cross country teams (Teams). ~~(Sport) team (Team).~~ Coach represents and warrants that Coach is fully qualified to serve, and is available for employment, in this capacity.

1.2. Reporting Relationship. Coach shall report and be responsible directly to the University's ~~(College)'s~~ Director of Athletics (Director) or the Director's designee. Coach shall abide by the reasonable instructions of Director or the Director's designee and shall confer with the Director or the Director's designee on all administrative and technical matters. Coach shall also be under the general supervision of the University's ~~(College)'s~~ President (President).

1.3. Duties. Coach shall manage and supervise the Teams and shall perform such other duties in the University's ~~(College)'s~~ athletic program as the Director may assign and as may be described elsewhere in this Agreement. The University ~~(College)~~ shall have the right, at any time, to reassign Coach to duties at the University ~~(College)~~ other than as head coach of the Teams. ~~Team,~~ provided that Coach's compensation and benefits shall not be affected by any such reassignment, except that the opportunity to earn supplemental compensation as provided in sections 3.2.1 through 3.2.5 ~~(Depending on supplemental pay provisions used)~~ shall cease.

## ARTICLE 2

2.1. Term. This Agreement is for a fixed-term appointment of three (3) ~~( )~~ years, commencing on August 1, 2008, ~~\_\_\_\_\_~~ and terminating, without further notice to Coach, on July 31, 2011, ~~\_\_\_\_\_~~ unless sooner terminated in accordance with other provisions of this Agreement.

2.2. Extension or Renewal. This Agreement is renewable solely upon an offer from the University ~~(College)~~ and an acceptance by Coach, both of which must be in writing and signed by the parties. Any renewal is subject to the prior approval of University's ~~(College)'s~~ Board of ~~(Regents, or Trustees)~~. This Agreement in no way grants to Coach a claim to tenure in employment, nor shall Coach's service pursuant to this agreement count in any way toward tenure at the University ~~(College).~~

## ARTICLE 3

3.1. Regular Compensation.

3.1.1. In consideration of Coach's services and satisfactory performance of this Agreement, the University ~~(College)~~ shall provide to Coach:

- a) An annual salary of \$53,643.20 per year, payable in biweekly installments in accordance with normal University ~~(College)~~ procedures, and such salary increases as may be determined appropriate by the Director and President and approved by the University's ~~(College)~~'s Board of ~~-(Regents or Trustees)-~~;
- b) The opportunity to receive such employee benefits as the University ~~(College)~~ provides generally to non-faculty exempt employees; and
- c) The opportunity to receive such employee benefits as the University's ~~(College)~~'s Department of Athletics (Department) provides generally to its employees of a comparable level. Coach hereby agrees to abide by the terms and conditions, as now existing or hereafter amended, of such employee benefits.

3.2. Supplemental Compensation

3.2.1. Each year one of the Teams is the conference champion or co-champion and ~~also becomes eligible for a (bowl game pursuant to NCAA Division I guidelines or post-season tournament or post-season playoffs)~~, and if Coach continues to be employed as University's ~~(College)~~'s co-head ~~—(Sport)—~~ coach of its intercollegiate track and field and cross country teams as of the ensuing July 1st, the University ~~(College)~~ shall pay to Coach supplemental compensation of \$1,000 ~~in an amount equal to —(amount or computation)— of Coach's Annual Salary~~ during the fiscal year in which the championship is and ~~—(bowl or other post-season)— eligibility are~~ achieved. If more than one Team is the conference champion or co-champion, the amount of supplemental compensation will be \$1,000 for each conference champion or co-champion. The University ~~(College)~~ shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.2. ~~3.2.2~~ Each year one of the ~~teams finishes~~ Team is ranked in the top 20 in the NCAA championships and if Coach continues to be employed as University's co-head coach of its intercollegiate track and field and cross country teams as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$1,000. If more than one Team places ~~25~~ in the Top 20 at the NCAA

championships, the Coach will earn supplemental compensation of \$1,000 for each Top 20 finish. The University shall determine the appropriate manner in which it shall pay Coach any ~~(national rankings,~~ such supplemental compensation.

3.2.3. For each individual National Champion in intercollegiate track and field and cross country~~as final ESPN/USA Today coaches poll of Division IA football teams)~~, and if Coach continues to be employed as University's ~~(College)'s~~ co-head ~~(Sport)~~ coach of its intercollegiate track and field and cross country teams as of the ensuing July 1<sup>st</sup>, the University ~~shall pay (College) shall pay Coach supplemental compensation in an amount equal to~~ Coach supplemental compensation of \$500 for each individual champion.

3.2.4. Each year Coach shall be eligible to receive supplemental compensation based ~~—(amount or computation)—~~ of Coach's Annual Salary in effect on the academic achievement and behavior of Team members if either Team's cumulative APR ranks nationally within the applicable sport at the 50th percentile or higher as follows:

National rank within sport  
50th - 60th % = \$250 per team  
60th - 70th % = \$300 per team  
70th – 80th % = \$400 per team  
80th % or above = \$450 per team

Any such supplemental compensation paid to Coach shall be accompanied with a justification for the supplemental compensation based on the factors listed above, and such justification shall be separately reported to the Board of Regents as a document available to the public under the Idaho Public Records Act.

3.2.5. Each year Coach is named Conference Coach of the Year or Conference Co-Coach of the year, and if Coach continues to be employed as University's co-head track and field and cross country coach as of the ensuing July 1st, Coach shall receive supplemental compensation of \$1,000. If the Coach is named Conference Coach of the Year or Conference Co-Coach of the year for both the men's and women's track and field and cross country teams, Coach will receive \$1,000 for each award. The University~~date of the final poll. The University (College)~~ shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.6 Coach agrees that the University

~~3.2.3 ————— Each year Coach shall be eligible to receive supplemental compensation in an amount up to ———(amount or computation)—— based on the academic achievement and behavior of Team members. The determination of whether Coach will receive such supplemental compensation and the timing of the payment(s) shall be at the sole discretion of the President in consultation with the Director. The determination shall be based on the following factors: grade point~~

~~averages; difficulty of major course of study; honors such as scholarships, designation as Academic All-American, and conference academic recognition; progress toward graduation for all athletes, but particularly those who entered the University (College) as academically at-risk students; the conduct of Team members on the University (College) campus, at authorized University (College) activities, in the community, and elsewhere. Any such supplemental compensation paid to Coach shall be accompanied with a detailed justification for the supplemental compensation based on the factors listed above and such justification shall be separately reported to the Board of (Regents or Trustees) as a document available to the public under the Idaho Public Records Act.~~

~~3.2.4 ————— Each year Coach shall be eligible to receive supplemental compensation in an amount up to (amount or computation) based on the overall development of the intercollegiate (men's/women's) (Sport) program; ticket sales; fundraising; outreach by Coach to various constituency groups, including University (College) students, staff, faculty, alumni and boosters; and any other factors the President wishes to consider. The determination of whether Coach will receive such supplemental compensation and the timing of the payment(s) shall be at the sole discretion of the President in consultation with the Director.~~

~~3.2.5 ————— The Coach shall receive the sum of (amount or computation) from the University (College) or the University (College)'s designated media outlet(s) or a combination thereof each year during the term of this Agreement in compensation for participation in media programs and public appearances (Programs). Coach's right to receive such a payment shall vest on the date of the Team's last regular season or post-season competition, whichever occurs later. This sum shall be paid (terms or conditions of payment). Agreements requiring the Coach to participate in Programs related to his duties as an employee of University (College) are the property of the University (College). The University (College) shall have the exclusive right to negotiate and contract with all producers of media productions and all parties desiring public appearances by the Coach. Coach agrees to cooperate with the University (College) in order for the Programs to be successful and agrees to provide his services to and perform on the Programs and to cooperate in their production, broadcasting, and telecasting. It is understood that neither Coach nor any assistant coaches shall appear without the prior written approval of the Director on any competing radio or television program (including but not limited to a coach's show, call-in show, or interview show) or a regularly scheduled news segment, except that this prohibition shall not apply to routine news media interviews for which no compensation is received. Without the prior written approval of the Director, Coach shall not appear in any commercial endorsements which are broadcast on radio or television that conflict with those broadcast on the University (College)'s designated media outlets.~~

~~3.2.6 **(SUMMER CAMP OPERATED BY UNIVERSITY (COLLEGE))** Coach agrees that the University (College) has the exclusive right to operate youth (Sport) camps on its campus using University (College) facilities. The University (College) shall allow Coach the opportunity to earn supplemental compensation by~~

~~assisting with the University (College)'s camps in Coach's capacity as a University (College) employee. Coach hereby agrees to assist in the marketing, supervision, and general administration of the University (College)'s football camps. Coach also agrees that Coach will perform all obligations mutually agreed upon by the parties. In exchange for Coach's participation in the University (College)'s summer football camps, the University (College) shall pay Coach (amount) per year as supplemental compensation during each year of his employment as head (Sport) coach at the University (College). This amount shall be paid (terms of payment).~~

~~3.2.7 Coach agrees that the University (College) has the exclusive right to select footwear, apparel and/or equipment for the use of its student-athletes and staff, including Coach, during official practices and games and during times when Coach or the Team is being filmed by motion picture or video camera or posing for photographs in their capacity as representatives of University (College). Coach recognizes that the University (College) is negotiating or has entered into an agreement with Nike (Company Name) to supply the University (College) with athletic footwear, apparel and/or equipment. Coach agrees that, upon the University's (College)'s reasonable request, Coach will consult with appropriate parties concerning Nike products' an (Company Name) product's design or performance, shall act as an instructor at a clinic sponsored in whole or in part by Nike (Company Name), or give a lecture at an event sponsored in whole or in part by Nike (Company Name), or make other educationally-related appearances as may be reasonably requested by the University (College). Notwithstanding the foregoing sentence, Coach shall retain the right to decline such appearances as Coach reasonably determines to conflict with or hinder his duties and obligations as co-head (Sport) coach of track and field and cross country.~~ In order to avoid entering into an agreement with a competitor of Nike (Company Name), Coach shall submit all outside consulting agreements to the University (College) for review and approval prior to execution. Coach shall also report such outside income to the University (College) in accordance with NCAA (or NAIA) rules. Coach further agrees that Coach will not endorse any athletic footwear, apparel and/or equipment products, including Nike (Company Name), and will not participate in any messages or promotional appearances ~~that~~ which contain a comparative or qualitative description of athletic footwear, apparel or equipment products.

3.3. General Conditions of Compensation. All compensation provided by the University (College) to Coach is subject to deductions and withholdings as required by law or the terms and conditions of any fringe benefit in which Coach participates. However, if any fringe benefit is based in whole or in part upon the compensation provided by the University (College) to Coach, such fringe benefit shall be based only on the compensation provided pursuant to section 3.1.1, except to the extent required by the terms and conditions of a specific fringe benefit program.

## ARTICLE 4

4.1. Coach's Specific Duties and Responsibilities. In consideration of the compensation specified in this Agreement, Coach, in addition to the obligations set forth elsewhere in this Agreement, shall:

4.1.1. Devote Coach's full time and best efforts to the performance of Coach's duties under this Agreement;

4.1.2. Develop and implement programs and procedures with respect to the evaluation, recruitment, training, and coaching of Team members ~~that~~<sup>which</sup> enable them to compete successfully and reasonably protect their health, safety, and well-being;

4.1.3. Observe and uphold all academic standards, requirements, and policies of the University, ~~(College)~~ and encourage Team members to perform to their highest academic potential and to graduate in a timely manner; and

4.1.4. Know, recognize, and comply with all applicable laws and the policies, rules and regulations of the University, ~~(College)~~, the University's ~~(College)~~'s governing board, the conference, and the NCAA; ~~(or NAIA)~~; supervise and take appropriate steps to ensure that Coach's assistant coaches, any other employees for whom Coach is administratively responsible, and the members of the Team know, recognize, and comply with all such laws, policies, rules and regulations; and immediately report to the Director and to the Department's Director of Compliance if Coach has reasonable cause to believe that any person or entity, including without limitation representatives of the University's ~~(College)~~'s athletic interests, has violated or is likely to violate any such laws, policies, rules or regulations. Coach shall cooperate fully with the University ~~(College)~~ and Department at all times. The names or titles of employees whom Coach supervises are attached as Exhibit ~~C. A.~~ The applicable laws, policies, rules, and regulations include: (a) State Board of Education and Board of Regents of the University of Idaho Governing Policies and Procedures and Rule Manual; (b) University's ~~(College)~~'s Handbook; (c) University's ~~(College)~~'s Administrative Procedures Manual; (d) the policies of the Department; (e) NCAA ~~(or NAIA)~~ rules and regulations; and (f) the rules and regulations of the ~~volleyball (Sport)~~ conference of which the University ~~(College)~~ is a member.

4.2 Outside Activities. Coach shall not undertake any business, professional or personal activities, or pursuits that would prevent Coach from devoting Coach's full time and best efforts to the performance of Coach's duties under this Agreement, that would otherwise detract from those duties in any manner, or that, in the opinion of the University, ~~(College)~~, would reflect adversely upon the University ~~(College)~~ or its athletic program. Subject to the terms and conditions of this Agreement, Coach may, with the prior written approval of the Director, who may consult with the President, enter into separate arrangements for outside activities and endorsements which are consistent with Coach's obligations under this Agreement. Coach may not use the University's ~~(College)~~'s name, logos, or trademarks in connection with any such arrangements without the prior written approval of the Director and the President.



4.3. NCAA ~~(or NAIA)~~ Rules. In accordance with NCAA ~~(or NAIA)~~ rules, Coach shall obtain prior written approval from the University's ~~(College)~~'s President for all athletically related income and benefits from sources outside the University ~~(College)~~ and shall provide a written detailed account of~~report~~ the source and amount of all such income and benefits to the University's ~~(College)~~'s President whenever reasonably requested, but in no event less than annually before the close of business on June 30th of each year or the last regular University ~~(College)~~ work day preceding June 30th. The report shall be in a format reasonably satisfactory to University. Sources of such income include, but are not limited to, the following:

- (a) Income from annuities;
- (b) Sports camps;
- (c) Housing ~~(College)~~. In no event shall Coach accept or receive directly or indirectly any monies, benefits, including preferential housing arrangements;
- (d) Country~~or gratuities whatsoever from any person, association, corporation, University (College) booster club memberships;~~
- (e) Complimentary ticket sales;
- (f) Television, ~~University (College) alumni association, University (College) foundation, or other benefactor, if the acceptance or receipt of the monies, benefits, or gratuities would violate applicable law or the policies, rules, and~~ radio programs; and regulations of the University (College), the University (College)'s governing board, the conference, or the NCAA ~~(or NAIA)~~.
- (g) Endorsement or consultation contracts with athletics shoe, apparel or equipment manufacturers.

4.4. Hiring Authority. Coach shall have the responsibility and the sole authority to recommend to the Director the hiring and termination of assistant coaches for the Team, but the decision to hire or terminate an assistant coach shall be made by the Director and shall, when necessary or appropriate, be subject to the approval of the President and the University's ~~(College)~~'s Board of Regents ~~(Trustees or Regents)~~.

4.5. Scheduling. Coach shall consult with, and may make recommendations to, the Director or the Director's designee with respect to the scheduling of Team competitions, but the final decision shall be made by the Director or the Director's designee.

~~4.6.~~4.7 Other Coaching Opportunities. Coach shall not, under any circumstances, interview for, negotiate for, or accept employment as a coach at any other institution of higher education or with any professional sports team, requiring performance of duties prior to the expiration of this Agreement, without the prior approval of the Director. Such approval shall not unreasonably be withheld.

## ARTICLE 5

5.1. Termination of Coach for Cause. The University ~~(College)~~ may, in its

discretion, suspend Coach from some or all of Coach's duties, temporarily or permanently, and with or without pay; reassign Coach to other duties; or terminate this Agreement at any time for good or adequate cause, as those terms are defined in applicable rules and regulations.

5.1.1. In addition to the definitions contained in applicable rules and regulations, University ~~(College)~~ and Coach hereby specifically agree that the following shall constitute good or adequate cause for suspension, reassignment, or termination of this Agreement:

- a) A deliberate or major violation of Coach's duties under this agreement or the refusal or unwillingness of Coach to perform such duties in good faith and to the best of Coach's abilities;
- b) The failure of Coach to remedy any violation of any of the terms of this agreement within 30 days after written notice from the University: ~~(College)~~;
- c) A deliberate or major violation by Coach of any applicable law or the policies, rules or regulations of the University ~~(College)~~, the University ~~(College)~~'s governing board, the conference or the NCAA ~~(NAIA)~~, including but not limited to any such violation which may have occurred during the employment of Coach at another NCAA or NAIA member institution;
- d) Ten (10) working days' absence of Coach from duty without the University ~~(College)~~'s consent;
- e) Any conduct of Coach that constitutes moral turpitude or that would, in the University's ~~(College)~~'s judgment, reflect adversely on the University ~~(College)~~ or its athletic programs;
- f) The failure of Coach to represent the University ~~(College)~~ and its athletic programs positively in public and private forums;
- g) The failure of Coach to fully and promptly cooperate with the NCAA ~~(NAIA)~~ or the University ~~(College)~~ in any investigation of possible violations of any applicable law or the policies, rules or regulations of the University ~~(College)~~, the University's ~~(College)~~'s governing board, the conference, or the NCAA ~~(NAIA)~~;
- h) The failure of Coach to report a known violation of any applicable law or the policies, rules or regulations of the University ~~(College)~~, the University's ~~(College)~~'s governing board, the conference, or the NCAA ~~(NAIA)~~, by one of Coach's assistant coaches, any other



employees for whom Coach is administratively responsible, or a member of the Team; or

- i) A violation of any applicable law or the policies, rules or regulations of the University, ~~(College)~~, the University's ~~(College)~~'s governing board, the conference, or the NCAA, ~~(NAIA)~~, by one of- Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team if Coach knew or should have known of the violation and could have prevented it by ordinary supervision.

5.1.2. Suspension, reassignment, or termination for good or adequate cause shall be effectuated by the University ~~(College)~~ as follows: before the effective date of the suspension, reassignment, or termination, the Director or ~~her~~his designee shall provide Coach with notice, which notice shall be accomplished in the manner provided for in this Agreement and shall include the reason(s) for the contemplated action. Coach shall then have an opportunity to respond. After Coach responds or fails to respond, University ~~(College)~~ shall notify Coach whether, and if so when, the action will be effective.

5.1.3. In the event of any termination for good or adequate cause, the University's ~~(College)~~'s obligation to provide compensation and benefits to Coach, whether direct, indirect, supplemental or collateral, shall cease as of the date of such termination, and the University ~~(College)~~ shall not be liable for the loss of any collateral business opportunities or other benefits, perquisites, or income resulting from outside activities or from any other sources.

5.1.4. If found in violation of NCAA ~~(NAIA)~~ regulations, Coach shall, in addition to the provisions of Section 5.1, be subject to disciplinary or corrective action as set forth in the provisions of the NCAA ~~(NAIA)~~ enforcement procedures including suspension without pay or termination of employment for significant or repetitive violations. This section applies to violations occurring at the University ~~(College)~~ or at previous institutions at which the Coach was employed.

## 5.2. Termination of Coach for Convenience of University ~~(College)~~.

5.2.1. At any time after commencement of this Agreement, University ~~(College)~~, for its own convenience, may terminate this Agreement by giving ten (10) days prior written notice to Coach.

5.2.2. In the event that University ~~(College)~~ terminates this Agreement for its own convenience, University ~~(College)~~ shall ~~be obligated to pay to~~ Coach, ~~as liquidated damages and not a penalty,~~ the salary set forth in section 3.1.1(a), excluding all deductions required by law, on the regular paydays of University ~~(College)~~ until the term of this Agreement ends or until Coach obtains reasonably comparable employment, whichever occurs first, provided however, in the event Coach obtains

lesser employment after such termination, then the amount of compensation University pays will be adjusted and reduced by the amount of compensation paid Coach as a result of such lesser employment, such adjusted compensation to be calculated for each University pay-period by reducing the gross salary set forth in section 3.1.1(a) (before deductions required by law) by the gross compensation paid to Coach under the lesser employment, then subtracting from this adjusted gross compensation deductions according to law. first. In addition, Coach will be entitled to continue his health insurance plan and group life insurance as if he remained a University ~~(College)~~ employee until the term of this Agreement ends or until Coach obtains reasonably comparable employment or any other employment providing Coach with a reasonably comparable health plan and group life insurance, whichever occurs first. Coach shall be entitled to no other compensation or fringe benefits, except as otherwise provided herein or required by law. Coach specifically agrees to inform University within ten business days of obtaining other employment and to advise University of all relevant terms of such employment, including without limitation the nature and location of the employment, salary, other compensation, health insurance benefits, life insurance benefits, and other fringe benefits. Failure to so inform and advise University shall constitute a material breach of this Agreement and University's obligation to pay compensation under this provision shall end. Coach further agrees to repay to University all compensation paid to him by University after the date he obtains other employment, to which he is not entitled under this provision.

5.2.3. University has ~~—The parties have both~~ been represented by legal counsel, and Coach has either been represented by legal counsel or has chosen to proceed without legal counsel, in the contract negotiations. ~~The parties and~~ have bargained for and agreed to the foregoing ~~liquidated damages~~ provision, giving consideration to the fact that the Coach may lose certain benefits, supplemental compensation, or outside compensation relating to Coach's his employment with University ~~that (College), which damages~~ are extremely difficult to determine with certainty. The parties further agree that the payment of such ~~compensation liquidated damages~~ by University ~~(College)~~ and the acceptance thereof by Coach shall constitute adequate and reasonable compensation to Coach. Such compensation is for the damages and injury suffered by Coach because of such termination by University (College). ~~The liquidated damages are~~ not, and shall not be construed to be, a penalty.

### 5.3. Termination by Coach for Convenience.

5.3.1. — ~~The~~ Coach recognizes that Coach's his promise to work for University ~~(College)~~ for the entire term of this Agreement is of the essence of this Agreement. ~~The~~ Coach also recognizes that the University ~~(College)~~ is making a highly valuable investment in Coach's his employment by entering into this Agreement and that its investment would be lost were Coach he to resign or otherwise terminate Coach's his employment with the University ~~(College)~~ before the end of the contract term.

5.3.2. — ~~The~~ Coach, for Coach's his own convenience, may terminate this Agreement during its term by giving prior written notice to the University. ~~(College).~~

Termination shall be effective ten (10) days after notice is given to the University.  
~~(College).~~

5.3.3. If ~~the~~ Coach terminates this Agreement for convenience at any time, all obligations of the University ~~(College)~~ shall cease as of the effective date of the termination. If ~~the~~ Coach terminates this Agreement for ~~Coach's~~his convenience ~~Coach~~he shall pay to the University ~~(College), as liquidated damages and not a penalty, for the breach of this Agreement~~ the following ~~sums:~~ sum: (a) if the Agreement is terminated on or before August 1, 2009,, the sum of ~~\$10,000;~~\$30,000.00; (b) if the Agreement is terminated between August 1, 2009, and July 31, 2010, inclusive, the sum of ~~\$5,000;~~\$20,000.00; (c) if the Agreement is terminated between August 1, 2010, and July 31, 2011, inclusive, the sum of ~~\$2,000.~~ Sums~~\$10,000.00. The liquidated damages~~ shall be due and payable within twenty (20) days of the effective date of the termination, and any unpaid amount shall bear simple interest at a rate eight (8) percent per annum until paid.

5.3.4. ~~University has~~ The parties have both been represented by legal counsel, and Coach has either been represented by legal counsel or has chosen to proceed without legal counsel in the contract negotiations. The parties and have bargained for and agreed to the foregoing ~~liquidated damages~~ provision, giving consideration to the fact that the University ~~(College)~~ will incur administrative and recruiting costs in obtaining a replacement for Coach, in addition to potentially increased compensation costs if Coach terminates this Agreement for convenience ~~that, which damages~~ are extremely difficult to determine with certainty. The parties further agree that the payment of such ~~sums~~liquidated damages by Coach and the acceptance thereof by University ~~(College)~~ shall constitute adequate and reasonable compensation to University. Such payments ~~(College) for the damages and injury suffered by it because of such termination by Coach. The liquidated damages~~ are not, and shall not be construed to be, a penalty. This section 5.3.4 shall not apply if Coach terminates this Agreement because of a material breach by the University. ~~(College).~~

5.3.5. Except as provided elsewhere in this Agreement, if Coach terminates this Agreement for convenience, ~~Coach~~he shall forfeit to the extent permitted by law ~~Coach's~~his right to receive all supplemental compensation and other payments.

#### 5.4. Termination due to Disability or Death of Coach.

5.4.1. Notwithstanding any other provision of this Agreement, this Agreement shall terminate automatically if Coach becomes totally or permanently disabled as defined by the University's ~~(College)'s~~ disability insurance carrier, becomes unable to perform the essential functions of the position of head coach, or dies.

5.4.2. If this Agreement is terminated because of Coach's death, Coach's salary and all other benefits shall terminate as of the last day worked, except that the Coach's personal representative or other designated beneficiary shall be paid all

compensation due or unpaid and death benefits, if any, as may be contained in any fringe benefit plan now in force or hereafter adopted by the University ~~(College)~~ and due to the Coach's estate or beneficiaries thereunder.

5.4.3. If this Agreement is terminated because the Coach becomes totally or permanently disabled as defined by the University's ~~(College)'s~~ disability insurance carrier, or becomes unable to perform the essential functions of the position of head coach, all salary and other benefits shall terminate, except that the Coach shall be entitled to receive any compensation due or unpaid and any disability-related benefits to which she is entitled by virtue of employment with the University. ~~(College)~~.

5.5. Interference by Coach. In the event of termination, suspension, or reassignment, Coach agrees that Coach will not interfere with the University's ~~(College)'s~~ student-athletes or otherwise obstruct the University's ~~(College)'s~~ ability to transact business or operate its intercollegiate athletics program.

5.6. No Liability. The University ~~(College)~~ shall not be liable to Coach for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of any termination of this Agreement by either party or due to death or disability or the suspension or reassignment of Coach, regardless of the circumstances.

5.7. Waiver of Rights. Because the Coach is receiving a multi-year contract and the opportunity to receive supplemental compensation and because such contracts and opportunities are not customarily afforded to University ~~(College)~~ employees, if the University ~~(College)~~ suspends or reassigns Coach, or terminates this Agreement for good or adequate cause or for convenience, Coach shall have all the rights provided for in this Agreement but hereby releases the University ~~(College)~~ from compliance with the notice, appeal, and similar employment-related rights provide for in the State Board of Education and Board or Regents of the University of Idaho Rule Manual (IDAPA 08) and Governing Policies and Procedures Manual, and the University ~~(College)~~ Faculty-Staff Handbook.

## ARTICLE 6

6.1. Board Approval. This Agreement shall not be effective until and unless approved of the University's ~~(College)'s~~ Board of ~~(Regents or Trustees)~~ and executed by both parties as set forth below. In addition, the payment of any compensation pursuant to this agreement shall be subject to the approval of the University's ~~(College)'s~~ Board of ~~(Regents, or Trustees)~~, the President, and the Director; the sufficiency of legislative appropriations; the receipt of sufficient funds in the account from which such compensation is paid; and the Board of ~~(Regents or Trustees)~~ and University's ~~(College)'s~~ rules regarding financial exigency.

6.2. University ~~(College)~~ Property. All personal property (excluding vehicle(s) provided through the Vandal Wheels program), material, and articles of

information, including, without limitation, keys, credit cards, personnel records, recruiting records, team information, films, statistics or any other personal property, material, or data, furnished to Coach by the University ~~(College)~~ or developed by Coach on behalf of the University ~~(College)~~ or at the University's ~~(College)'s~~ direction or for the University's ~~(College)'s~~ use or otherwise in connection with Coach's employment hereunder are and shall remain the sole property of the University. ~~(College)~~. Within twenty-four (24) hours of the expiration of the term of this agreement or its earlier termination as provided herein, Coach shall immediately cause any such personal property, materials, and articles of information in Coach's possession or control to be delivered to the Director.

6.3. Assignment. Neither party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party.

6.4. Waiver. No waiver of any default in the performance of this Agreement shall be effective unless in writing and signed by the waiving party. The waiver of a particular breach in the performance of this Agreement shall not constitute a waiver of any other or subsequent breach. The resort to a particular remedy upon a breach shall not constitute a waiver of any other available remedies.

6.5. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain in effect.

6.6. Governing Law. This Agreement shall be subject to and construed in accordance with the laws of the state of Idaho as an agreement to be performed in Idaho. Any action based in whole or in part on this Agreement shall be brought in the courts of the state of Idaho.

6.7. Oral Promises. Oral promises of an increase in annual salary or of any supplemental or other compensation shall not be binding upon the University. ~~(College)~~.

6.8. Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes ~~therefor~~, therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (including financial inability), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage.

6.9. Confidentiality. The Coach hereby consents and agrees that this document may be released and made available to the public after it is signed by the Coach. The Coach further agrees that all documents and reports she is required to produce under this Agreement may be released and made available to the public at the University's ~~(College)'s~~ sole discretion.

6.10. Notices. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the University:                     ~~(College)~~ Director of Athletics  
University of Idaho  
P.O. Box 442302  
Moscow, Idaho 83844-2302

with a copy to: President  
University of Idaho  
P.O. Box 443151  
Moscow, ID 83844-3151

the Coach: Carla "Yogi" Teevens  
 Last known address on file with  
 University's ~~(College)~~s Human Resource Services

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

6.11. Headings. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof.

6.12. Binding Effect. This Agreement is for the benefit only of the parties hereto and shall inure to the benefit of and bind the parties and their respective heirs, legal representatives, successors and assigns.

6.13. Non-Use of Names and Trademarks. The Coach shall not, without the University's ~~(College)~~s prior written consent in each case, use any name, trade name, trademark, or other designation of the University ~~(College)~~ (including contraction, abbreviation or simulation), except in the course and scope of her~~his~~ official University ~~(College)~~ duties.

6.14. No Third Party Beneficiaries. There are no intended or unintended third party beneficiaries to this Agreement.



6.15 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements and understandings with respect to the same subject matter. No amendment or modification of this Agreement shall be effective unless in writing, signed by both parties, and approved by University's ~~(College)'s~~ Board of ~~-(Regents, or Trustees)-~~.

6.16. Opportunity to Consult with Attorney. ~~The~~ Coach acknowledges that ~~Coach~~ he has had the opportunity to consult and review this Agreement with an attorney. ~~The~~ Accordingly, in all cases, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party.

UNIVERSITY ~~(COLLEGE)~~

COACH

\_\_\_\_\_, President \_\_\_\_\_ date \_\_\_\_\_ Carla "Yogi"  
Teevens Date \_\_\_\_\_ ~~Date~~

Approved by the Board of ~~-(Regents or Trustees)-~~ on the \_\_\_\_-day of \_\_\_\_\_,  
2008 \_\_\_\_\_, ~~2000~~.

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**CARLA “YOGI” TEEVENS – CO-HEAD COACH  
INTERCOLLEGIATE TRACK AND FIELD AND CROSS COUNTRY TEAMS  
MULTI-YEAR CONTRACT – SUBSTANTIVE MODIFICATIONS FROM SBOE FORM**

<b>Model Contract Section</b>	<b>UI Contract Section</b>	<b>Modification/Justification for Modification</b>
3.2.2 Supplemental Compensation	3.2.2 Supplemental Compensation	Allows for supplemental compensation if a team finishes in top 20 of the NCAA championships. Same term as was approved for prior contract.
NEW	3.2.3 Supplemental Compensation	Allows for supplemental compensation if an individual athlete is the National Champion in intercollegiate track and field and cross country
3.2.3 Supplemental Compensation	3.2.4 Supplemental Compensation	Allows for supplemental compensation if team's cumulative APR ranks at certain levels nationally. This language establishes a more objective standard for academic achievement and has been used in past contracts approved by the Board.
NEW	3.2.5 Supplemental Compensation	Allows for supplemental compensation if is named Conference Coach of the Year or Conference Co-Coach of the year. Same term as was approved for prior contract
3.2.7 Footwear, apparel and equipment	3.2.6 Footwear, apparel and equipment	Number of section changed. No substantive changes.
4.3 NCAA Rules	4.3 NCAA Rules	Revised to conform to NCAA Rule 11.2.2 effective 3/8/06. Rule requires a written detailed account of athletically related income and identifies some of the sources that must be reported as “including but not limited to...”
5.2.2 University Termination for Convenience	5.2.2 University Termination for Convenience	Language allows the University to offset salary received by Coach for lesser employment obtained after University termination for convenience. Prior language would allow coach to take lesser employment and continue to receive full termination payment. Language also requires Coach to inform University of the terms of any new employment so University can accurately determine the compensation, if any, to which Coach is entitled. References to liquidated damages are deleted because the compensation due upon termination for convenience flows from a contractual right to terminate and not from a breach of the contract. The non-terminating party is entitled to compensation, not damages for breach.
5.2.3 Representation by Counsel	5.2.3 Representation by Counsel; compensation for termination	Language clarifies that the parties have been represented by counsel or that Coach <u>chose to proceed without counsel</u> during the negotiations. The underlined language is new and recognizes the fact that we cannot require candidates to retain counsel. References to liquidated damages are deleted for the same reason as in 5.2.2.
5.3.3 Coach Termination for Convenience	5.3.3 Coach Termination for Convenience	References to liquidated damages are deleted for the same reason as in 5.2.2.
5.3.4 Representation by Counsel	5.3.4 Representation by Counsel; for termination	Same as 5.2.3. above.
6.16 Opportunity to Consult with Attorney	6.16 Opportunity to Consult with Attorney	Adds language similar to 5.2.2 to make clear that Coach had the opportunity to consult with counsel and either did or chose not to.

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**BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>1</b>	<b>FY 2008 CARRY OVER FUNDS</b>	Motions to approve
<b>2</b>	<b>AMENDMENT TO BOARD POLICY</b> Sections V.I, Real & Personal Property and V.K., Construction Projects - First Reading	Motion to approve
<b>3</b>	<b>AMENDMENT TO BOARD POLICY</b> Section V.W., Litigation - Second Reading	Motion to approve
<b>4</b>	<b>PROPOSED AMENDMENT TO BOARD POLICY</b> Section V.R., Fees	Motion to approve
<b>5</b>	<b>BOISE STATE UNIVERSITY</b> Park Center Boulevard Lease	Motion to approve
<b>6</b>	<b>UNIVERSITY OF IDAHO</b> Lionel Hampton School Renovation	Motion to approve
<b>7</b>	<b>UNIVERSITY OF IDAHO</b> Nancy Cummings Research Center Project	Motion to approve
<b>8</b>	<b>UNIVERSITY OF IDAHO</b> Status of Family & Graduate Student Housing & Potential Development Option	Information item
<b>9</b>	<b>UNIVERSITY OF IDAHO</b> Settlement Agreement 1	Motion to approve

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>10</b>	<b>UNIVERSITY OF IDAHO</b> Settlement Agreement 2	Motion to approve
<b>11</b>	<b>UNIVERSITY of IDAHO</b> Settlement Agreement 3	Motion to approve
<b>12</b>	<b>UNIVERSITY of IDAHO</b> Litigation Collection Action	Motion to approve
<b>13</b>	<b>LEWIS-CLARK STATE COLLEGE</b> Property Purchase – Clearwater Hall	Motion to approve
<b>14</b>	<b>GEAR UP Evaluation Contract</b>	Motion to approve
<b>15</b>	<b>GRANT APPLICATION APPROVAL</b> Millennium Fund	Motion to approve
<b>16</b>	<b>COLLEGE OF WESTERN IDAHO</b> FY 2010 Budget Request - Occupancy Costs	Motion to approve

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

Request to Carry Over FY 2008 Authorized Unspent Funds into FY 2009

**APPLICABLE STATUTES, RULE OR POLICY**

State Board of Education Governing Policies and Procedures, Section V.C.1.b. and V.C.1.d.

**BACKGROUND / DISCUSSION**

The agencies and institutions noted below received legislative carryover spending authority.

FY 2009 appropriation bills for the College and Universities (HB610), Health Programs (SB1495), Special Programs (SB1476), and Division of Professional-Technical Education (SB1474 and HB687). The institutions and agencies request approval to carry over authorized but unspent funds from FY 2008, to be expended in FY 2009.

Board Policy V.C.1.b(2) states "Certain special account monies, such as direct federal appropriations, state endowment income and trust accounts, and miscellaneous receipts, are the subject of continuing or perpetual spending authority." Board Policy V.C.1.d states "...the institutions, school and agencies under the governance of the Board must not expend, encumber, or otherwise use monies under their direct control without the specific or general approval by the State Board of Education or the Board of Regents of the University of Idaho..."

The ability to carry over funds from one fiscal year to another is very valuable in managing institution or agency budget planning across fiscal years. Expenditures can be strategically planned instead of attempting to spend all funds by the end of a particular fiscal year. The institutions and agencies have identified the funds available to be carried over and the planned expenditure of these funds. Since carry over revenues are one-time, the expenditures must be limited to one-time items.

**IMPACT**

Approval will authorize an increase in spending authority for FY 2009 so the institutions and agencies can expend the funds. These expenditure plans are included in the FY 2009 institutional operating budgets.

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff has reviewed the information provided by the institutions, and recommends approval of carryover spending authority, as authorized by legislative appropriation.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**BOARD ACTION**

A motion to approve the requests by Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, ISU Dental Education Program, ISU Museum of Natural History, UI Agricultural Research & Extension Service, UI WWAMI Medical Education Program, and Division of Professional-Technical Education, to carry over authorized but unspent funds in the amounts specified in the agenda materials from FY 2008 to FY 2009.

Moved by\_\_\_\_\_ Seconded by\_\_\_\_\_ Carried Yes\_\_\_\_\_ No\_\_\_\_\_

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**BOISE STATE UNIVERSITY**

The source of funds carried over are: General Account - \$0.00; Student Fees \$21,434,705.

All carryover funds will be used for non-recurring expenses as follows:

Encumbered Funds as of 6/30/2008 These are purchase orders issued and commitments made as of June 30, although the goods or services were not received as of June 30, 2008.	1,212,440
HERC and Technology Incentive Grants - projects spanning multiple years	823,886
Academic Departments - Instructional support, accreditation costs, and adjunct funding	2,329,154
Academic Reserves	1,500,000
Physical Plant - on-going approved safety, ADA and maintenance projects as of July 2008	1,309,795
Library	332,829
Student Services	867,647
Research start-up and grant matching funds	837,144
Institutional Support - primarily infrastructure support	1,676,800
Remodel costs for teaching laboratories and office space - including Park Center	4,000,000
Furniture, Fixtures and Equip for new academic spaces in FY 09 and FY 2010	1,095,010
Information technology infrastructure, software, system upgrades and licensing costs	1,000,000
Property acquisitions and purchase of modular space to meet growth needs	1,950,000
General reserve for emergencies - one-time funds	2,500,000
<b>TOTAL</b>	<b>21,434,705</b>

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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**IDAHO STATE UNIVERSITY**

**General Education**

The source of funds carried over are: General Account \$0; Student Fees \$4,117,492; Endowment \$0; **TOTAL \$4,117,492**. All carryover funds will be used for non-recurring expense as summarized:

Encumbered Funds as of 6/30/08	\$1,217,296
Purchase orders issued and commitments made, but goods or services not received as of 6/30/08.	

HERC and Technology Grants	\$1,171,707
Research & Technology grants and projects are made for a two or three year period. Carryover is necessary to complete those grants and projects.	

Other Carryover Funds	
Library Materials	\$316,737
Physical Plant Projects/Equipment	200,695
Instructional Support/Equipment	591,331
Faculty Research Projects	304,657
General Institutional Reserve	315,069
Total Other Carryover Funds	\$1,728,489

<b>Total Carryover</b>	<b>\$4,117,492</b>
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**Idaho Dental Education Program**

The source of funds carried over are: General Account \$29,334; Student Fees \$116,065; **Total \$145,399**. All carryover funds will be used for non-recurring expense as summarized:

Planned expenditures for uncommitted funds are:	
Instructional Support/Equipment	\$121,965
Reserve for Trustee Benefit	23,434

<b>Total IDEP Carryover</b>	<b>\$145,399</b>
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**Idaho Museum of Natural History**

The source of funds carried over are: General Account \$18,774; Student Fees \$0; **Total \$18,774**. All carryover funds will be used for non-recurring expense as summarized:

Encumbrances	\$17,512
Museum Operations	1,262

<b>Total IMNH Carryover</b>	<b>\$ 18,774</b>
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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**General Education**

The sources of funds carried over are: General Account \$0; Matriculation Fee \$0; Miscellaneous Receipts \$16,235,220; and Land Grant Endowments \$35,300.

Fiscal year 2008 carryover funds are nearly equal to fiscal year 2007 carryover amounts. Long-range plans, new initiatives, strategic plan implementation and other operating obligations typically span multiple fiscal years. Maintaining liquidity or operating reserves minimizes disruptions in the delivery of academic programs and student services as internal reorganizations and reallocations are made. It is also important to note that sound liquidity and operating reserves contribute to a healthy financial statement and good bond ratings for the university.

All carryover funds will be used for non-recurring expenses as follows:

Encumbered Funds as of 6/30/08	\$474,650
Purchase orders issued and commitments made, but goods not received as of 6/30/08.	
HERC, Tech Incentive, EPSCoR Projects	136,800
Academic Departments	5,172,700
Academic Reserves	3,000,000
Strategic Initiatives	1,108,000
Library	813,700
Research start up and grant matching funds	452,000
University outreach	682,870
Institutional support	380,000
Facilities	811,200
Information Technology	490,900
Enrollment initiatives	585,700
Student Services	162,000
Utility reserve	500,000
General Reserve	1,500,000
 Total carryover including encumbrances	 \$16,270,520

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**Agricultural Research and Extension Service**

The sources of funds carried over are: General Account \$0; Miscellaneous Receipts to the Appropriation \$3,232; and Federal Formula Funds \$2,726,218.

All carryover funds will be used for non-recurring expenses as follows:

Encumbered Funds as of 6/30/06	\$12,229
Purchase orders issued and commitments made, but goods not received as of 6/30/06.	
Faculty and staff salaries	2,411,716
Department operating support	255,505
Equipment replacement/acquisition	50,000
Total carryover including encumbrances	\$2,729,450

**UI Special Programs and Health Programs**

WWAMI Medical Education: Funds carried over for one-time expenses in FY2007 are \$185,791 of Miscellaneous Receipts. These funds will be used for new faculty start-up.

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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**LEWIS-CLARK STATE COLLEGE**

**General Education**

The source of funds carried over are: General Account \$0; Student Fees \$1,640,075; Endowment \$27,525; **TOTAL \$1,667,600.**

All carryover funds will be used for non-recurring expenses.

Encumbered Funds as of 6/30/2008	\$ 132,555
Purchase orders issued and commitments made, but goods and services not received as of 6/30/2008.	

Other Carryover Funds	\$1,535,045
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<b>Total Carryover</b>	<b>\$1,667,600</b>
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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION**

Section 2. of Senate Bill No. 1474 reappropriated to the State Board for Professional-Technical Education for the Division of Professional-Technical Education any unexpended and unencumbered balance of any appropriation contained in Section 1, Chapter 211, Laws of 2007, to be used for nonrecurring expenditures, for the period of July 1, 2008 through June 30, 2009.

The Division requests approval to expend FY2008 authorized, but unexpended Professional-Technical Education funds of \$131,711.04 reappropriated to the State Board for Professional-Technical Education for the Division of Professional-Technical Education for nonrecurring expenditures for the period of July 1, 2008 through June 30, 2009 as per Senate Bill 1474.

**IMPACT**

One-time Operating Expenses	\$117,702.99
One-time Capital Outlay	<u>14,008.05</u>
Total	\$131,711.04

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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**SUBJECT**

First reading to amend Board policy V.I. Real and Personal Property Services and policy V.K. Construction Projects

**REFERENCE**

August 2008

Board disapproved first reading

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.I.3.a and V.K.1-3.

**BACKGROUND / DISCUSSION**

Board policy regarding capital project revisions has not been clear in determining when an institution or agency needs to get Board approval.

Current policy requires that revisions that substantially alter the use of the project causing changes in project costs between \$250,000 and \$500,000 must first be submitted to the executive director for review and approval. Changes in project costs of more than \$500,000 must be submitted to the Board for its review and approval. There has been some confusion over whether the threshold referred to each incremental change or to the aggregate total project cost.

At its August meeting, the Board reviewed a similar policy revision that included the decision grid on pages 5 and 10 and increased the approval authority for the local government from \$250,000 to \$500,000 and for the Executive Director from \$500,000 to \$1,000,000. The Board disapproved this revision citing concern for increasing the dollar thresholds, but they considered the grid helpful. This policy revision includes the decision grid but does not change the dollar thresholds.

**IMPACT**

The attached revised policies will clarify when approvals need to be authorized and who needs to authorize the change.

**ATTACHMENTS**

Attachment 1 - Revised Governing Policy Section V.I.3.a

Page 3

Attachment 2 - Revised Governing Policy Section V.K.1-3

Page 9

**STAFF COMMENTS AND RECOMMENDATIONS**

The revised policies will assist the Board and Executive Director in maintaining their level of oversight while clarifying when approval is required.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**BOARD ACTION**

A motion to approve the first reading of the amendment to Board Policy V.I. –  
Real and Personal Property Services.

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

A motion to approve the first reading of the amendment to Board Policy V.K.  
Construction Projects.

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

Idaho State Board of Education  
**GOVERNING POLICIES AND PROCEDURES**

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

~~April 2002~~October 2008

## **I. Real and Personal Property and Services**

### **1. Authority**

- a. The Board may acquire, hold, and dispose of real and personal property pursuant to Article IX, Section 2 and Article IX, Section 10, Idaho Constitution, pursuant to various sections of Idaho Code.
- b. Leases of office space or classroom space by any institution, school or agency except the University of Idaho are acquired by and through the Department of Administration pursuant to Section 67-5708, Idaho Code.
- c. All property that is not real property must be purchased consistent with Sections 67-5715 through 67-5737, Idaho Code, except that the University of Idaho may acquire such property directly and not through the Department of Administration. Each institution, school and agency must designate an officer with overall responsibility for all purchasing procedures.
- d. Sale, surplus disposal, trade-in, or exchange of property must be consistent with Section 67-5722, Idaho Code, except that the University of Idaho may dispose of such property directly and not through the Department of Administration.
- e. If the Executive Director finds or is informed that an emergency exists, he or she may consider and approve a purchase or disposal of equipment or services otherwise requiring prior Board approval. The institution, school or agency must report the transaction in the Business Affairs and Human Resources agenda at the next regular Board meeting together with a justification for the emergency action.

### **2. Acquisition of Real Property**

- a. Acquisition of a real property interest, other than a leasehold interest, with a purchase price between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000) requires prior approval by the Executive Director. A purchase exceeding five hundred thousand dollars (\$500,000) requires prior Board approval.
- ab. Any interest in real property acquired for the University of Idaho must be taken in the name of the Board of Regents of the University of Idaho.
- bc. Any interest in real property acquired for any other institution, school or agency under the governance of the Board must be taken in the name of the State of Idaho by and through the State Board of Education.

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ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

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ed. This does not preclude a foundation or other legal entity separate and apart from an institution, school or agency under Board governance from taking title to real property in the name of the foundation or other organization for the present or future benefit of the institution, school or agency. (See Section V.E.)

de. Acquisition of ~~an option, lease, or any other present or future a leasehold~~ interest in real property by or on behalf of an institution, school or agency requires prior Executive Director approval if the cost exceeds five hundred thousand dollars (\$500,000) over the term, or by the Board approval if the term of the lease exceeds five (5) years or if the cost exceeds ~~two hundred fifty thousand dollars (\$250,000)~~ one million dollars (\$1,000,000) annually over the term.

ef. Appraisal.

An independent appraiser must be hired to give an opinion of fair market value before an institution, school or agency acquires fee simple title to real property.

fg. Method of sale - exchange of property.

The Board will provide for the manner of selling real property under its control, giving due consideration to Section 33-601(4), applied to the Board through Section 33- 2211(5), and to Chapter 3, Title 58, Idaho Code. The Board may exchange real property under the terms, conditions, and procedures deemed appropriate by the Board.

gh. Execution.

All easements, deeds, and leases excluding easements, deeds, and leases delegated authority granted to the institutions, school and agencies must be executed and acknowledged by the president of the Board or another officer designated by the Board and attested to and sealed by the secretary of the Board as being consistent with Board action.

3. Acquisition of Personal Property and Services

- a. Purchases of equipment, data processing software and equipment, and all contracts for consulting or professional services either in total or through time purchase or other financing agreements, between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000) require prior approval by the executive director. The executive director must be expressly advised when the recommended bid is other than the lowest qualified bid. Purchases exceeding five hundred thousand dollars (\$500,000) require prior Board approval. If the project budget for a purchase increases above the



**Idaho State Board of Education**  
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**SECTION: V. FINANCIAL AFFAIRS**

**Subsection: I. Real and Personal Property and Services**

**April 2002October 2008**

approved amount, then the institution, school, or agency may be required to seek further authorization, as follows:

<u>Project Originally Authorized By</u>	<u>Original Project Cost</u>	<u>Cumulative Value of Change(s)</u>	<u>Aggregate Revised Project Cost</u>	<u>Change Authorized By</u>
<u>Local Agency</u>	<u>&lt; \$250,000</u>	<u>Any</u>	<u>&lt; \$250,000</u>	<u>Local Agency</u>
<u>Local Agency</u>	<u>&lt; \$250,000</u>	<u>Any</u>	<u>\$250,000-\$500,000</u>	<u>Executive Director</u>
<u>Local Agency</u>	<u>&lt;\$250,000</u>	<u>Any</u>	<u>&gt; \$500,000</u>	<u>SBOE</u>
<u>Executive Director</u>	<u>\$250,000-\$500,000</u>	<u>&lt;= \$250,000</u>	<u>&lt;= \$500,000</u>	<u>Local Agency</u>
<u>Executive Director</u>	<u>\$250,000-\$500,000</u>	<u>&gt;= \$250,000</u>	<u>&lt; \$500,000</u>	<u>Executive Director</u>
<u>Executive Director</u>	<u>\$250,000-\$500,000</u>	<u>Any</u>	<u>&gt;\$500,000</u>	<u>SBOE</u>
<u>SBOE</u>	<u>&gt; \$500,000</u>	<u>&lt; \$250,000</u>	<u>Any</u>	<u>Local Agency</u>
<u>SBOE</u>	<u>&gt; \$500,000</u>	<u>\$250,000-\$500,000</u>	<u>Any</u>	<u>Executive Director</u>
<u>SBOE</u>	<u>&gt; \$500,000</u>	<u>&gt;\$500,000</u>	<u>Any</u>	<u>SBOE</u>

All modifications approved by the Executive Director shall be reported quarterly to the Board.

- b. Acquisition or development of new administrative software or systems that materially affect the administrative operations of the institution by adding new services must be reviewed with the executive director before beginning development. When feasible, such development will be undertaken as a joint endeavor by the four institutions and with overall coordination by the Office of the State Board of Education.

**4. Hold of Personal Property**

**a. Inventory**

An inventory of all items of chattel property valued at two thousand dollars (\$2,000) or limits established by Department of Administration owned or leased by any agency, school or institution must be maintained in cooperation with the Department of Administration as required by Section 67-5746, Idaho Code.

**b. Insurance**

Each agency, school and institution must ensure that all insurable real and personal property under its control is insured against physical loss or damage and that its employees are included under any outstanding policy of public liability insurance maintained by the state of Idaho. All insurance must be acquired through the State Department of Administration or any successor entity.

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**GOVERNING POLICIES AND PROCEDURES**

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

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c. Vehicle Use

Vehicles owned or leased by an institution, school or agency must be used solely for institutional, school or agency purposes. Employees may not, with certain exceptions, keep institutional vehicles at their personal residences. Exceptions to this policy include the chief executive officers and other employees who have received specific written approval from the chief executive officer of the institution, school or agency.

5. Disposal of Real Property

a. Temporary Permits

Permits to make a temporary and limited use of real property under the control of an institution, school or agency may be issued by the institution, school or agency without prior Board approval.

b. Board approval of other transfers

(1) Leases to use real property under the control of an institution, school or agency require prior Board approval - if the term of the lease exceeds five (5) years or if the lease revenue exceeds two hundred fifty thousand dollars (\$250,000).

(2) Easements to make a permanent use of real property under the control of an institution, school or agency require prior Board approval - unless easements are to public entities for utilities.

(3) The transfer by an institution, school or agency of any other interest in real property requires prior Board approval.

6. Disposal of Personal Property

Sale, surplus disposal, trade-in, or exchange of property with a value greater than ~~two~~five hundred ~~fifty~~ thousand dollars (\$250,000) and less than five hundred thousand dollars (\$500,000) requires prior approval by the Executive Director. Sale, surplus disposal, trade-in, or exchange of property with a value greater than ~~two hundred fifty thousand dollars (\$250,000)~~five hundred thousand dollars (\$500,000) requires prior Board approval. All disposals approved by the Executive Director shall be reported quarterly to the Board.

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**GOVERNING POLICIES AND PROCEDURES**

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

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a. First Refusal

When the property has a value greater than five thousand dollars (\$5,000), the institution, school or agency must first make a good faith effort to give other institutions, school and agencies under Board governance the opportunity of first refusal to the property before it turns the property over to the Department of Administration or otherwise disposes of the property.

b. Sale of Services

The sale of any services or rights (broadcast or other) of any institution, school or agency requires prior approval of the Board when it is reasonably expected that the proceeds of such action may exceed two hundred fifty thousand dollars (\$250,000). Any sale of such services or rights must be conducted via an open bidding process or other means that maximizes the returns in revenues, assets, or benefits to the institution, school or agency.

c. Inter-agency Transfer

Transfer of property from one Board institution, school or agency to another institution, school or agency under Board governance may be made without participation by the State Board of Examiners or the Department of Administration, but such transfers of property with a value greater than two hundred fifty thousand dollars (\$250,000) require prior Board approval.

~~7. Litigation~~

~~The chief executive officer may negotiate settlement regarding litigation matters, or any claims made that may result in litigation, for up to \$25,000. All such settlements must be reported to the Board in executive session at the next regularly scheduled meeting.~~

~~8. Intellectual Property~~

~~The chief executive officer may license intellectual property rights of their respective institutions, school and agencies up to (to be developed as the intellectual property policy is finalized).~~

**GOVERNING POLICIES AND PROCEDURES**

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

~~April 2002~~October 2008

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### 1. Major Project Approvals - Proposed Plans

Without regard to the source of funding, before any institution, school or agency under the governance of the Board begin formal planning to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities, when the cost of the project is estimated to exceed five hundred thousand dollars (\$500,000), must first be submitted to the Board for its review and approval. All projects identified on the institutions', schools or agencies' six-year capital plan must receive Board approval.

### 2. Project Approvals

Without regard to the source of funding, proposals by any institution, school or agency under the governance of the Board to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities, when the cost of the project is estimated to be between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000), must first be submitted to the executive director for review and approval. Without regard to the source of funding, proposals by any institution, school or agency under the governance of the Board to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities or construction of new facilities, when the cost of the project is estimated to exceed five hundred thousand dollars (\$500,000), must first be submitted to the Board for its review and approval. Project cost must be detailed by major category (construction cost, architecture fees, contingency funds, and other). When a project is under the primary supervision of the Board of Regents or the Board and its institutions, school or agencies, a separate budget line for architects, engineers, or construction managers and engineering services must be identified for the project cost. Budgets for maintenance, repair, and upkeep of existing facilities must be submitted for Board review and approval as a part of the annual operating budget of the institution, school or agency.

### 3. Fiscal Revisions to Previously Approved Projects

~~Project revisions that substantially alter the use of the project causing changes in project costs between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000) must first be submitted to the executive director for review and approval. Changes in project costs of more than five hundred thousand dollars (\$500,000) must first be submitted to the Board for its review and approval. Requests must be supported by a revised detailed project budget and justification for changes.~~ If the project budget increases above the approved amount, then the institution, school, or agency may be required to seek further authorization, as follows:

Idaho State Board of Education  
**GOVERNING POLICIES AND PROCEDURES**  
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 Subsection: K. Construction Projects

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<u>Project Originally Authorized By</u>	<u>Original Project Cost</u>	<u>Cumulative Value of Change(s)</u>	<u>Aggregate Revised Project Cost</u>	<u>Change Authorized By</u>
<u>Local Agency</u>	<u>&lt; \$250,000</u>	<u>Any</u>	<u>&lt; \$250,000</u>	<u>Local Agency</u>
<u>Local Agency</u>	<u>&lt; \$250,000</u>	<u>Any</u>	<u>\$250,000-\$500,000</u>	<u>Executive Director</u>
<u>Local Agency</u>	<u>&lt;\$250,000</u>	<u>Any</u>	<u>&gt; \$500,000</u>	<u>SBOE</u>
<u>Executive Director</u>	<u>\$250,000-\$500,000</u>	<u>&lt;= \$250,000</u>	<u>&lt;= \$500,000</u>	<u>Local Agency</u>
<u>Executive Director</u>	<u>\$250,000-\$500,000</u>	<u>&gt;= \$250,000</u>	<u>&lt; \$500,000</u>	<u>Executive Director</u>
<u>Executive Director</u>	<u>\$250,000-\$500,000</u>	<u>Any</u>	<u>&gt;\$500,000</u>	<u>SBOE</u>
<u>SBOE</u>	<u>&gt; \$500,000</u>	<u>&lt; \$250,000</u>	<u>Any</u>	<u>Local Agency</u>
<u>SBOE</u>	<u>&gt; \$500,000</u>	<u>\$250,000-\$500,000</u>	<u>Any</u>	<u>Executive Director</u>
<u>SBOE</u>	<u>&gt; \$500,000</u>	<u>&gt;\$500,000</u>	<u>Any</u>	<u>SBOE</u>

All modifications approved by the Executive Director shall be reported quarterly to the Board.

#### 4. Project Acceptance

Projects under the supervision of the Department of Administration are accepted by the Department on behalf of the Board and the state of Idaho. Projects under the supervision of an institution, school or agency are accepted by the institution, school or agency and the project architect. Projects under the supervision of the University of Idaho are accepted by the University on behalf of the Board of Regents.

#### 5. Statute and Code Compliance

- All projects must be in compliance with Section 504 of the Rehabilitation Act of 1973 and must provide access to all persons. All projects must be in compliance with applicable state and local building and life-safety codes and applicable local land-use regulations as provided in Chapter 41, Title 39, and Section 67-6528, Idaho Code.
- In designing and implementing construction projects, due consideration must be given to energy conservation and long-term maintenance and operation savings versus short-term capital costs.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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**SUBJECT**

Second reading Board Policy V.W. Litigation

**REFERENCE**

August 2008

Board approved first reading

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.I.7.

**BACKGROUND / DISCUSSION**

The proposed policy clearly defines the reporting procedures to the Board for all claims, potential claims, and litigation matters.

The Board approved the first reading at the August Board meeting. The only changes in this second reading is clarifying language in section 3 to indicate monthly reports are attorney-client privileged. No other comments were received.

**IMPACT**

The attached policy will increase the threshold for Chief Executive Officer approval, allow for Executive Director approval up to \$250,000 and increase the threshold requiring Board approval to amounts over \$250,000. This should decrease the number of agenda items submitted to the Board for under \$250,000, allowing for quicker resolution. It also would permit the institution to initiate litigation without prior Board approval up to these thresholds.

**ATTACHMENTS**

Attachment 1 - Governing Policy Section V.W

Page 3

**STAFF COMMENTS AND RECOMMENDATIONS**

The revised policies will assist the Board and Executive Director in maintaining their level of oversight while reducing the number of approvals, and permit the institutions the opportunity to act in a more timely fashion on certain matters.

**BOARD ACTION**

A motion to approve the second reading of Board Policy V.W. – Litigation.

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**Idaho State Board of Education  
GOVERNING POLICIES AND PROCEDURES**

**SECTION: V. FINANCIAL AFFAIRS**

**Subsection: W. Litigation**

**August 2008**

**1. Initiation of Litigation**

- a. An institution, agency, or school under the governance of the Board may initiate a legal action with respect to any matter in which the amount in controversy does not exceed twenty five thousand dollars (\$25,000). With the prior approval of the executive director, an institution, agency, or school under the governance of the Board may initiate a legal action with respect to any matter in which the amount in controversy does not exceed two hundred fifty thousand dollars (\$250,000). Any other proposed legal action may not be instituted without the prior approval and authorization of the Board
- b. Notwithstanding the authority to initiate litigation provided above, any legal action involving the exercise of the right of eminent domain must have the prior approval of the Board.
- c. Pursuant to Idaho Code §33-3804, an institution is permitted to initiate legal action in its own name.

**2. Settlement of Litigation**

The chief executive officer has authority to settle a legal matter involving the payment or receipt of up to one hundred thousand dollars (\$100,000) of institution, agency, or school funds. The executive director may authorize the settlement of a legal matter involving the payment or receipt of up to two hundred fifty thousand dollars (\$250,000) of institution, agency, or school funds. Any settlement of a legal matter that is in excess of two hundred fifty thousand dollars (\$250,000) in institution, agency, or school funds must be approved by the Board prior to any binding settlement commitment.

**3. Litigation Reporting by Institutions**

Legal counsel for the institutions shall provide [attorney-client privileged](#) monthly litigation reports to the members of the Board, with a copy to the Board office (to the attention of the Board's legal counsel). Such reports should include a description of all claims and legal actions filed against the institution since the date of the last report (and identify legal counsel for the parties involved, for conflict analysis purposes); a summary of the current status of all claims and pending litigation; risk analysis pertaining to all such claims and pending litigation; and the settlement of any legal claims or actions since the date of the last report, including settlements of matters handled by the State of Idaho Department of Administration, Division of

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Internal Management Systems, Risk Management Program. With respect to the reporting of a legal settlement, such report shall describe the amount of institution funds that were used, and the amount and source of any other funds that were provided in connection with such settlement, including funds from the Office of Insurance Management or from any other parties. Legal counsel for the institutions should also include in the report any significant incident occurring since the last report that is reasonably expected to give rise to a claim, as well as probable claims or legal actions the institution is aware of which have been threatened but not yet instituted.

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**SUBJECT**

Differential Fees

**REFERENCE**

February 2001

President's Council report on need for differential fees

May 2001

Included in strategic planning discussion

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.R.3.b.

**BACKGROUND / DISCUSSION**

The college and universities request the Board to consider amending policy V.R.3.b. to allow institutions to request Board approval to establish Differential Fees in the future. While most other states do allow for some form of differential fee, Idaho's Board policies do not include a provision that would allow institutions to seek these types of fees. By inserting this definition of differential fees, institutions would be able to request such fees in the future.

Differential fees may be higher or lower than base tuition and fees and apply to all academic programs in a college or school. Higher fees may be charged by a college or school that incurs markedly higher than average expenditures for faculty or equipment and that lead to employment possibilities that are demonstrably worth the higher price. Lower fees may be charged where costs of delivery are consistently and substantially below average for the institution.

Differential fees differ from Board approved professional fees. Professional fees include credentialing and accreditation requirements as well as extraordinary program costs.

**IMPACT**

The proposed policy envisions higher differential fees which would substantially increase the quality of the learning experience for the student and provide a basis for later opportunities that would not be possible without the differential increase. The institution would be required to allow for access to qualified students who cannot afford the differential amount by including a financial aid plan with a minimum percentage of the fees set aside for need-based aid. The aid plan would also include an advising process that enables students to anticipate future cost increases and seek additional aid to cover the fee increase.

The differential fee plan would include a clear justification related to the variance in cost for the college or school compared to the funds that would be provided through base tuition and fees. Evidence should exist that the differential fee plan is comparable to the student cost for similar programs at peer institutions so that

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the institution is not disadvantaged in attracting students. Finally, the plan should show evidence of consultation with affected students both through student representative groups and organized opinion gathering among students.

**STAFF COMMENTS AND RECOMMENDATIONS**

The institutions are requesting direction from the Board whether there is support for a mechanism to request differential fees by the college or universities.

**BOARD ACTION**

A motion to direct staff to bring forward an amendment to Board Policy V.R.3. adding differential fees.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**BOISE STATE UNIVERSITY**

**SUBJECT**

Addendum to 220 Park Center Boulevard property lease

**REFERENCE**

February 2008	Board approval to proceed with lease preparation
April 2008	Board approval to enter into lease with BSU Foundation for the 220 Park Center Boulevard property

**APPLICABLE STATUTE, RULE OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.I.2

**BACKGROUND / DISCUSSION**

In April 2008 the Board approved Boise State University's request to enter into a lease with the Boise State University Foundation, Inc. (Foundation) for an office building located at 220 Park Center Boulevard in Boise, property the Foundation purchased from Supervalu for university use. The University and Foundation executed the lease on August 8, 2008. Since that time, the Foundation, in consultation with the University, has elected to finance the purchase of the property using tax-exempt bond financing.

The cash portion of the purchase price of the property is \$7 million. The Foundation received a multi-year pledge of \$5 million, payable in annual payments of \$1 million. The Foundation has received the first of five pledged payments. On September 2, 2008 the Foundation obtained a short-term (45 days) loan in the amount of \$5,936,882 at a variable rate of 5% to purchase the property. The Foundation will refinance that loan with tax-exempt bond financing bearing an interest rate of 4.86% no later than October 17, 2008. The Foundation expects to receive the next pledge payment in mid-September, and will apply that pledge to the refinancing so that the total bond financing amount does not exceed \$5.2 million.

**IMPACT**

Tax-exempt bond financing creates use restrictions on the property, restrictions the University understands and must comply with in its own tax-exempt bond financed properties. This revision will reduce the University's annual lease payment to the Foundation to a maximum of \$252,720 or \$3.17 per square foot.

**ATTACHMENTS**

Attachment 1 - Addendum to Lease

Page 3

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**STAFF AND COMMENTS AND RECOMMENDATIONS**

Under this revision, the University's annual lease payment to the Foundation would be reduced from approximately \$300,000 to a maximum of \$242,720 or a reduction from \$3.75 to \$3.17 per square foot.

Staff recommends approval.

**BOARD ACTION**

A motion to approve the request by Boise State University to enter into the submitted addendum to the lease with the Boise State University Foundation, Inc. for the building located at 220 Park Center Boulevard in Boise.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

**DRAFT**

9/11/2008 9:53 AM

**ADDENDUM TO  
LAND AND BUILDING LEASE  
BETWEEN THE BOISE STATE UNIVERSITY FOUNDATION, INC. AND  
BOISE STATE UNIVERSITY**

This Addendum to Land and Building Lease ("Addendum") is made and entered into this \_\_\_\_ day of September, 2008 by and between Boise State University, a state institution of higher education, and the Boise State University Foundation, Inc, a non-profit corporation and State Board of Education recognized affiliated foundation of Boise State University.

**RECITALS**

WHEREAS, Boise State University (the "University") and Boise State University Foundation, Inc. (the "Foundation") entered into that certain Land and Building Lease dated the August 8, 2008 (the "Agreement"); and,

WHEREAS, the Agreement provides for the lease of real property by the Foundation to the University; and,

WHEREAS, since the date on which both parties signed the Agreement, the Foundation, through consultation with the University, elected to finance the purchase of the real property with bridge financing and with tax-exempt bond financing; and,

WHEREAS, the tax-exempt bond financing places restrictions on the use of the real property; and,

WHEREAS, the parties believe it to be in the best interest of the University and the Foundation to execute this Addendum to specifically reference the bridge financing and tax-exempt bond financing and to provide that the University will comply with the restrictions on the use of the real property imposed as conditions of the tax-exempt bond financing as further set forth in this Addendum.

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises and covenants above recited and herein contained, the parties hereby agree as follows:

1. Defined Terms. All capitalized terms not otherwise defined in this Addendum shall have the meanings ascribed to them pursuant to the Agreement.

2. Amendment and Restatement of Section A.2 of Agreement. Section A.2 of the Agreement is amended and restated as follows:

The cash portion of the purchase price of the Property is \$7,000,000. The Foundation received a pledge of \$5,000,000 (payable in annual \$1,000,000 payments) towards the purchase price, and the first payment has already been paid to the Foundation. On September 2, 2008, the Foundation obtained short-term financing to purchase the Property pursuant to a loan in the amount of \$5,936,882 with a variable interest rate of 5% for a period of 45 days (the "Short-Term Financing"). The Foundation will refinance the loan with tax-exempt bond financing bearing interest at an annual rate of 4.86% no later than October 17, 2008 (the "Bond Financing"). The Foundation received the next \$1,000,000 pledge payment and will apply it toward the refinancing so that the Bond Financing amount shall be no greater than \$5,200,000.

3. Amendment and Restatement of Section B.1.a of Agreement. Section B.1.a of the Agreement is amended and restated as follows:

The University shall, as rent, pay, all, but only all and no more than: (i) the interest accrued on the Short-Term Financing and the Bond Financing as such sums become due to the Foundation, (ii) any loan fees or other costs, fees and expenses associated with the financing and refinancing of the Foundation's purchase of the Property pursuant to the Short-Term Financing and that portion of the Bond Financing, if any, not included and paid as a cost of the issuance, and (iii) any and all expenses incurred by the Foundation in connection with the Property ("Additional Expenses"), including, without limitation, any insurance costs paid by the Foundation, closing costs associated with the purchase of the Property, and any property tax(es) against the Property assessed, incurred and/or becoming due and payable on or before December 31, 2008, provided that the Foundation will incur no such costs without the prior consent of the University, and such consent will not be unreasonably withheld and shall be provided as timely as possible.

4. Compliance with Restrictions Imposed by Bond Financing. The Foundation and the University acknowledge that the Bond Financing creates use restrictions on the Property. The University agrees to execute any and all certificates and agreements reasonably required by the Foundation, the Bond Financing lender, and/or the Idaho Housing and Finance Association in connection with the Bond Financing, including without limitation a Tax Certificate and Agreement. In addition to any use restrictions set forth in the Agreement, and notwithstanding any other provision of the Agreement, the University and the Foundation agree to take no action or failure to act that will result in a breach of the restrictions set forth in any of the Bond Financing documents executed by the Foundation or the University in connection with the Bond Financing, including, without limitation, the Financing Agreement and any certificates or other agreements executed by the



Foundation and/or the University. Should either the University or the Foundation be found to be in default in connection with the restrictions set forth in this paragraph as a result of the actions or failures of the University, the University shall immediately cure such default upon written notice from the Foundation and/or the Idaho Housing and Finance Association. The University's obligation to indemnify the Foundation pursuant to Section B.7. of the Agreement shall extend to any breach of this paragraph caused as a result of the actions or failures of the University. Reciprocally, the Foundation shall ensure that it will undertake no actions, or failure to act, that will result in a breach of said restrictions and agrees to immediately cure such default and indemnify the University therefrom.

5. Approval of State Board of Education. The University acknowledges that the Agreement and this Addendum have been approved by the State Board of Education.
6. Continued Effectiveness of Terms of Agreement. Except as amended by this Addendum, the terms of the Agreement shall remain in full force and effect.

Signature page follows.

**Boise State University**

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By: Stacy Pearson  
Its: Vice President of Finance and Administration

**The Boise State University Foundation, Inc.**

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By: William Ilett  
Its: Chair

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**SUBJECT**

Capital Project Authorization Request, Lionel Hampton School of Music renovations

**REFERENCE**

June 19, 2008                      Board authorized \$157,500 for the design of renovations for the School of Music Recital Hall

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.K.1 and Section V.K.2

**BACKGROUND / DISCUSSION**

This agenda item seeks to modify an earlier proposed project in order to comply with federal funding limitations.

In 2002, the University initiated a multi-year process for design of the Education and Performance Facility at the Lionel Hampton Center using a series of federal HUD grants awarded from 2001 through 2004. The project was to include music performance spaces, music classrooms, as well as archival and display spaces for jazz memorabilia of the Lionel Hampton Jazz Collection. In 2004, the University placed the project on hold, and later cancelled the project due to a number of factors, including lack of progress in private fundraising required to support the project.

The University reconceptualized project elements and most recently sought to renovate an existing music performance space, the Recital Hall within the Music Building, as well archival space in the Library. The Board granted authorization for these projects at the June 2008 meeting, subject to federal support for realigning the grant funding. The University has since received guidance from HUD, limiting grant expenditures to only the Music Building. The University now seeks to further adjust the project to comply with HUD limitations. The project outlined below has been presented to and endorsed by HUD.

The Lionel Hampton School of Music (LHSOM) Building was originally built in 1951 and has had only minor improvements implemented in the 57 years since. The series of HUD grants available for the project total \$1,590,686 and will fund a limited, phased expansion and renovation/rehabilitation of the existing structure. The University envisions a three-phased approach to renovate and expand the building. Per HUD limitations, construction expenditures are limited to only \$596,586, which will fund a portion of the renovations anticipated within the Recital Hall. The remaining \$994,100 can be used only to cover planning, design, and owner/administrative costs associated with all three phases of the

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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project. The overall project elements and estimated costs are summarized below. Available HUD funding will serve only a portion of these needs; the remaining needs will be targeted for private fundraising.

Phase 1 includes renovation of the existing Recital Hall; Phase 2 will be the construction of a 10,000 square foot building addition; Phase 3 will include the renovation/rehabilitation of the remaining 25,000 square feet of the existing facility.

	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>
A/E Design	190,000	400,000	550,000
Construction	1,528,000	3,050,000	4,375,000
UI Owner/Admin Cost	161,000	50,000	75,000
<b>Total</b>	<b>\$1,879,000</b>	<b>\$3,500,000</b>	<b>\$5,000,000</b>

Further explanation of the work of each phase follows.

The building includes a Recital Hall which seats almost 400 people. It is the site of many community performances and is the main performance space for the Lionel Hampton School of Music students and faculty. As such, the Recital Hall is the teaching laboratory for the LHSOM. During the annual Lionel Hampton International Jazz Festival, the Recital Hall is in use from dawn to dusk. The Hall is used every day throughout the academic year for classes, rehearsals, and performances. There are over 150 full concerts in the Recital Hall each year.

The Hall is located in the middle of the building, above other classroom space, and adjacent to various faculty offices and labs. Due to poor acoustical separation, there is significant sound transmission both into and out of the Recital Hall, negatively impacting recital and concert events, as well as activities in adjacent spaces. The School of Music must carefully schedule activities in the Hall and nearby classrooms, due to the lack of acoustical separation.

The priority needs to be met in this first phase of construction include resolution of the acoustical challenges in the building as well installation of updated seating, handicap seating, new floor coverings, and lighting enhancements.

Later phases of the project will serve to enhance teaching and learning spaces supporting music education at the university, to include construction and renovation of classrooms, production preparation and storage facilities, rehearsal spaces, loading dock, instrument storage, props shop, offices, and storage; technical facilities and equipment including stage equipment, lighting equipment, music equipment, sound system, video system, and communication systems; public areas, box office, food and beverage areas, restrooms, and administrative office areas.

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The University seeks authorization to proceed with design of the overall project as endorsed by HUD, and with the construction of a limited phase 1 element, all within the available HUD funding. The design of the overall project will serve to validate, refine, and improve overall project scope and cost elements, and to generate graphical materials to support further fundraising for the overall project. The University will return to the Board at a later date for authorization of additional project elements as successes in private fundraising will allow.

<b>Milestone</b>	<b>Date</b>
Regents initial authorization for Design for Recital Hall Renovations	June 2008
HUD clarified grant limitations	August 2008
Regents authorization for overall project design and limited construction for Phase 1	October 2008
Complete design for Phase 1	February 2009
Phase 1 Construction (limited to available HUD funding)	Summer/Fall 2009
Later phases of design	2009/2010
Later phases of construction	TBD

The projected timeline for the overall project is unknown and subject to change as the project is better defined through the design process. An updated set of milestones will be reviewed with the Board prior to authorization of subsequent project elements.

The project is fully consistent with the university's Strategic Plan, Long Range Campus Development Plan (LRCDP), and the Campus Infrastructure Master Plan.

## **IMPACT**

<b><u>Funding</u></b>		<b><u>Estimated Budget</u></b>	
State	\$ 0	Construction	\$ 596,586
Federal (Grant):	\$ 1,590,686	A/E & Consultant Fees	\$ 833,100
Other (UI/Bond)	\$ 0	Contingency	\$ 161,000
Total	\$ 1,590,686	Total	\$ 1,590,686

## **ATTACHMENTS**

Attachment 1 – Capital Project Tracking Sheet

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## **STAFF COMMENTS AND RECOMMENDATIONS**

This project will be planned to allow later phases of work in the Recital Hall and elsewhere in the building as additional private funding is acquired. However, if the additional funding is not obtained, the Recital Hall will still be a stand-alone, fully functional facility.

Staff recommends approval.

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**BOARD ACTION**

A motion to approve the request by the University of Idaho to execute all necessary contracts in support of design for the renovations and expansion of the Music Building and for construction of renovations within the Recital Hall, for a total project budget of \$1,590,686.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

**Office of the Idaho State Board of Education**  
**Capital Project Tracking Sheet**  
As of Sep 1, 2008

**History Narrative**

**1 Institution/Agency:** University of Idaho      **Project:** Lionel Hampton School of Music Renovations

**2 Project Description:** Design upgrades and improvements to the Music Building. Construction supports amenity renovations in the Recital Hall, providing acoustical separation, enhanced seating and lighting, as well as improvements to HVAC systems. Design work for later phases of the project will support a 10,000sf expansion of the building, as well as renovation of the remaining original structure.

**3 Project Use:** Improves programmed use of the space, comfort amenities for spectators, and allows nearby classroom spaces to be used simultaneously due to enhanced acoustical separation.

**4 Project Size:** Approx 7,000 sf to be renovated in the Recital Hall. Additional design supports later phases of building renovation (25,000sf) and expansion (10,000sf).

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other	Total Sources	Planning	Use of Funds Const	Other	Total Uses
Initial design phase authorization - Jun2008	\$ -	\$ -	\$ 157,500	\$ 157,500	\$ 157,500	\$ -	\$ -	\$ 157,500
Design/construction Oct 08			\$ 1,433,186	\$ 1,433,186	\$ 675,600	\$ 596,586	\$ 161,000	\$ 1,433,186
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Project Costs</b>	\$ -	\$ -	\$ 1,590,686	\$ 1,590,686	\$ 833,100	\$ 596,586	\$ 161,000	\$ 1,590,686

History of Funding:	PBF	ISBA	Other Sources of Funds				Total Other	Total Funding
			Institutional Funds (Gifts/Grants)	Student Revenue	Other			
Initial Authorization Request - design phase - June 08	\$ -		\$ -		\$ 157,500		\$ 157,500	\$ 157,500
Add'l authorization rqst - Oct 08*	\$ -		\$ -		\$ 1,433,186		\$ 1,433,186	\$ 1,433,186
	\$ -		\$ -			\$ -	\$ -	
						-	-	
						-	-	
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ 1,590,686	\$ 1,590,686	\$ 1,590,686	\$ 1,590,686

\* UI will seek construction authorization from the Regents prior to initiating later phases of work

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**SUBJECT**

Capital Project Authorization Increase Request, Design and Construct Residential Facility, UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho

**REFERENCE**

October 2006	Initial Capital Project Authorization for Planning, Design and Construction Implementation. Regular Board Meeting, October, 2006
June 2008	Included in the Capital Improvement Budget Summary Submitted at the Regular Board Meeting, June, 2008
August 2008	Presented for Additional Project Authorization for Planning, Design and Construction Implementation. Regular Board Meeting, August, 2008

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedure, Section, V.K.1 & V.K.2

**BACKGROUND / DISCUSSION**

This is a request for additional Regents Authorization to design and construct a Residential Facility to be located at the UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho.

This project and request for additional Regents Authorization was presented at the August, 2008 Regular Meeting of the Board of Regents. At that time the Request was held in abeyance, and the Board requested that the University bring the request back before the Board at the October, 2008 Regular Meeting with a justification for the increase and the high cost per square foot.

**Project History:**

In October 2006, the University of Idaho, College of Agricultural and Life Sciences (CALS), requested authorization to plan, design and construct a residential (dormitory) facility at the Nancy M. Cummings Research, Education & Extension Center located on approximately 1,025 acres of real property in Salmon, Idaho. This property was gifted to the University of Idaho with the agreement that the College of Agricultural and Life Sciences would promote research, economic development and educational opportunities for the residents of Lemhi and surrounding counties, and secondarily to the state of Idaho, the nation and the world.

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The Initial Regents Authorization level was set at \$1,500,000 for the project during the October, 2006 Regular Board meeting. It is important to note that this number was based upon budgetary targets; no design work had been completed at that time. In the materials submitted to the Board at that time, the University noted that the overall project cost estimate will be refined and improved as part of this planning process. The University further pledged to report back to the Board of Regents any resulting revisions to the project estimate and seek additional project authorization as may be required.

As the project design progressed, the Design Team consisting of the College of Agricultural and Life Sciences, University of Idaho Facilities and the Design West Architects and their consulting team worked to keep the project in budget. The period from 2006 to 2008 is one in which the construction industry as a whole experienced significant cost escalations in commodities such as metals, concrete, and fossil fuels. Rapidly escalating costs in these areas fueled cost adjustments in materials across the board. Several cost estimates were performed at key design phase milestones. The design team met numerous times to examine scope, perform value engineering exercises and look for methods to keep costs estimates within reason in an environment of rapid escalation.

The project was reported to the Regents in the annual Capital Improvement Budget Summary as submitted at the June, 2008 meeting at a total project cost of \$1,800,000. This figure was based upon the results of the most recent cost estimate, performed in late April, 2008. The Architect also verified this estimate by requesting a review to the Construction documents and the estimate from two, separate General Contractors.

The design phase for the project was completed in June, 2008 and the University publicly opened bids in July of 2008. The university received six competitive bids:

<b><i>Bidder</i></b>	<b><i>Location</i></b>	<b><i>Total Bid (Base + Alternates)</i></b>
Bateman Hall	Idaho Falls	\$1,896,000
W.R.Henderson	Rexburg	\$2,259,980
<b>Commercial General</b>	<b>Idaho Falls</b>	<b>\$1,812,100</b>
Rivers West	Idaho Falls	\$2,200,500
Ovard	Idaho Falls	\$2,134,500
Harris General	Pocatello	\$1,880,000

Based upon the bids received, the total project cost - to include all A/E fees, geotechnical engineering fees, plan check and construction materials testing fees, fixtures and furnishings for a complete and functional facility, and prudent construction and project contingencies, etc. - for the effort is now \$2,213,410.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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The apparent low bid results in a total project cost increase of approximately 23% more than the total project cost based upon the April 2008 design phase milestone estimate as reported in June, 2008, and an increase of approximately 47% over the initial estimates in October, 2006.

Upon receipt of the bids, the design team met to evaluate the bids, and re-evaluate the scope. The College of Agricultural and Life Sciences confirmed that the scope of the project was the correct scope in support of the programmatic goals and requirements for the facility. Further, the fact that six bids were received, and that the bottom three bids were within 4% of each other, indicates that a fair, market value price had been bid for the scope.

As a result of that session, and subsequent sessions on the same topic, the University believes the cost escalation in the Total Project Budget can be best ascribed to:

- The period October 2006 to July 2008 was one in which the construction industry as a whole saw rapid escalation in commodity materials such as concrete, asphaltic-based products and metals – with corresponding costs adjustments in other materials and items – between 10% to 15% per annum. Nearly two years of escalation at those rates, compounded, accounts for 21% to 33% escalation.
- Furnishings beyond Installed Equipment were not originally accounted for within the Project Budget. They are now included – along with an associated design fee for their identification and specification.
- A nominal amount, approximately \$29,000, was added to the administrative fees to cover additional design team services related to achieving LEED Certified status in response to adopted University Policy. Conversations with bidders both before and after the bid lead the University to the conclusion that the aspiration to attain LEED Certified status is cost neutral in terms of the bid, construction costs.
- Design process decisions during the Design Phase related to a level of fit and finish in keeping with the import this facility has within Beef Industry in the State of Idaho and the Pacific Northwest. The facility is to house research and industry representatives from Idaho, Washington, Montana, Wyoming, Utah, etc. The facility needs to have a basic level of quality in accordance with the programmatic mission. The facility is not extravagant by any means of measure, however, the facility as designed and bid is not a bare, exposed structure.
- Conversations with bidders prior to the bid led the University to believe that at least one local, Salmon, Idaho, Contractor would bid the project as a General Contractor. We believed this bidder would have a comparative advantage. In the end, there were no local bidders as General Contractors.
- The remote location. Given no local bidders, the location in Salmon causes an increase in transportation costs.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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- The 23% increase from final, pre-bid estimate in late April of 2008 to June of 2008 matches nearly identically an approximate 21% increase in fuel prices over the same period of time. This sudden and rapid escalation in fuel prices likely contributed to an overall context of uncertainty. Couple that uncertainty with the remote location and it is a very logical conclusion that the pricing likely reflects a higher degree of bid contingency on the part of the General Contractors than might normally be the case. Given that the bottom three bidders fall into a tight range, this appears to be an accurate reflection of the market forces at work.

The College of Agricultural and Life Sciences therefore identified requisite funding to allow the award to proceed.

**Sources of Funding:**

Funding sources are from College of Agricultural and Life Sciences reserves. These reserves have been accumulated during the past four years to address strategic initiatives identified by CALS Leadership, once the decision was made by President White to accept the gift from the Auen Foundation in 2004.

Because the facility costs were more than anticipated, the CALS administration will have to further realign funding sources to address faculty startup packages, deferred maintenance, equipment purchases, and other capital projects.

**Programmatic Goals and Objectives of the Project:**

The Nancy M. Cummings Research Education and Extension Center (NMCREEC) is dedicated to the study and teaching of sustainable, integrated forage-based beef production and associated environmental interactions. University of Idaho faculty and staff affiliated with the Center promote the understanding and practice of meeting both beef production and environmental goals through collaborative research programs, and delivery of resulting educational information to K – 12, undergraduate and graduate students as well as diverse groups in the Salmon River region and the state of Idaho.

Goals of the project include:

1. NMCREEC is a premier Center in the Western United States for the study and teaching of sustainable, integrated, forage-based beef production and associated environmental interactions.
2. NMCREEC is a community-based resource for enhancing education for the Salmon River region, the state, nation and world.
3. NMCREEC is a Center focused on a collaborative relationship between production and environmental goals.

This living/conference facility is instrumental in meeting the infrastructural needs at NMCREEC to meet these programmatic goals. As a component in addition to the land and water resource base of NMCREEC, this structure will facilitate increased educational and diverse activities including Youth/4H/FFA, adult and

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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continuing education, undergraduate internships, graduate research and education, industry-related research and programmatic needs (Idaho Cattle Association, Idaho Beef Council, etc), and cultural/educational/industry needs of the City of Salmon and the Salmon River Valley Region, and associated federal (BLM) agencies.

The project is supported and endorsed by the organizations mentioned above. It is a critical facility in developing the links and synergies between industry, research and educational stakeholders associated with forage-based beef production.

**Summary:**

This request for additional authorization is based upon the bids received and will allow the University to proceed. As the bids received in July, 2008 have now expired, there is the potential that the university will need to rebid the project.

The project includes planning, pre-design, design, bid, award and construction phase activities necessary to construct a new building of approximately 7,430 GSF, complete. The facility as designed features 16 dormitory rooms for faculty, staff, students, administrative personnel and constituent groups, a family sleeping room, a large assembly space for conferences and community outreach events, restrooms, kitchen, laundry and ancillary spaces. The project includes all systems and appurtenances necessary for a complete and functional installation.

The project is fully consistent with the university's strategic plan and its goals related to research, extension and outreach.

**IMPACT**

Immediate fiscal impact of this effort is \$2,213,410. The project fund source is identified capital funds within the College of Agricultural and Life Sciences

<b><u>Funding</u></b>		<b><u>Estimated Budget</u></b>	
State	\$ 0	Construction	\$1,832,100
Federal:	0	A/E Fees	188,450
Other (State & UI)	<u>2,213,410</u>	Contingency & Other	<u>192,860</u>
Total	\$2,213,410	Total	\$2,213,410

**ATTACHMENTS**

Attachment 1 – Capital Project Tracking Sheet

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**STAFF COMMENTS AND RECOMMENDATIONS**

The University estimates the approximate cost increase of \$713,410 can be generally attributed to the following:

Increase in construction materials	\$315,000 - \$495,000
Furnishings beyond Installed Equipment	89,000 - 91,000
LEED Certified status	29,000
Contingency	22,000

The total of \$2,213,410 includes the low bid of \$1,812,100, Architectural and Engineering fees of \$188,450, and contingency of \$192,860.

Although the recent events in the financial markets may have a positive effect on construction costs in the near future, the University believes similar cost reductions may not be realized in singular, on their own, remote projects – especially for projects scheduled for the fall and winter.

As noted by the University, due to the increase in costs the College of Agricultural and Life Sciences will have to reallocate funding sources to address faculty startup packages, deferred maintenance, equipment purchases, and other capital projects.

Staff recommends approval.

**BOARD ACTION**

A motion to approve the request by the University of Idaho to increase the Capital Project Authorization for the Residential Facility, UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho from \$1,500,000 to \$2,213,410 to allow for the full implementation of the construction phase.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

**Office of the Idaho State Board of Education**  
**Capital Project Tracking Sheet**  
As of 6 sep 08, 2008

**History Narrative**

- 1 Institution/Agency:** University of Idaho      **Project:** Residential Facility to be located at the UI Nancy M. Cummings Research, Education & Extension Center, Salmon, Idaho.
- 2 Project Description:** Project includes planning, pre-design, design, bid, award and construction phase activities necessary construct a new building, complete, to house up to 16 dormitory rooms for faculty, staff, students, administrative personnel and constituent groups, a family sleeping room, a large assembly space for conferences and community outreach events, restrooms, kitchen, laundry and ancillary spaces. The project includes all systems and appurtenances necessary for a complete and functional installation.
- 3 Project Use:** The project house faculty, staff, students, administrative personnel and constituent groups while performing research and attending conferences and community outreach events. The project supports research, economic development and educational opportunities for the residents of Lemhi and surrounding counties, and to the state of Idaho.
- 4 Project Size:** 7,430 GSF

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other	Total Sources	Planning	Use of Funds Const	Other**	Total Uses
<b>Initial Cost of Project</b>			\$ 1,500,000	\$ 1,500,000	\$ 150,000	\$ 1,227,000	\$ 123,000	\$ 1,500,000
<b>History of Revisions:</b>								
Additional Authorization Request, Jul 08			\$ 713,410	\$ 713,410	\$ 38,450	\$ 605,100	\$ 69,860	\$ 713,410
Additional Authorization Request, Resubmittal Sep 08			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Project Costs</b>	\$ -	\$ -	\$ 2,213,410	\$ 2,213,410	\$ 188,450	\$ 1,832,100	\$ 192,860	\$ 2,213,410

History of Funding:	PBF	ISBA	* Other Sources of Funds-----				
			Institutional Funds (Gifts/Grants)	Student Revenue	Other	Total Other	Total Funding
Original Authorization, Oct 06			\$ 1,500,000			\$ 1,500,000	\$ 1,500,000
Additional Authorization Request, Jul 08			\$ 713,410			\$ 713,410	\$ 713,410
Additional Authorization Request, Resubmittal Sep 08			\$ -			\$ -	\$ -
<b>Total</b>	\$ -	\$ -	\$ 2,213,410	\$ -	\$ -	\$ 2,213,410	\$ 2,213,410

26 \*\* Project Contingency

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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**UNIVERSITY OF IDAHO**

**SUBJECT**

Informational item to update Board on status of family and graduate student housing and potential development option

**REFERENCE**

June 2001

Strategic Plan Presentation

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.K.1.

**BACKGROUND / DISCUSSION**

University of Idaho Housing provides campus living options for both single graduate students and graduate student families. University housing has the capacity to accommodate 242 graduate student families in four unique communities: South Hill, South Hill Vista, Elmwood, and Graduate Student Residences.

South Hill apartments were built beginning in 1972 and continued through 1985. The buildings were designed to be 25-30 year buildings. Currently, of the 132 apartments available in South Hill only 75 are habitable. The remaining 57 apartments have been closed due to mold, excessive deferred maintenance, or water mitigation issues. Thirty six years after the first building opened, there is a need to address the poor condition of these buildings. The university estimates a total of \$75 million in deferred maintenance needs in the South Hill Complex.

Graduate family housing is generally at full capacity, having to turn students away. The Long Range Campus Development Plan (2000 update added to the 2001 Strategic Plan) dedicates a portion of the space along Sweet Avenue as future housing, academic and parking sites. The envisioned potential project to redevelop South Hill, could include new development in a portion of this space. Any such development would not affect the academic portion of the footprint; there are no immediate plans to build or bond in the academic area.

In studying strategies to redevelop South Hill, departmental leadership has found it to be financially infeasible to internally fund and construct new facilities without adding costs to all residents of housing (beyond South Hill). The university recognizes the need to improve existing housing and create additional housing without issuing additional debt or using central cash reserves due to competing facility demands and limited debt capacity. An alternative is to explore collaboration with a private entity to replace these aging facilities, in a manner such that the collaboration would not affect the university's debt capacity.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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The university plans to explore the potential for a collaborative public-private housing development for graduate student housing. As a first step, the university will issue a request for information and qualifications (RFIQ) to identify the market interest and abilities.

Working with a private housing development entity could allow the university to quickly modernize housing inventory, offer creative approaches to housing dilemmas, and meet student needs without increasing the debt of the University. In addition, new development would provide opportunities to design facilities that better meet occupancy demands and student needs. A public-private development would allow the university to transfer construction risk and obligations to the private developer, while freeing up existing university funds to use for other needs. By addressing South Hill through new construction using funding by an outside investor, University Housing would not have to continue to invest its own monies into clearly failing facilities but invest toward other Housing deferred maintenance projects.

**IMPACT**

The large renovation backlog and high existing debt service has created significant obstacles to renovation and upgrading the existing housing inventory. The university intends to use this RFIQ process to identify the potential for alternative creative solutions to current and future housing needs. This presentation is to provide an overview; any project will be presented separately for Board action as required by Board policy.

**ATTACHMENTS**

Attachment 1 – Campus Map with location	Page 3
Attachment 2 – LRCDP map with location	Page 4

**STAFF COMMENTS AND RECOMMENDATIONS**

The Board has requested other institutions to examine the alternative of collaborating with a private entity to replace aging facilities, in a manner such that the collaboration would not affect the university's debt capacity. Therefore, this strategy is consistent with prior Board direction.

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.



**1**

SHEET NUMBER

SHEET CONTENTS

**VICINITY MAP**

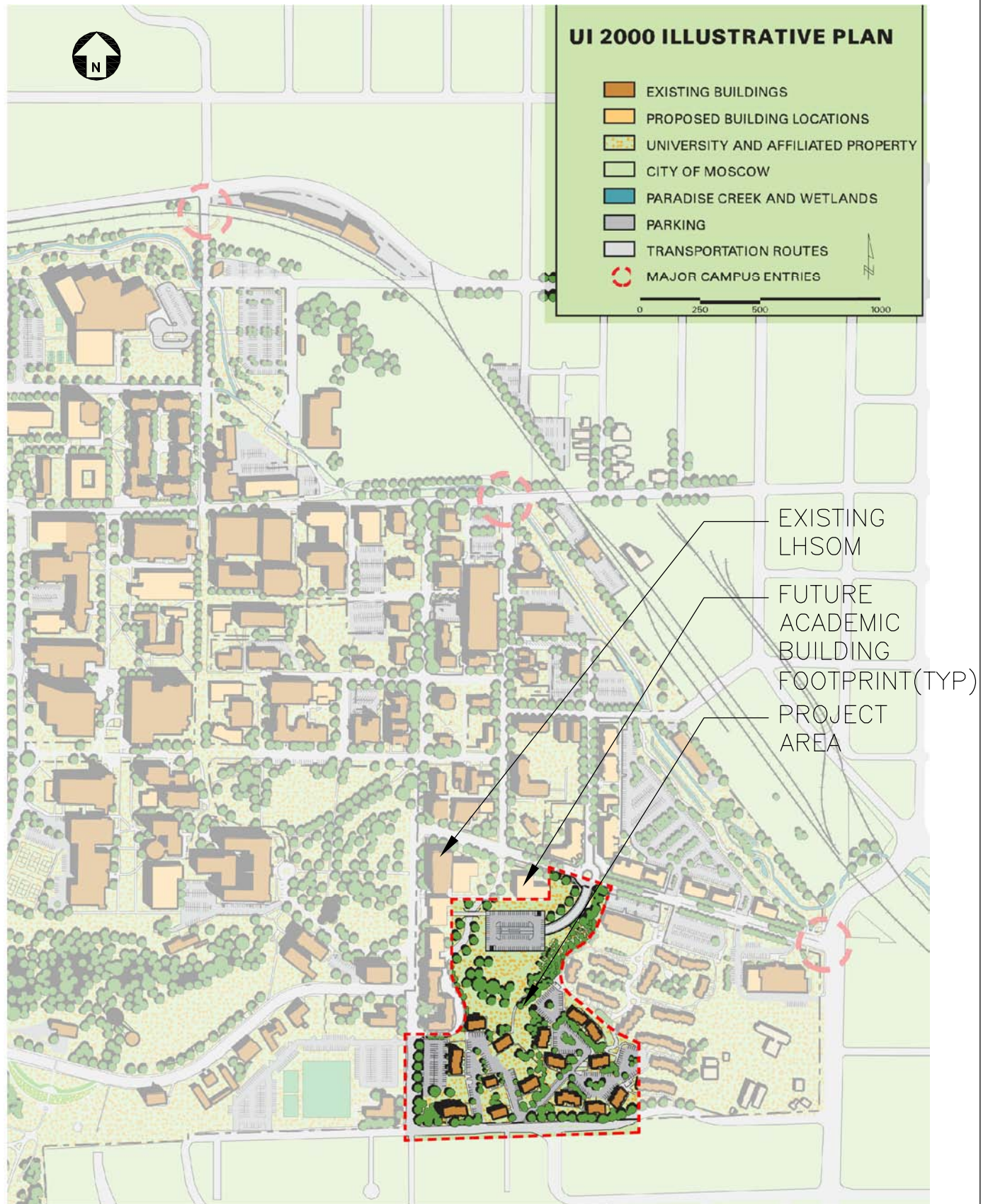
**GRADUATE AND FAMILY HOUSING REDEVELOPMENT**

ISSUE DATE: 08/28/2008	DRAWN BY: BC	CAD FILE NAME: Vicinity Map.dwg
ARCHIVE FILE NO.:	PROJECT MANAGER: RP	
PROJECT NUMBER:	PRINCIPAL ARCHITECT:	

**University of Idaho**

Architectural & Engineering Services

Moscow, Idaho 83844-2281  
(208) 885-7250

**PROJECT LOCATION****GRADUATE AND FAMILY HOUSING REDEVELOPMENT**

ISSUE DATE: 08/28/2008	DRAWN BY: HT	CAD FILE NAME: Vicinity Map.dwg
ARCHIVE FILE NO.:	PROJECT MANAGER: RP	
PROJECT NUMBER:	PRINCIPAL ARCHITECT:	

**University of Idaho**

Architectural &amp; Engineering Services

Moscow, Idaho 83844-2281  
(208) 885-7250

SHEET NUMBER

**2**

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**SUBJECT**

Request for approval of settlement agreement – No. 1

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.I.7.  
Sections 67-2345(d), (e) and (f), Idaho Code.

**BACKGROUND / DISCUSSION**

University of Idaho requests approval of the settlement agreement consistent with the terms discussed in executive session.

**IMPACT**

Approval of the settlement will bring finality to this matter.

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff has no comment on this item.

**BOARD ACTION**

A motion to approve the settlement and to authorize the Vice President of Finance of the University of Idaho to sign all necessary settlement documents.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**SUBJECT**

Request for approval of settlement agreement – No. 2

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.I.7.  
Sections 67-2345(d), (e) and (f), Idaho Code.

**BACKGROUND / DISCUSSION**

University of Idaho requests approval of the settlement agreement consistent with the terms discussed in executive session.

**IMPACT**

Approval of the settlement will bring finality to this matter.

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff has no comment on this item.

**BOARD ACTION**

A motion to approve the settlement and to authorize the Vice President of Finance of the University of Idaho to sign all necessary settlement documents.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**SUBJECT**

Request for approval of settlement agreement – No. 3

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.I.7.  
Sections 67-2345(d), (e) and (f), Idaho Code.

**BACKGROUND / DISCUSSION**

University of Idaho requests approval of the settlement agreement consistent with the terms discussed in executive session.

**IMPACT**

Approval of the settlement will bring finality to this matter.

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff has no comment on this item.

**BOARD ACTION**

A motion to approve the settlement and to authorize the Vice President of Finance of the University of Idaho to sign all necessary settlement documents.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**UNIVERSITY OF IDAHO**

**SUBJECT**

Approval for collection action

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.I.7.  
Idaho Code Section 67-2345(d), (e) and (f).

**BACKGROUND / DISCUSSION**

Pursuant to Idaho Code Section 67-2345(f), this item will be discussed in executive session.

**IMPACT**

After considering probable litigation in executive session and materials submitted to the Board by counsel, if the Board wishes, it can grant authority to the University to commence litigation. The complaint, upon filing by the University will become a public document.

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff has no comment on this item.

**BOARD ACTION**

A motion to approve filing of the complaint discussed in executive session and authorize the General Counsel of the University of Idaho to sign the complaint and all other documents necessary for filing the complaint.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**BUSINESS AFFAIRS AND HUMAN RESOURCES  
OCTOBER 9-10, 2008**

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**LEWIS-CLARK STATE COLLEGE**

**SUBJECT**

Privately-owned residence facility (Clearwater Hall) purchase

**REFERENCE**

October 2004	LCSC informed Board of shortage of residence hall space for Lewiston campus.
December 2004	Board asked for needs analysis and competitive RFP.
January 2005	Board asked LCSC to explore possibility of private enterprise building new residence halls, and/or advantages of self-financing without a lease.
March 2005	Board approved sale of tax-exempt bonds to fund the construction of a residence hall; however, at Board request, LCSC promised to postpone action until private firms had time to develop proposals.
October 2005	After LCSC was contacted by two firms (each proposing to fund and build a residence hall), the Board approved the sale of lots to provide land for private development of (College Place) residence hall.
June 2006	Board approved management agreement for the first of two privately-developed residence halls (College Place) located adjacent to Campus on 4 <sup>th</sup> St.
November 2006	Board approved management agreement for the second of two-privately developed residence halls (Clearwater Hall) located in downtown Lewiston.
April 2008	Board authorized LCSC to make offer to purchase residential portion of Clearwater Hall.

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Sections V.I.1. through V.I.2.

**BACKGROUND / DISCUSSION**

The builders and current owners [College Town Development Idaho (CTDI)] of Clearwater Hall (the new residence facility which opened for operations in August 2006) on Main Street in downtown Lewiston, have asked LCSC to purchase the residential portion of the property. The investors in this private development project incurred operating losses as a result of not having been able to lease the commercial space on the street level of the facility and lower-than-expected revenues for the residential portion of the facility.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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CTDI's investors assumed that commercial space on the ground floor of the building would be leased out almost continuously, generating revenues of over \$120,000 per year, and that the 117 bed spaces in the residence hall portion of the building would be full 12 months each year. In the two years since the building opened, no tenants have been placed in the commercial space, and occupancy rate in the upstairs residential units averaged less than 80% over the Fall and Spring semesters. These lower-than-expected occupancy rates were due to a combination of factors including:

- 1) Problems with missing or non-functioning equipment/services when the facility opened for its first year of operation, and;
- 2) The simultaneous addition of two new residence halls (College Place and Clearwater Hall) which created temporary overcapacity (an instantaneous increase of approximately 200 beds). [This temporary housing glut was unanticipated—the College had experienced significant housing shortages in the 3-year period prior to the opening of the two new privately-developed halls—a period in which dozens of spillover students were housed each year under contract at the local Red Lion hotel.]

LCSC's current management agreement with the owners has limited the College's exposure to financial risk for facility operations. LCSC foregoes a small management fee when occupancy rates drop below 85%, while the owners bear the financial risk in the event commercial space and residential space revenues are lower than anticipated. Because of near-term cash flow problems and difficulties securing long-term financing, the investors are seeking to sell the property.

In January 2008, after the owners urged LCSC to purchase the facility, the College analyzed the potential costs and benefits of assuming direct ownership of the residential space. LCSC suggested that, based on an analysis of the value of the property based on revenues/costs that the College would incur, a ballpark figure of between \$3.8M and \$3.9M would be the likely maximum amount that institution and its Board of Trustees would likely be able to offer (significantly less than the \$5.2M the owners' believed the College could and should pay for the facility. After additional discussion/analysis, the owners agreed to consider LCSC taking a \$3.8M to \$3.9M proposal to the State Board.

On April 17, 2008, the State Board authorized LCSC to make an offer of \$3.8M—or the appraised value of the property (an appraisal was still underway at the time of the April Board meeting)—whichever was lower.

LCSC's appraisal for the property, received in mid-July 2008, estimated that the "as is" commercial value of the property to another potential investor was \$2.8M (a weighted average of a \$2.48M "income approach" value, a \$2.925M "sales comparison approach" value, and a \$3.745M "cost approach" value).

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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In accordance with the Board's guidance in its April 2008 decision, LCSC subsequently offered (Atch 2) CTDI \$2.8M for the residential portion of the facility. CTDI rejected LCSC's offer, and argued that the College's appraisal of the property reflected the value another outside business would be willing to pay for the facility to take CTDI's place and work with LCSC under the current arrangements and past demand rates—rather than the expected value to LCSC if it were to become the owner/operator. The owners maintained that a \$3.8M price would be a bargain in light of the costs the State would incur to obtain a new facility. CTDI stressed that it had invested over \$6.2M in the property. The Nez-Perce County Assessor (in April 2008) placed a \$3.8M value on the residential portion of the property. In conjunction with its rejection (see Atch 3) of LCSC's offer, the owner's provided a copy of their investment bank's independent appraisal of the property (Key Bank appraisal excerpts at Atch 4)—which they maintained supported a value to LCSC of over \$3.5M, plus \$300K value added in light of LCSC's future occupancy growth, for a total counter offer of \$3.8M. The owners contend that the value of the residential portion of the building if LCSC were to assume direct ownership (rather than manage on behalf of some other investor group which would assume CTDI's limitations under the current management agreement) is \$5.3M.

**Structural Assessment:** LCSC engaged a structural engineer to examine the condition of the premises. Two significant areas requiring prompt attention were noted: installation of missing grout in bearing plates supporting some of the steel columns for the structure to increase seismic resistance, and repairing ("tuckpointing") some of the mortar on the bricks for some of the original masonry on the older section of the building. LCSC's portion of the associated repair costs are estimated to be \$100K or less.

**Financing:** The College has worked closely with financial advisors to analyze possible financing options for the purchase, if it were to be acceptable to the Board. The College's offer assumes an amortization period of 27 years, based on financing via a 4.9% secured note, with a balloon payment after 15 years. Potential revenues are projected at an 80% average annual occupancy rate during the regular academic year over the life of the investment, with only token revenue projected for summer months. LCSC's offer price would include purchase of all furniture (new condition) already in place in the facility.

LCSC's proposed \$3.7M counter-offer would represent fair value for the facility and its fixtures and furniture, providing funding to make minor repairs or upgrades to the facility, as needed.

**IMPACT**

During the period of the owners' financial difficulties, and despite high turnover of personnel at CTDI, the College has been able to sustain normal operations at Clearwater Hall. As of the time of writing, Clearwater Hall is full, and there is a waiting list for residence hall spaces with students temporarily housed in make-

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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shift dorm quarters (occupancy rates have increased over 19% compared to Fall 2007). If a suitable purchase arrangement cannot be worked out, LCSC students now living in (or programmed to backfill future openings in) Clearwater Hall may have to be relocated for the 2008-2009 school year, or, if foreclosure were to occur, operations at the facility might have to be negotiated out with the owners' bankers. Timely closure on a purchase would minimize disruptions to students and would channel revenue streams immediately to LCSC.

The Board strongly encouraged the private-public partnership approach as a method of quickly and inexpensively expanding residence space at LCSC. A good faith effort to sustain this existing residence hall would help support LCSC's students and the College's relations with other partners and the local community. If the purchase is authorized by the Board, the College will maintain its current approval rights over the type of tenant businesses that would be eligible to lease the downstairs commercial space in close proximity to student residents.

If the Board approves LCSC's request to make a counter-offer of \$3.7M for the facility, and if that offer were to be accepted by the owners, the College will proceed immediately to secure financing to lock in favorable interest rates, under the approach outlined above. The College assesses that a purchase of the facility lies within the financial means of the institution and, under conservative assumptions, the business model would result in positive net cash flows to the College within approximately 10 years. Ownership of the facility would enable LCSC to improve services for its growing population of student residents, decommission decrepit residence facilities, and improve utilization rates and quality factors for the College's residential program as a whole.

**ATTACHMENTS**

Attachment 1 – AGNW ("Sprute") Appraisal (excerpt)	Page 7
Attachment 2 – LCSC letter proposing \$2.8M purchase price	Page 47
Attachment 3 – CTDI rejection and \$3.8M counter offer	Page 49
Attachment 4 – Key Bank ("Lembeck") Appraisal (excerpt)	Page 55

**STAFF COMMENTS AND RECOMMENDATIONS**

As noted in the April staff comments, the construction costs for the building, which was opened in August 2006, amounted to \$6.2M. While the institution is not purchasing a new building, they believe the building has not depreciated very much in 2 years. The value of the building based on the construction costs and 75% of the building would be \$4.65M compared to the appraised value of \$2.8M. CTDI is still the owners and managers. The current estimated occupancy rate is about 100%. The prior year's occupancy rate was below 80% in part as a result of over-capacity getting ahead of actual growth. Even though occupancy is estimated about 100%, CTDI still wants to remove themselves from the financial risk. Clearwater Hall is at 100% capacity and there is a waiting list for residence hall spaces. Should the property be foreclosed or sold to another party, the



**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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financial risks need to be assessed on either LCSC losing the residence hall spaces or negotiating with the bank or new owner.

**BOARD ACTION**

A motion to approve the request by Lewis-Clark State College to purchase the residential portion of Clearwater Hall from College Town Development Idaho, for \$3.7M, to pursue the financing as presented by University, and to authorize the Vice President for Finance and Administration of the University to execute the documents.

Motion by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_ No \_\_\_

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# Appraisal Group NorthWest

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Real Estate Appraisers & Consultants

## *COMPLETE APPRAISAL-SUMMARY REPORT*

### *CLEARWATER APARTMENTS*

*402-418 Main Street*

*Lewiston, Idaho*

*As of April 8, 2008*

Prepared For

**LEWIS-CLARK STATE COLLEGE**

Prepared By

**MICHAEL J. SPRUTE, MAI**

**Appraisal Group NorthWest**Real Estate Appraisers & Consultants

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June 6, 2008

Kent Kinyon  
Controller  
Lewis-Clark State College  
500 8<sup>th</sup> Avenue, Controller's Office  
Lewiston, ID 83501

RE: **Complete Appraisal-Summary Report**  
Clearwater Apartments  
402-418 Main Street  
Lewiston, Idaho

Dear Mr. Kinyon:

*At your request, I have analyzed the real property referenced above to estimate the market value of the Fee Simple Interest as it appeared on April 15, 2008, the date of inspection. This appraisal is described in detail in the attached Complete Summary report that consists of 44 pages and Addenda.*

*This appraisal report has been prepared in accordance with the Standards of Professional Practice and Code of Ethics of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and my interpretation of the current reporting requirements of federally regulated lending institutions. No required approach was omitted and the analysis developed for each is adequate.*

*On April 8, 2008, and at other times since, I personally inspected the subject property and investigated the market for this type of property and other pertinent facts affecting value. The subject property is a two and three story, ±34,314sf, 32-suite student housing facility with 117 bedrooms above a main floor of commercial space on a ±19,500sf useable site in downtown Lewiston. I have also talked with well-informed brokers, other appraisers, assessors and other property owners in the community for the purpose of forming an opinion of value.*

*I have prepared an opinion of the market value as of the date of inspection. Based on my examination and study of the property and the market, and subject to the assumptions and limiting conditions contained in this report, the estimated market value of the Fee Simple Interest in the subject property is \$2,800,000, "AS IS" with \$2,600,000 attributed to the real property and \$200,000 for the furniture, fixtures and equipment.*

Respectfully,



Michael J. Sprute, MAI  
Idaho State Certified General Appraiser  
Cert. No. CGA-163

# CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

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**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**SUBJECT PHOTOS****View Southeast of the older west half from Main Street****View southeast of new 4-Story building from Main Street**



**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**SUBJECT PHOTOS****View southwest from 5<sup>th</sup> Street and Main Street****View westerly from across 5<sup>th</sup> Street**

**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**SUBJECT PHOTOS**

View northerly from the 5<sup>th</sup> Street hill.



View north of the new building from the top of the steep hill to the south.



**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**SUBJECT PHOTOS**

**View northerly of the older building from the steep hill to the south.**



**View west along Main Street from east of 5<sup>th</sup>.**

**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**SUBJECT PHOTOS****Typical bathroom****Shower/toilet area****Typical shower**

**CLEARWATER APARTMENTS**

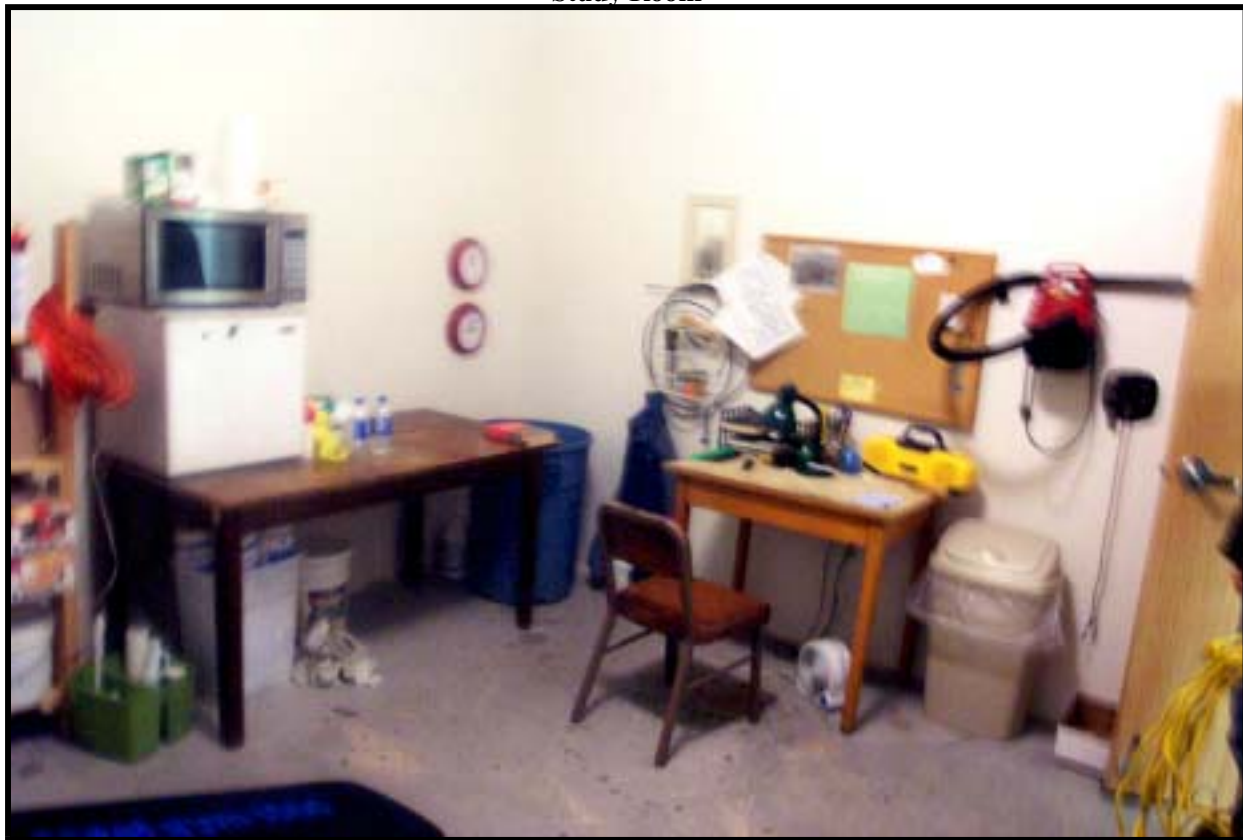
COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**SUBJECT PHOTOS****Common area in central core by the elevator.****Laundry room.**



**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**SUBJECTPHOTOS****Study Room****Maintenance Room**

**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

The following Complete Appraisal, Summary Report is intended to comply with the reporting requirements as set forth under standards rule 2-2(b) of the Uniform Standards for Professional Appraisal Practice (USPAP). It contains an adequate discussion of the data, reasoning, and analyses that were used to develop the opinion of value. It also includes an adequate description of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of highest and best use. All data, reasoning, and analyses used to arrive at an opinion of value are contained in this report. The depth of discussion is sufficient for the need of the client, and for the intended use as stated herein.

This report is prepared for the sole use and benefit of the client and is based, in part, upon documents, writing, and information owned and possessed by the client. Neither this report, nor any of the information contained herein shall be used or relied upon for any purpose by any person or entity other than the client. The appraiser is not responsible for the unauthorized use of this report.

CLIENT:	Lewis-Clark State College Kent Kinyon, Controller
PROPERTY APPRAISED:	Clearwater Apartments, 117 cluster style bedrooms in 32 suites above a main floor retail space not included.
PROPERTY LOCATION:	402 & 410 Main Street, Lewiston, Idaho
PURPOSE OF THE APPRAISAL:	Estimate Market Value AS IS.
INTENDED USE OF THE APPRAISAL:	Purchase & Mortgage Loan Considerations.
PROPERTY RIGHTS APPRAISED:	Fee Simple Interest
IMPORTANT DATES:	
Date of Inspection:	April 8, 2008
Date of Report:	June 24, 2008
SITE DESCRIPTION:	
Size:	±39,100sf gross with ±19,500sf useable.
Access:	Good frontage on Main Street and 5 <sup>th</sup> Street.
Topography:	Nearly level for the building site to a very steep hillside.
Zoning:	Commercial in Lewiston.
IMPROVEMENT DESCRIPTION:	
Type & Construction:	Average to good quality, wood and steel frame with concrete, brick and dryvit exterior.
Size:	34,314sf gross on two and three floors. 117 bedrooms, 32 suites.
Year Built:	West half built in 1910 and remodeled in 2006. East half is new in 2006.
Quality & Condition:	Average to good quality and condition.
HIGHEST and BEST USE:	College apartments as developed.

## CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

## SUMMARY OF CONCLUSIONS

## LAND VALUE:

Size	32 UNITS
Rate/Unit	\$10,000
Indicated Value, Rounded	\$320,000

## COST APPROACH

Total Cost New $\pm 34,314\text{sf}$ @ \$143.20	\$4,913,940
Depreciation from all Causes	1,474,180
Depreciated Cost	\$3,439,760
Land Value	\$320,000
Total Indicated Value, Rounded	\$3,745,000

## INCOME APPROACH:

Total Effective Gross Income	\$402,358
Expenses	\$201,001
Net Operating Income	\$413,712
Overall Capitalization Rate	7.50
Indicated Value	\$2,551,513
Less Adjustments	\$70,000
<b>Income Approach Conclusion, Rounded</b>	<b>\$2,480,000</b>

## SALES COMPARISON APPROACH:

Price/Unit: \$85,000 x 32	\$2,720,000
Price/sf: \$80.00 x 34,314	\$2,745,000
Price/Bedroom: \$25,000 x 117	\$2,925,000
Effective Gross Income Multiplier:	
8.25 x \$402,358	\$3,320,000
<b>Sales Comparison Approach Conclusion, Rounded</b>	<b>\$2,925,000</b>

“AS IS” VALUE CONCLUSION **\$2,800,000**

EXPOSURE PERIOD ESTIMATE:

MARKETING PERIOD ESTIMATE:

## Critical Issues &amp; Important Considerations

The subject property is the second through fourth floors of a three and four story facility built in 2006 with about 13,350sf of lobby and retail on the main floor. There has not been a condominium declaration or documents prepared for transferring the ownership of these upper floors. This appraisal assumes that the final condo documents will include the basic areas outlined in this report with common area access to the main floor lobby/elevator/stairwell area. There are no atypical appraisal problems, except that this type of facility rarely sells. This appraisal assumes that there is no significant hazardous contamination and the opinions of value are predicated on a “clean” site.

## Delineation of Title

In 2004-05, Clearwater Historic Development, LLC acquired 402 Main, a three-story brick building know as the Adams Building and 410 Main, a vacant parcel that had been developed with a three story

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**CLEARWATER APARTMENTS**

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COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

building that was destroyed by fire. Clearwater designed, remodeled and built the existing buildings in 2006. On April 26, 2006, the subject parcels were transferred to College Town Development Idaho, LLC by Quit Claim Deed.

**Purpose and Intended Use**

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property "As Is" on April 8, 2008. The function and intended use of this appraisal is to provide the client with value estimates as a basis for purchase and collateral loan purposes.

Real property includes the interest, benefits and rights inherent in the ownership of physical real estate, subject to the four powers of government; that is, taxation, eminent domain, police power and escheat. A fee simple estate is an estate without limitations or restrictions. A leased fee estate is a property held in fee with the right of use and occupancy conveyed by lease to others.

**Scope of the Analysis**

To estimate the market value of the fee simple interest in the subject parcels, I have investigated the market in which the subject is situated and attempted to identify and analyze all relevant data that may affect or indicate property value. These data include economic and demographic trends, comparable sales data, absorption rates, rental information including vacancy and expenses, and significant rates and ratios relating to value. In my research, I interviewed sellers, purchasers, brokers and other individuals familiar with value, sales and trends in the market.

In developing this appraisal, I have attempted to be aware of, understand, and correctly employ the recognized methods and techniques necessary to produce a credible appraisal. Each appraisal generally includes the Cost Approach, Sales Comparison Approach and Income Approach to Value. This is a complete summary appraisal that includes a sufficient analysis of the Cost, Sales and Income approaches.

I performed a physical inspection of the subject property, including the site and exterior and interior of the improvements. The local and regional market was surveyed and researched for data and factors that relate to and impact the value of the subject property. The local and regional market was investigated and researched for similar comparable sales and rental data so that an estimate of value by the Sales Comparison and Income Approaches could be made. When possible, sales data were verified by the buyer, seller, or broker. A rental survey was also made to identify both market rent levels and vacancies for the Income Approach. In my opinion, the complete appraisal process per USPAP requirements was performed.

For the purpose of this assignment, I have considered the Cost, Income and Sales Comparison Approaches to Value. I have gathered data from the Cities of Lewiston and Clarkston, Nez Perce County, State of Idaho, various brokers and sales people, as well as buyers and sellers in the county in order to compile sufficient information from which to form an opinion of value on the subject property.

**Definition of Value**

**Market Value** is defined as: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to

**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and both acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars and in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

**Conformity with the USPAP and Competency Provision**

This appraisal has been developed to conform to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation, and with the Standards of Professional Practice and Code of Ethics of the Appraisal Institute. I have not departed from the USPAP. The appraisal is reported in a summary format. In my opinion, all significant information necessary to reach a reasonable value conclusion has been disclosed in the report.

I am familiar with the appraisal of this type of property and with the locale in which the subject is located. I believe I have sufficient education and experience to appraise the subject property. I have not appraised any similar apartment style cluster housing, however, I have appraised college apartments over the last eight to ten years. I have researched the market for sales and consulted other knowledgeable appraisers regarding the appraisal of similar facilities. Consequently, I found no need to take special measures to conform to the competency provision of the USPAP.

No information that was required or considered necessary for the completion of the appraisal is unavailable. Adequate information was gathered from which to form an opinion of value. However, if in the future additional pertinent information becomes available, I reserve the right to consider the information and its impact on the value estimated herein. Such review and consideration may be at an additional fee.

**Reasonable Exposure/Marketing Period**

The exposure period is the length of time the subject property would have been offered for sale prior to the date of the appraisal at a price that would have resulted in a sale at the estimated value on the date of the appraisal. The marketing period is the time required for the sale of the subject property as of the date of value, recognizing its characteristics and the market conditions. The subject property is of a size and quality that would be attractive to many investors. It is located in an attractive downtown area with good exposure and access. Most of the sales used in the Sales Comparison Approach were of comparable properties with an exposure /marketing time of generally less than one year.

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<sup>1</sup> Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42, Definitions (f).



**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

The subject parcels are located in the central downtown area of the city of Lewiston in the Lewis-Clark Valley, which is bisected by the Washington and Idaho borders formed by the Snake River. The “sister-cities” of Lewiston and Clarkston are located on opposite sides of the Snake River, at its confluence with the Clearwater River in a deep valley formed by these two rivers. Lewiston and Clarkston are located approximately 335 miles southeast of Seattle, 350 miles east of Portland, 211 miles southwest of Missoula, 271 miles northwest of Boise, and 114 miles south of Spokane. Lewiston is the county seat of Nez Perce County. Clarkston is located in Asotin County, and the city of Asotin is the county seat.

The Lewis Clark valley, including Nez Perce County, ID and Asotin County, WA, has a combined population of near 60,000 people. Nearly 90% of the area’s population lives within the city limits of the two primary urban areas. The valley population has grown only about 1.5% over the last five years while the State of Idaho has grown 10.5%. There has been little in-migration and expansion of the employment base. However, unemployment remains fairly low with an average unemployment of less than 4%.

Lewiston and the Moscow/Pullman area, located about 30 miles to the north, are rivals for regional shopping in North Central Idaho, Southeastern Washington, and the Northeastern Oregon area. Lewiston has long been the dominant supply and financial center of the region, however, in recent years, Moscow/Pullman has proven serious competition with two shopping malls. A new shopping center, including a Payless Drug Store and a Safeway grocery store, was completed a few years ago in Pullman. Both communities have added Wal-Marts with the Lewiston-Clarkston Valley now having the only Costco. Moscow and Pullman are the locations of the University of Idaho and Washington State University, respectively.

The most important economic base to the Lewiston-Clarkston area in addition to the Potlatch Corporation is the most easterly extension of the Columbia-Snake Inland Waterway. With the completion of the Lower Granite Dam in 1975, slack water navigation reached the area continuing to expand the economy and creating several ports. The main products being shipped downstream are logs and grain from the Ports of Clarkston, Wilma and Lewiston. Chips are being shipped to U.S. Ports of the West Coast, while logs are being shipped as far as the Orient. Finished paper products from the Potlatch Corporation are also being shipped from Lewiston to ports all over the world.

The major employer in the area is Potlatch Corporation with  $\pm 2,100$  employees and a pulp and paper mill located east of the Lewiston city limits. Potlatch continues to operate two plywood mills at two other North Idaho locations. It has shut down several sawmills in other communities in recent years; however, their pulp and paper mill remains profitable and is the dominant industry in the area. Regence-Blue Shield of Idaho employs  $\pm 1,000$  in the region and ATK (formerly Blount/Omark), employs  $\pm 680$  and constructed a new plant in the Lewiston Orchards providing 40 new jobs. Bennett Lumber Products (sawmill) is the largest employer in Clarkston. St. Joseph Medical Center with  $\pm 808$  employees, Lewiston School District with  $\pm 710$ , Lewis-Clark State College with 720 and Clarkston School District with 350 employees are other large employers in the area.

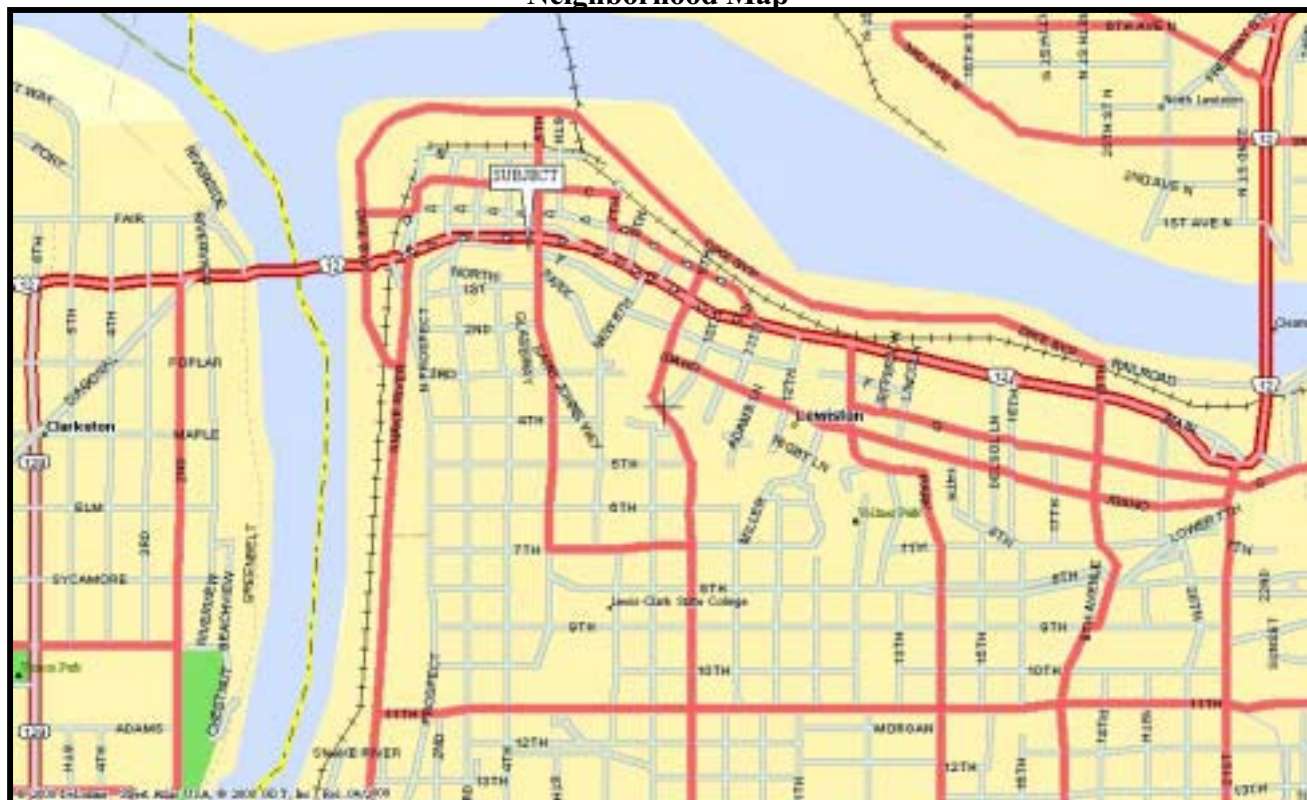
Recent additions to the retail market include Wal-Mart and Costco who each developed 155,000 square foot outlets respectively in Lewiston and Clarkston. Other relatively recent projects have included a Big 5 Sporting Goods, Home Depot, Staples, and Petco. Several banks, small retail centers and restaurants as well as a new Safeway have opened in recent years. Though the new stores have created hundreds of jobs, many of them were simply transfers from the smaller retail outlets no longer able to

**CLEARWATER APARTMENTS**

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compete with these giants. The demand for older/smaller commercial properties is less than the current supply, and a high vacancy rate, particularly among older buildings in secondary locations is occurring.

The local economy is expected to be stable, with a slow growth pattern fueled by normal population increases. The outlook for most secondary and older real estate is for limited demand in the short term and a stable pattern over the long term. Until the demand for goods and services increases to a level that will support the occupancy of the available space, the vacancy rates will remain relatively high and real estate sales and leases will continue at a sluggish pace.

**NEIGHBORHOOD DESCRIPTION****Neighborhood Map**

## CLEARWATER APARTMENTS

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MSN Aerial looking South.

The subject properties are located at the southwesterly corner of Main Street and 5<sup>th</sup> Street near the core of the downtown area. The “central business district” is that area south of the Clearwater River from roughly a few blocks west of the Highway 12 bridge on the east to the Snake River on the west. This is a ±three to five block wide area running along the north side of a steep bluff upon which the remainder of Lewiston is constructed.

The neighborhood is generally one to three story commercial facilities including general office, banks, general retail and some entertainment businesses such as lounges and restaurants. The original commercial improvements were built in the early 1900’s with some construction in the 1970’s and 1980’s. There has been little new construction over the past ±20 years, although there has been some major remodeling projects.

Main Street is a one-way, two lane arterial through the westerly ±10 blocks of the downtown area, coupled with D Street, one block north. Across 5<sup>th</sup> Street to the east of the subject is a two-story, multi-tenant, mixed use retail and office complex with street level entries on both levels from Main and F Streets. In the block to the east is mostly two story buildings with mostly retail uses on the main floor and office uses above. Across Main Street from the subject property is an older, two-story brick building housing some Lewis-Clark State College outreach facilities. Further west are one and two story retail and office buildings including some lounges and restaurants.

Because of the steep bluff south of the downtown area, north/south access to and through the area is limited to just a few streets including 5<sup>th</sup> Street, 8<sup>th</sup> and 14<sup>th</sup>. The downtown streets are mostly two lane, with traffic lights at major intersections. East/west access is via D and Main Streets and a



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Dyke Bypass route along the Clearwater River. The majority of the rest of the streets in the neighborhood are paved, two lane city streets with curbs and sidewalks. All utilities are available throughout the neighborhood. Electricity, natural gas and telephone service are provided by private companies. Municipal water and sewer is available from the City of Lewiston.

The subject remodel and new construction is one of a very few new projects in the downtown area over the past ten years. The downtown area is mostly older buildings with generally smaller retail users and office tenants. Most new retail and restaurant construction has been along 21<sup>st</sup> Street and Thain Road in southeast Lewiston. Recent construction has included a large Wal-Mart, Home Depot and similar facilities.

The downtown area remains a stable identifiable commercial district with a good mix of commercial, retail, office and service businesses. It is the location of the County Courthouse complex, City offices and police department. The general outlook is continued stability, but with slow to moderate growth. There is a substantial amount of vacant storefronts in the downtown area, some of which have been vacant for a few years. There has been little demand for space by new retail tenants because the new growth and development has been along 21<sup>st</sup>, Thain Road and other suburban arterials. The downtown has been in a slow decline for decades with some changes to a lower intensity use for many buildings. The population growth is projected at less than 1% per year, and it could be a few years before the present supply of commercial buildings in the downtown Lewiston area is absorbed.

**PROPERTY DESCRIPTION**

## CLEARWATER APARTMENTS

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Weisgerber Building; thence Southerly along the East line of said Lot 1 in said Block 29 to the PLACE OF BEGINNING, said strip of land begins formerly a part of 5th Street in said City of Lewiston.

AND

A part of Lot 2, Block 29, according to the official survey and plat of the CITY OF LEWISTON, in said County and State and more particularly described and bounded as follows, to-wit:

Commencing at the Northeast corner of Lot 3 of said Block 29; running thence Easterly along the South line of E Street a distance of 68 feet; thence Southerly at right angles to said E Street to the South line of said Lot 2; thence Westerly along the South line of Lot 2 to the Southeast corner of Lot 3; thence Northerly along the East line of said Lot 3 to the POINT OF BEGINNING.

AND ALSO:

A part of Lot 3 of said Block 29, according to the official survey and plat of the CITY OF LEWISTON, in said County and State and more particularly described and bounded as follows, to-wit:

Commencing at the Northwest corner of Lot 2 in said Block 29; running thence Westerly along the South line of E Street a distance of 22 feet; thence Southerly at right angles to E Street a distance of 165 feet to the South line of said Lot 3; thence Easterly along the South line of said Lot 3 to the Southwest corner of said Lot 2; thence Northerly along the West line of said Lot 2 to the POINT OF BEGINNING.

## CLEARWATER APARTMENTS

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**Size and Topography:** The subject site is an irregular parcel with  $\pm 198$ ft on Main Street and a maximum depth of  $\pm 260$ ft on 5<sup>th</sup> Street with a minimum width of  $\pm 155.02$ ft on the west. The total site area is  $\pm 39,100$ sf, according to my measurements of the above plat map. The useable area is  $\pm 19,500$ sf because of the steep hillside in the south half of the site. No soil survey was taken, but the site appears to be of a sandy clay loam with some rock outcroppings typical of the Lewiston area with no major construction problems evident in the surrounding, older buildings. The property does not appear to be within a Federally Identified Flood Hazard Area and is in Zone C on FIRM CP1601040001B, effective 1/20/1982.

**Access:** Almost all of the entire useable area of the site is developed with the building improvements with vehicle access off 5<sup>th</sup> Street at the southeast corner of the useable portion of the site. If vacant, the parcel could presumably be developed with some vehicle access from Main Street. Both Main and 5<sup>th</sup> are arterials providing the site with good access to most areas of Lewiston and Clarkston.

**Services:** The City of Lewiston provides water and sewer service. Refuse service; electricity, natural gas, and cable television services are available from private purveyors. Police and fire protection are good with no public bus service currently available.

**Hazardous Materials:** No Phase 1 Environmental Site Assessment was provided for this appraisal. I am not qualified to detect or evaluate the inappropriate storage or disposal of hazardous material or products, although no suspicious containers or leaks were observed. The client should seek a Level 1 site assessment from a qualified provider if they so desire. The appraiser's conclusions of values assume that the property is free of any significant contamination. I reserve the right to re-analyze the value conclusions if significant contamination is found. Presumably any site remediation was done before the new building was constructed in 2006.

**Zoning:** The subject parcels are zoned C-4, General Commercial in the City of Lewiston. This zone allows a wide variety of commercial uses including retail sales and services, service stations, eating and drinking establishments, offices, banks and personal service uses. The existing use is allowed under this zone. Parking standards vary depending upon the use. The subject property is within the boundaries of the Central Business District where parking requirements do not apply. If not within the CBD, the subject facility would need 95 parking spaces.

**Easements and Encroachments:** A preliminary title report was not provided for this appraisal. Only the typical utility easements are assumed to encumber the subject parcels. Based on a visual inspection of the subject parcels, there does not appear to be any easements or encroachments that adversely affect the subject's use and utility. According to the plans furnished for this assignment, some of the brick facing on the existing west building may be in the right of way for Main Street. This is not uncommon for old buildings in the downtown area.

**Assessed Valuation and Taxes:** The subject parcels are assessed under Nez Perce County Assessor's Parcel No.'s RPL0360029002AA, RPL 03600290010A and RPL0360029002BA. The total current assessed value is \$100,650 for the land and \$4,153,921 for the improvements for a total of \$4,254,571. 2007 taxes were \$78,971.26.

## CLEARWATER APARTMENTS

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**Improvement Description**

The westerly  $\pm 90$ ft of the subject property is improved with a three-story building constructed in 1910 and formerly known as the "Adams Building". It has a concrete foundation and is of concrete, steel and brick construction with brick exterior walls. It was remodeled in 2006 in conjunction with the construction of the new four-story building attached to the east. Exterior windows were replaced with fixed, vinyl, double and single hung, thermo-pane with low e glass. The interior second and third floors have mostly wood frame partitions with painted drywall walls and ceilings. Interior finish is the same as the new building and described below.

The new structure has a reinforced concrete foundation, a steel frame and has a combination of brick veneer and hardi-lap siding for the second through fourth floors above a first floor of reinforced concrete. It has vinyl windows, with steel and safety glass exterior doors. The roof is single ply membrane over tapered, rigid insulation up to R-38 on a steel deck. Exterior walls have R-21 batt insulation. The second floor is 6" composite concrete on a steel deck with steel floor joists. The third and fourth floors are 1.5" concrete on a plywood deck with wood TJI joists. Interior construction is 6" metal stud partition walls with painted drywall walls and ceilings. Floors are mostly commercial grade carpet with sheet vinyl in kitchenette and bathroom areas as well as the laundry area and some sealed concrete in storage and maintenance areas.

The interior of the old building is remodeled into two, four-bedroom suites and two, five-bedroom suites per floor with a laundry facility on the second floor and a study room on the third floor. Each suite has a small common room with limited kitchenette of  $\pm 4$ ft or 5ft counter space, small refrigerator and wall-mounted microwave. The five bedroom suites have two bathrooms each with a 4ft and 5ft vanity, 36" square, fiberglass shower stall and toilet area. Each bedroom has a lock-off door, and motel style, electric, through-the-wall or ceiling mounted HVAC system. Each floor has a handicap accessible restroom in the hallway next to the entry to the new building.

The interior of the new building contains six, 4-bedroom, one bath suites and one 2-bedroom, one bath suite on the second floor and five, 4-bedroom, one bath suites and two, 3-bedroom, one bath suites on the third and fourth floors. Each floor also has a one-bedroom, one bath suite for the resident assistant. All of the suites have a  $\pm 4$ ft vanity with single sink and about half of the suites have  $\pm 5$ ft feet of kitchenette counters and the others have  $\pm 4$ ft. All have a 36" square, fiberglass shower stall and toilet area. Each bedroom has a lock-off door, and motel style, electric, through-the-wall or ceiling mounted HVAC system.

The central common area between the two buildings has a lounge area, elevator access and stairwell. Each building has a second central stairwell providing access to Main Street for the old building and off the second level to the rear of the new building.

**Site Improvements:** The buildings occupy most of the useable portion of the subject parcels. There are retaining walls and chain link fencing along the south line of the useable portion. There are four ft, six ft and 8ft wide sidewalks leading from the rear of the second floor of the new building and used as primary pedestrian access to the complex. There is also a small amount of lawn, crushed rock landscaped area and a concrete maintenance vehicle parking pad in front of a fenced dumpster area.

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**CLEARWATER APARTMENTS**

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**Quality and Condition:** The improvements are of average to good quality and appeal. The existing building was completely gutted and rebuilt with new windows, insulation, electric wiring, plumbing and roof cover as well as new partition walls and interior finish. The effective age of all of the improvements is about two years.

**Functional Utility:** The improvements have adequate functional utility for their intended use as student housing in conjunction with Lewis-Clark State College. The floor plans are functional, although common area kitchenette/living rooms and toilet/shower areas are small. Clearance is 3ft past the showers and 2.75ft in the toilet area.

**Personal Property, Fixtures, and Equipment**

Each suite is equipped with a refrigerator, microwave, table and two chairs as well as single beds, small desks with chairs and wardrobe closets in each bedroom. There is also common area furniture, washers and dryers in the laundry room and study room tables and chairs. All of these items are needed for the facility to function as student housing and included in the valuation of the facility.

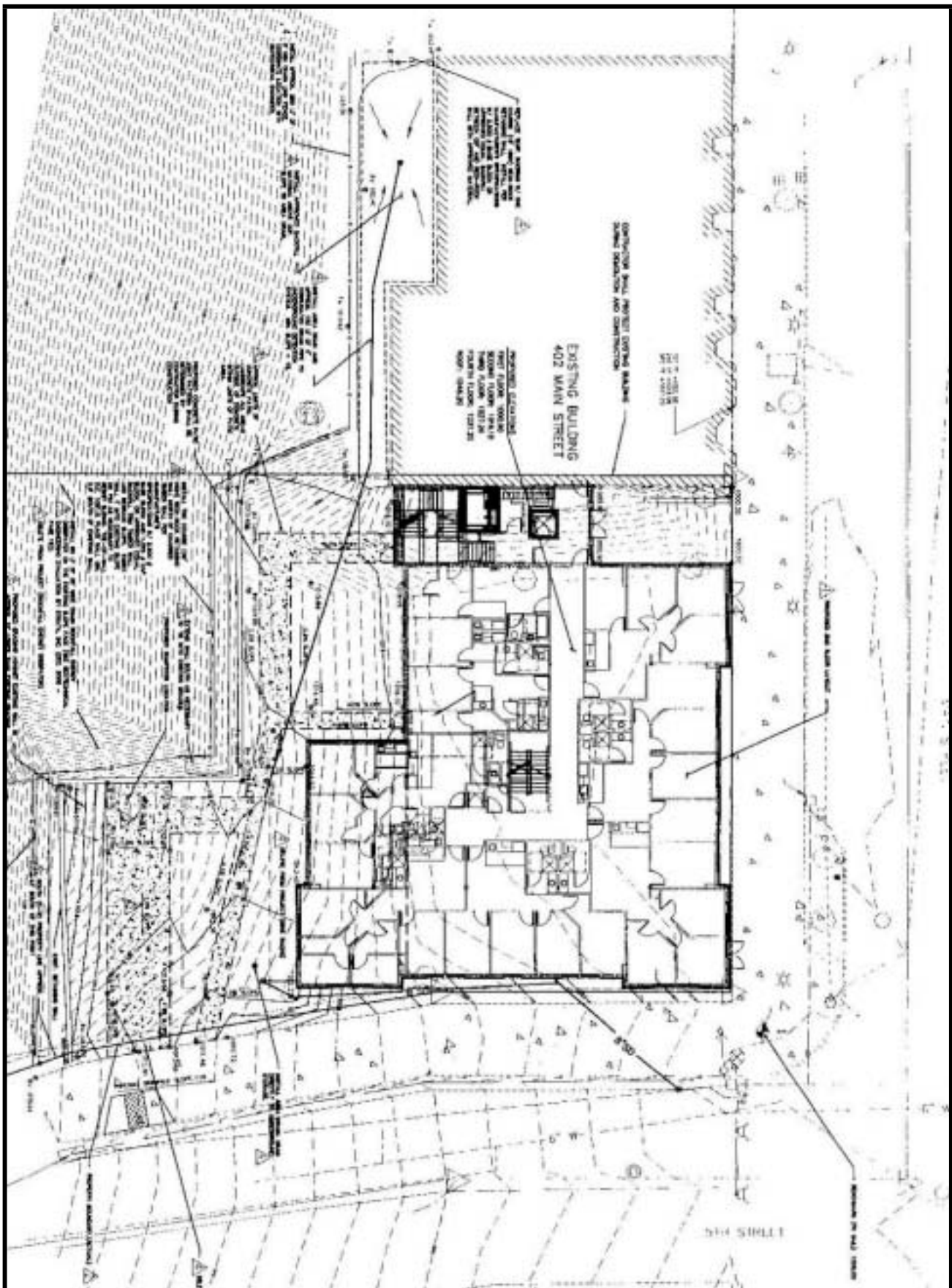
**Occupancy and Use of Subject**

The subject facility is leased to Lewis-Clark State College for use as student housing. They lease only the second through fourth floors and access through the common lobby with elevator and stairwell on the main floor between the two buildings. The lease will be discussed in the Income Approach section of this report.



## CLEARWATER APARTMENTS

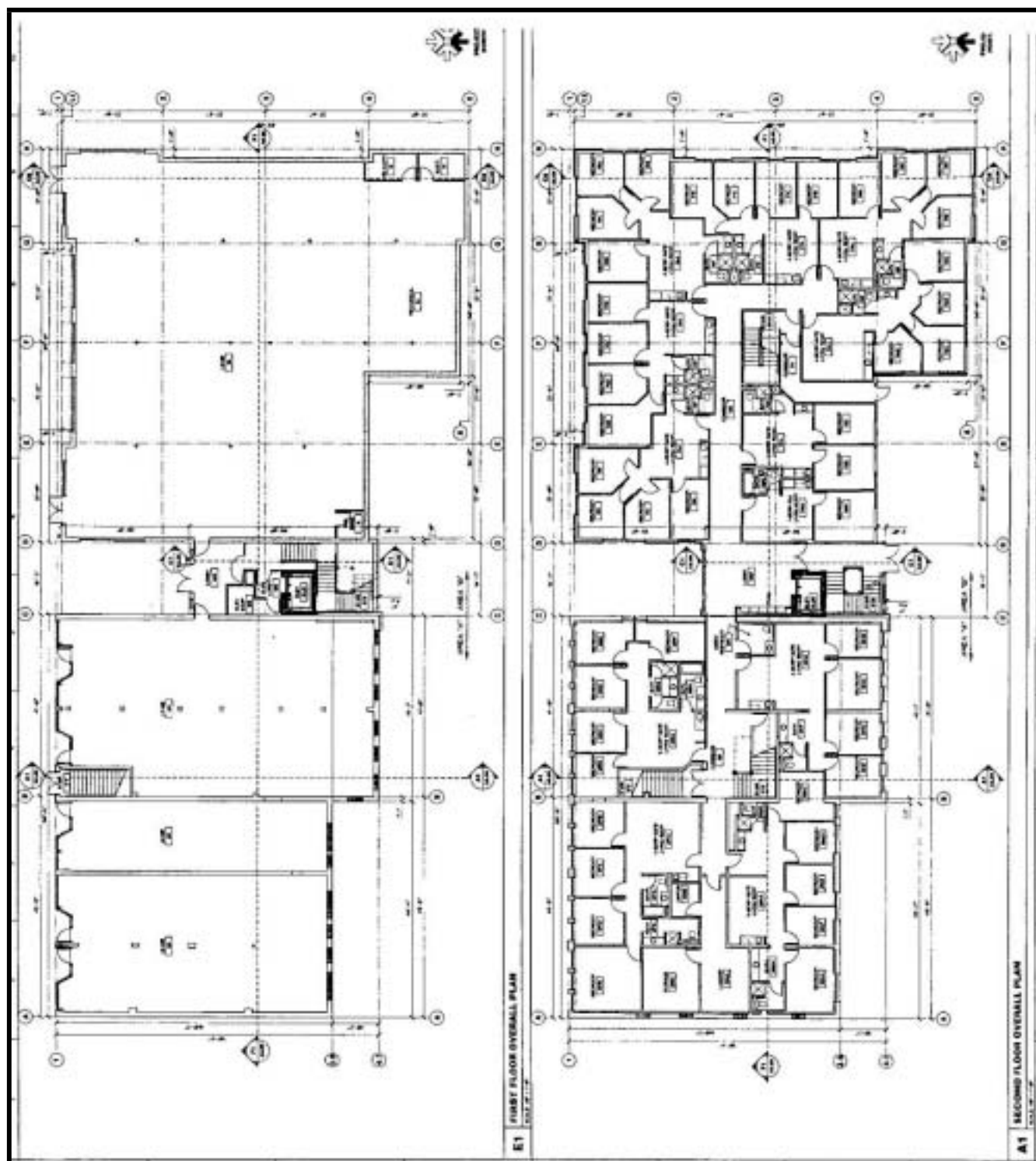
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Site Topographic Plan

## CLEARWATER APARTMENTS

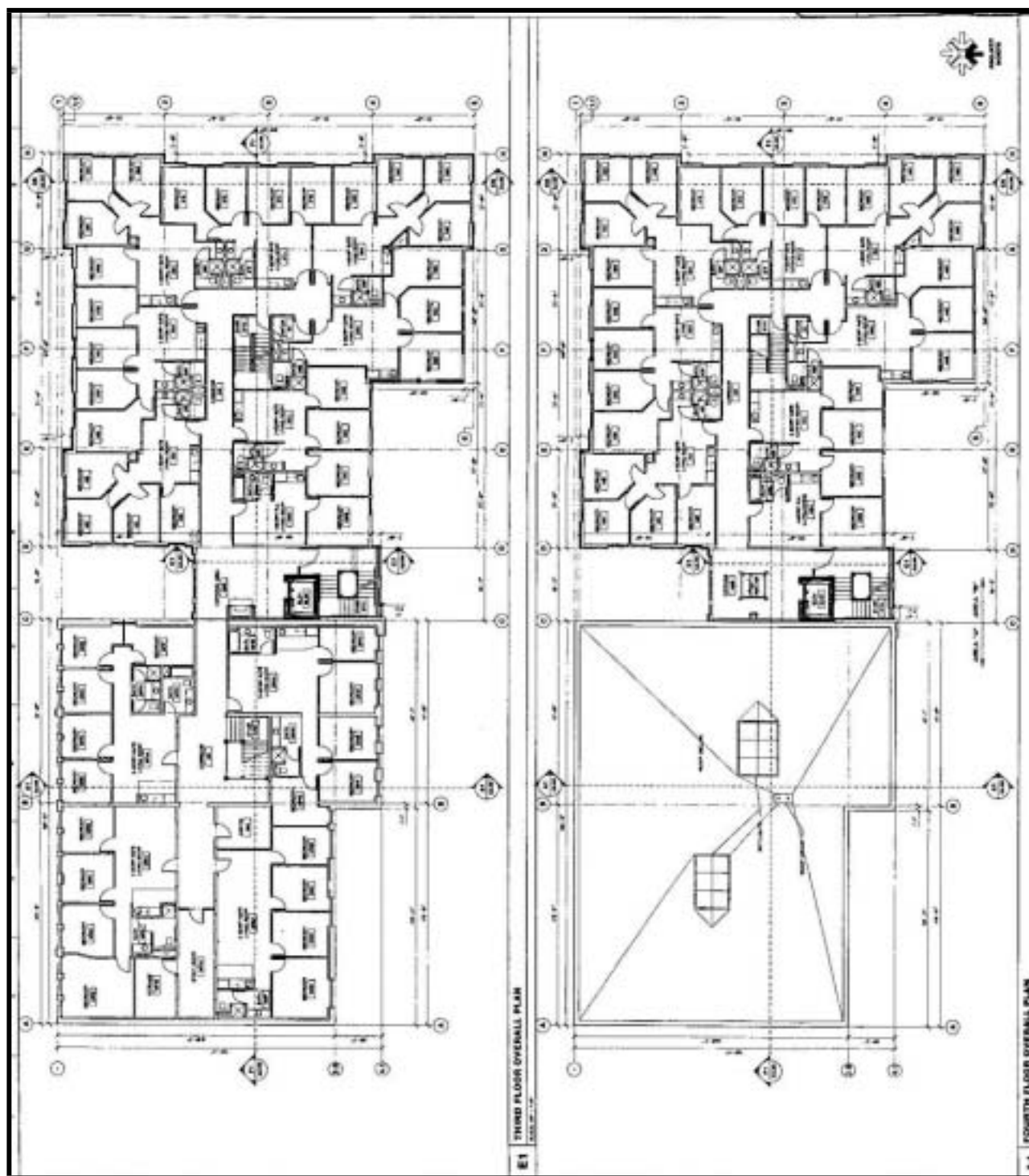
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First and Second Floors (only lobby of first floor considered)

## CLEARWATER APARTMENTS

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Third and Fourth Floor Plans



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## HIGHEST AND BEST USE

## Definition

Highest and best use is defined as follows: "The most profitable and likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. However, elements affecting value that depend upon events or a combination of occurrences that, while within the realm of possibilities are not fairly shown to be reasonably probable should be excluded from consideration. Also, if the intended use is dependent upon an uncertain act of another person, the intention cannot be considered."

"That use of the land which may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use which will yield to land the highest present value; sometimes called optimum use."<sup>2</sup>

The following tests must be passed in determining highest and best use. The use must be legal. The use must be probable, not speculative or conjectural. There must be a demand for such use. The use must be profitable. The use must be such as to return to land the highest net return. The use must be such as to deliver the return for the longest period of time.

## The Subject Parcels As Vacant

**Physical Uses:** The useable area of the subject parcels is ±19,500sf with good frontage and visibility along Main Street at 5<sup>th</sup> Street in nearly the center of the downtown area. A variety of uses are physically possible including most commercial uses of the surrounding properties. Typical buildings in the general area are one to three stories with a scattering of older, taller buildings.

**Legal Uses:** The subject parcels are zoned C-4, General Commercial under the current Zoning Ordinance. This zone allows for a wide variety of commercial uses. Surrounding uses include boutique retail, offices, banks and general commercial uses.

**Reasonable and Probable Uses:** Because of their size, location and accessibility, the most reasonable and probable uses of the subject parcels, if vacant, would be for development with two-story, mixed-use, general commercial buildings with adequate access, landscaping and some parking. This location is near the center of the downtown area of Lewiston. There has been limited demand for new commercial and office uses in the general area with most new development outside of the downtown area partly due to a lack of onsite or adjacent parking in the downtown area. Many of the typical downtown tenants, including commercial banks have moved to the suburbs. The sites could accommodate a wide variety of mixed commercial uses. Single or multi-tenant buildings of up to ±55,000sf could be developed on four floors including parking. One possible scenario would be to develop the ground floor with retail with the next two levels for parking and two levels of office and/or apartments above.

**Conclusion - Highest and Best Use as if Vacant:** In my opinion, the highest and best use of the subject parcels as vacant would be for single or multi-tenant, mixed use commercial buildings of two to

<sup>2</sup> American Institute of Real Estate Appraisers - Appraisal Terminology and Handbook

**CLEARWATER APARTMENTS**

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three stories. Demand for new buildings has been slow with no new buildings in the last twenty or more years. Most new construction has been to the southeast of the subject parcels along 21<sup>st</sup> Street, Thain Road and in the Orchards area. It may be several years before a large mixed-use project would be feasible. Unless a buyer with a specific use was found, the likely purchaser if the parcels were vacant would be a speculative investor willing to hold the parcels for future development.

**The Subject Site as Improved**

The subject parcels are improved with a three and four story development with retail space on the Main Street level and two and three levels of resident suites above. This appraisal is only of the upper level resident suites. The total gross area is  $\pm 34,314$ sf above a  $\pm 13,392$ sf first floor that is unfinished retail. There are 32 suites with 117 bedrooms.

Before the subject facility was constructed in 2006, Lewis-Clark State College, LCSC was having to rent rooms in the Red Lion Motel on 21<sup>st</sup> Street about 1.5 miles from campus. Beginning in the fall of 2003, the College rented 23 rooms with steady increases each fall to 47 rooms for the fall of 2005. During 2005 and early 2006, the subject facility was constructed along with the 88 bedroom, College Place located across 4<sup>th</sup> St from the campus. This created an abundance of student housing. The College has tried to balance occupancy between the two new facilities, but the overall occupancy rate for all student housing has declined to 85% to 88% for the fall enrollment and 64% to 66% for the spring semester.

Because two projects were built when only one was needed, the supply far exceeds the demand at the present time. As a result, overall occupancy is less than desirable for both College Place and the subject Clearwater Hall. Although the College may eventually remove some older facilities from the housing pool, overall occupancy will still remain below desirable levels for the next few years. The College closed Talkington, a 95 room facility for the fall of 2006 that substantially helped increase occupancy for the subject and College Place and may close the 29 room Parrish House next year. That would also boost occupancy for the subject by an average of 10 rooms per semester. However, overall occupancy will still be below 60% because of the slow summer months.

The rental market in Lewiston is not very strong and there has been no new construction of large apartment complexes greater than 10 units for several years. The College is unable to demand that students rent or reserve rooms during the summer months and is trying to increase occupancy by renting blocks of rooms for a variety of activities including sports camps, music camps and even family reunions. Occupancy during the summer months will be fairly slow for the next few years and may not approach 20% or 20 to 25 rooms per month for a couple of years.

In my opinion, the subject facility is a special use limited primarily to student housing because of its design and lack of additional onsite amenities such as parking. Parking appears to be a limiting factor for the retail space on the main level that is not a part of this appraisal. The retail space has been offered for lease for two years and is still vacant. It is competing with space along 21<sup>st</sup> and Thain Road that has adequate, drive-up parking for customers as well as employees. Other buildings in the downtown area also appear to suffer from the lack of parking with vacancy levels higher than in the outlying areas. Parking would also help if the subject student housing were to be converted to another use such as offices or senior housing.

In my opinion, it would not be cost effective to convert the subject facility from student housing to

**CLEARWATER APARTMENTS**

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senior housing. It is possible to convert the units, however, the bathroom areas are too narrow for access by walkers, people with canes or wheelchairs. The toilet areas are even narrower and would be tight for handicap rails or pull bars. It would be expensive to remodel the bathrooms to be acceptable for elderly housing. Most of the bedrooms are designed for a single bed and do not have built-in closets or room for additional furniture. The community facilities needed for a senior housing facility would have to be constructed on the main floor of the subject building that is not a part of this appraisal. Senior housing generally has large community rooms, game rooms, exercise rooms and community eating areas as well as a commercial kitchen. These would all have to be developed on the main floor.

It is beyond the scope of this appraisal to assess the demand for senior housing in downtown Lewiston. Lewiston is a retirement area for the surrounding farming communities in north central Idaho, but new facilities are mostly one-story and located in the suburban areas closer to new shopping areas and medical and dental offices. A 42 unit facility was built in 2007 on Bryden. The lack of convenient parking would again be a detriment for any senior facility that would be competing with new suburban facilities. The small rooms and shared bathrooms would also be less than desirable.

There does not appear to be a strong demand for new office space in the downtown area, again, due in part to a lack of convenient parking. It would be less expensive to convert the apartment suites into office suites. Most of the suites could be utilized as they are with the living/kitchenette areas used for reception and the bedrooms for private offices. The restrooms would also not need to be upgraded because each floor has a handicap accessible restroom in the hallway. The biggest drawback would be lack of demand for office space without convenient parking. Also, office suites would be limited to the size of the existing apartment suites without substantial remodeling. There would also be a lack of large executive offices without remodeling.

In my opinion, the subject is a special use facility limited to student housing in bedroom suites with the existing layout without substantial expense to convert to another use. There does not appear to be a strong demand that would absorb  $\pm 34,314$ sf of office space or other uses that would be feasible.

**SUMMARY OF VALUATION ANALYSIS**

The subject property is the second through fourth floors of a two building complex connected by a common lobby/elevator/stairwell area. No condominium declaration or other documents have been prepared, however, I assume that the necessary documents will be drawn to closely reflect the property as described. Because the subject improvements are a two-year, special purpose facility, the Cost Approach is considered as an indication of the value before any deductions for being an over improvement. Recent land sales have been analyzed to estimate the contributory value of the subject site for the subject 32 units. No sales of newer dormitories or apartment project similar to the subject were found in the Washington, Idaho or Oregon area. I have uses sales of improved apartment properties in Moscow and Pullman in order to derive some indications of value by the Sales Comparison Approach was concluded. A rental survey was conducted to identify market rent, vacancies, and expenses, and to provide the basis to estimate the net operating income for the subject. Capitalization rates were derived from the comparable investment properties, and a value estimate by the Income Approach was concluded.

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## COST APPROACH

The Cost Approach normally involves estimating the cost new of the improvements and depreciation from all sources. This is added to the estimated land value as if vacant and ready for development to its highest and best use. Because this is a special use facility, the Cost Approach will be a primary method in forming an opinion of value.

## LAND VALUE

The market value of the subject site, as if vacant, is estimated by direct comparison with recent sales of land similar to the subject site in terms of physical and locational features, and Highest and Best Use. Since the subject property is valued as a condominium above retail space on Main Street, I have attempted to form an opinion of value of the contributory value of the land on a price per unit basis, based upon what a developer would pay to develop an apartment complex or senior housing center of similar size.

Only two sales of larger apartment complexes were found in the Lewiston area over the past two years. A 24, 920sf site at 5<sup>th</sup> & Linden was purchased for a 10 unit apartment in February 2007 for \$85,000 or \$8,500/unit. A 140,575sf parcel at 906 Bryden was purchased in January 2007 for \$425,000 for a 42 unit senior housing center or \$10,119/unit. A 10 unit apartment site of 48,730sf was purchased in May 2003 at 1<sup>st</sup> Street and 19<sup>th</sup> Avenue for \$95,000 or \$9,500/unit. A 66,952sf site at 230 Baker Street in Moscow, Idaho was purchased in March 2008 for \$301,282 or \$8,369/unit for a 36 unit apartment complex.

## Land Value Conclusion

The subject parcels are in a good location but not as good as some of the comparables for apartment development. The sales summarized above show a range of  $\pm$ \$8,500 to \$10,100/unit for typical apartment projects in the Lewiston area. In my opinion, a rate of \$9,500/unit would be reasonable for the subject project. This rate applied to the 32 units results in a value indication of **\$304,000**.

## IMPROVEMENT VALUE

The subject project was reportedly constructed for a cost of  $\pm$ \$6,000,000 in 2005-06 including the  $\pm$ 13,392sf main floor. The total overall cost for the  $\pm$ 47,706sf was  $\pm$ \$125.77/sf including the land and site improvements.

The *Marshall Valuation Service* Cost Handbook indicates a current cost for an average quality, Class A, steel frame, dormitory facility similar to the subject with brick, steel or concrete panel exterior walls with some ornamentation, interior walls and ceilings of drywall and carpet floors, one bath per three students, and average electric service of \$121.77 after allowances for local cost adjustments. This description best fits the subject improvements.

A  $\pm$ 44,000sf, three-story, brick and steel, 160 bed dormitory is under construction at Whitworth College in Spokane at a reported cost near \$7,000,000 or \$159.09/sf. This facility will include lounge areas and a large kitchen area as well as more bathrooms than the subject facility. The cost is approximate and included demolition of two small, older dorms. It is supportive of the cost indicated by the cost service.

For this analysis, I have used a building cost of \$120.00/sf including plans, engineering, permits and sewer connection. This cost includes all soft costs except financing costs and developer's profit.

**CLEARWATER APARTMENTS**COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

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The site improvements of paving, landscaping, sidewalks, fencing, retaining walls and exterior lighting have been added in at \$100,000, which is about \$2.91/sf including a pro-rata share of soft costs. These costs are based on the Marshall Valuation Service and the known costs for local site improvements.

**Entrepreneurial Profit & Financing Costs**

Entrepreneurial profit is the measure of a fee that a developer will earn upon the sale of an investment property that compensates him for putting together the various elements required in a successful real estate investment project. These elements include the acquisition of the land, construction of the building and the leasing of the project to appropriate tenants at a market rental rate. In my opinion, entrepreneurial profit of 8% would be reasonable for the subject property. Financing costs include interest during construction and the financing fee. Based on a loan of \$4,000,000 and a 6.25% interest rate, construction interest for one year is estimated at \$250,000 and the financing fee at \$60,000.

**DEPRECIATION**

Depreciation may occur in three basis forms; physical, functional, or from external forces. Physical depreciation includes such things as the age of the improvements, general wear and tear, and deferred maintenance. This depreciation may be curable or incurable. Functional obsolescence is present if the design and/or building characteristics are not well conceived or well utilized. External obsolescence is when forces outside the subject property cause an adverse influence. This could occur through depressed market conditions, certain legislative actions, neighborhood transitions, adverse adjacent property influences, or various other reasons.

The subject improvements are about two years old and have been reasonably maintained with no extraordinary wear or abuse noted on inspection. Based on a normal economic life of  $\pm 40$  years, physical depreciation of 5% would be reasonable for general wear. The subject improvements are functional for their intended use as student housing with little wasted space and serviceable floor plans. The bedrooms are of adequate size, the bathrooms are utilitarian and the common areas are somewhat small but functional. There is no basis for any additional charge for functional obsolescence in my opinion.

The subject facility was built at the same time that a competing facility was built with 88 rooms across from the College. As a result, both facilities have suffered some economic loss due to an over supply of student housing for the next several years. In the Sales Comparison Approach analysis, I have estimated an adjustment of 25% for the economic loss. This is primarily due to the vacancy in the units during the summer months, although, occupancy during the school year is also lower than the typical  $\pm 95\%$  occupancy expected for competing apartment units. Occupancy is expected to increase over the next few years and a long-term allowance for external obsolescence of 25% appears reasonable.



**CLEARWATER APARTMENTS**

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**Cost Approach Summary**

<b>Cost New</b>		
Building	±34,312sf @ \$120/sf	\$4,117,440
Exterior Site Improvements	Lump Sum	<u>\$100,000</u>
<b>Total Hard Costs</b>		<b>\$4,217,440</b>
Construction Interest and Financing		\$310,000
Developer's Profit	@8%	<u>\$386,500</u>
<b>Total Cost New</b>		<b>\$4,913,940</b>
Depreciation from all Causes	@30%	<u>\$1,474,180</u>
<b>Depreciated Cost</b>		<b>\$3,439,760</b>
<b>Land Value</b>	<b>32 units @ \$9,500/unit</b>	<b><u>\$304,000</u></b>
<b>Cost Approach Value Indication</b>		<b>\$3,743,760</b>
<b>Rounded to</b>	<b>\$3,745,000</b>	

The indicated value by the Cost Approach is **\$3,745,000**

**SALES COMPARISON APPROACH**

The Sales Comparison Approach to Value is based on the premise that a knowledgeable purchaser would pay no more for a property than the cost of obtaining another equally desirable property of similar functional utility. To employ the Sales Comparison Approach, the market is researched for recent sales of improved properties similar to the subject. These comparable sales are then compared to the subject for physical, functional, and economic differences.

**IMPROVED SALES**

To value the subject property via the Sales Comparison Approach, the general Inland Northwest area was researched for sales of similar, newer, student housing or dormitories. I have researched the Eastern Washington and North Idaho area for sales of similar facilities. My research included perusing national sales data basis including Costar and LoopNet, calling various other appraisers in North Idaho and Eastern Washington, as well as Assessor's offices in several counties. I was not able to find any comparable sales of similar dormitories or student housing.

In order to form some opinion of the value of the subject improvements, I analyzed eight sales of newer apartment complexes in the Moscow, Idaho and Pullman, Washington area. These are larger college towns, home to the University of Idaho and Washington State University, respectively. The apartment market in both cities is generally driven by the demand for student housing. As a result, I have analyzed the sales on a price per bedroom as well as the more traditional price per unit, price per square foot and gross rent multiplier.

## CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

## SALES COMPARISON APPROACH SUMMARY

SALE	1	2	3	4	5	6	7	8
DATE	2/14/2008	1/1/2007	8/31/2006	8/10/2006	3/8/2006	1/15/2005	12/15/2004	4/29/2004
ADDRESS	1531&79 Lenter Moscow, Id	1137 &53 A Moscow, Id	1424-1536 Northwood Moscow, Id	621-703 Taylor Moscow, Id	1435-43 Northwood Moscow, ID	100 NW Terre View Pullman, WA	215-235 NW Terre View Pullman, WA	705 N. Jefferson Moscow, Id
SALE PRICE	\$1,350,000	\$2,152,500	\$1,726,700	\$2,095,000	\$1,300,000	\$3,860,000	\$1,105,000	\$2,985,000
YEAR BLT	1995	2001	92-94	1997	1994	1992	1996	2003
# UNITS	24	24	36	23	24	60	14	40
# BEDROOMS	48	84	72	77	48	158	40	88
SIZE	20,640sf	27,360	32,400	23,416	24,000	61,570	14,948	39,509
P/UNIT	\$56,250	\$89,688	\$47,964	\$91,087	\$54,167	\$64,333	\$78,929	\$74,625
P/BEDROOM	\$28,125	\$25,625	\$23,982	\$27,208	\$27,083	\$24,430	\$27,625	\$33,920
P/SF	\$65.41	\$78.67	\$53.29	\$89.47	\$54.17	\$62.69	\$73.92	\$75.55
EGRM	7.71	8.8	7.53	9.05	7.56	7.92	8.84	9.46
ADJUSTMENTS								
MKT CNDTNS	1%	6%	8%	8%	11%	17%	18%	21%
AGE/COND	16.50%	6.00%	16.50%	12.00%	15.00%	16.50%	9.00%	0.00%
LOCATION	-25%	-25%	-25%	-25%	-25%	-25%	-25%	-25%
VALUE INDICATIONS								
P/BEDROOM	\$26,181	\$22,826	\$23,871	\$26,004	\$27,329	\$26,344	\$28,101	\$32,835
P/SF	\$60.89	\$70.08	\$53.04	\$85.51	\$54.66	\$67.60	\$75.19	\$73.13
P/UNIT	\$52,362	\$79,890	\$47,743	\$87,057	\$54,659	\$69,372	\$80,290	\$72,237
EGIM	7.71	8.8	7.53	9.05	7.56	7.92	8.84	9.46

## SALES ANALYSIS

All sales were of the fee simple interest and do not require adjustments for property rights or financing terms. The sales are adjusted for seller contracts, below market financing, cash equivalency and conditions of sale. The resulting analysis price is the basis for additional adjustments for differences in physical features. Each sale has differing building sizes, number of units, bedrooms and bathrooms. The sales span a time period of about four years. During this time, the market for residential income properties has been relatively strong in Nez Perce County, North Idaho and Eastern Washington. A market conditions adjustment of 5% per year was made for the sales.

The most significant adjustment is for the location of the subject facility in Lewiston where the occupancy rate is reduced because of the oversupply of student housing caused by the construction of two competing projects at the same time with nearly twice as many units as were needed, although the College did close a 95 room older dormitory to offset some of the oversupply. During the first full year of occupancy, the subject facility averaged 45.7% for the 12 months to the end of August 2007. Average occupancy for the nine-month school year was 61%. For the next nine months, the average occupancy was 61.7% through May 2008. Occupancy during the school year should gradually increase over the next couple of years to  $\pm 75\%$ . The College has always had a problem with spring quarter enrollment and occupancy with a differential of  $\pm 20\%$  to 25% between the fall semester and the spring semester for most years from 2001 through 2008. (See chart and graph on Page 46) The differential has been narrowing over the last two years, declining from 38% to 48% in 2003 and 2004.

In my opinion, occupancy levels should stabilize at 85% average for the nine month school year within a few years and 25% during the summer months. This would result in an average annual occupancy rate of 70% compared to a  $\pm 95\%$  average occupancy rate for the comparable sales. I have used an adjustment of 25% for location, which is the difference in the average occupancy rate.

## CLEARWATER APARTMENTS

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## SALES COMPARISON APPROACH CONCLUSION

The sales produced adjusted rates of \$53.04/sf to \$85.51/sf. The subject has more bedrooms per unit and is larger than most of the comparables. In my opinion, a value rate toward the high end of the range would be appropriate. At \$80/sf the 34,314sf of gross area has an indicated value of \$2,745,120. The sales produced a range of \$47,743/unit to \$87,057/unit. At \$85,000/unit, the 32 units have an indicated value of \$2,720,000. The indicated range per bedroom was \$22,826 to \$32,835, with six sales indicating a narrower range of \$23,871 to \$28,101. The subject has fewer bathrooms and less kitchen amenities than the comparables and a rate towards the middle of the range would be reasonable. At \$25,000/bedroom, the indicated value for the 117 bedrooms is \$2,925,000. At an effective gross rent multiplier of 8.25, the stabilized effective gross income of \$402,358 has an indicated value of \$3,319,454.

In my opinion, the indicated value of the subject complex is **\$2,925,000** by the Sales Comparison Approach.

## INCOME APPROACH

The Income Approach to Value is based on the premise that a knowledgeable purchaser would pay no more for the property than the cost of obtaining an equally desirable, similar property as an investment, providing similar risk and opportunities for return on and return of the investment.

This approach analyzes the value of the property through the eyes of a typical investor. The gross income the property can generate is estimated by comparison with competitive properties. Deductions are made for expenses paid by the owner, resulting in an indication of net income. Net income is then capitalized into a value estimate at a rate that is commensurate with the risks inherent with the ownership of the property. This approach is most appropriate where there is an active rental and investor-driven market for the type of property being appraised.

Lewis-Clark State College (LCSC) has a management agreement with College Town Development Idaho, LLC through the State of Idaho, acting by and through the State of Idaho Board of Education as Board Trustees for LCSC. The initial term is 120 months (10 years) beginning August 23, 2006. The agreement contains a voluntary termination clause by providing the other party with written notice on or before March 1<sup>st</sup> of any year with termination on August 14<sup>th</sup> of the then applicable calendar year.

LCSC will manage the day-to-day operation of Clearwater Hall including collecting all rents, paying all bills and maintaining all areas except the first floor retail spaces. The owner will pay real property and personal property taxes, real estate and liability insurance, and all utilities and will reimburse LCSC for all maintenance costs, except lawn mowing, trimming of shrubbery and other routine lawn maintenance. LCSC uses their general facilities maintenance crew to maintain the subject property.

The initial minimum monthly rent for the first lease year was \$390/residence unit (bedroom), inclusive of the cost of local telephone and basic cable TV in the common room of each pod and broadband internet service in each residence unit. The rent has been renegotiated for 2007-08 to \$365/residence unit except for \$335 for two small bedrooms and \$395 for four large bedrooms. LCSC owes rent on a unit if occupied on the first day of the month, regardless of whether a student is

**CLEARWATER APARTMENTS**

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**COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008**

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leaving. The agreement provides for annual escalations of the minimum rent of not less than 3% per year, however, because of the vacancy rate in the project, this provision has not been utilized.

LCSC is to receive a management fee of 2% of rent installments paid if the amount is between 85% and 90% of potential gross rent, 3% if between 90% and 95% and 4% if 95% or higher. At the current occupancy levels, no management fee is due.

There have been few management agreements similar to the subject. College Place has an agreement modeled after the subject agreement, according to LCSC staff. Their rental payment was \$375/unit for fiscal 2008. The units are slightly larger and located across from the college with some on-site parking.

Brewster Hall at Eastern Washington University in Cheney, Washington was constructed in 2002 and master leased to the University. It is 4-stories with a main floor of retail and located on a secondary street in downtown Cheney, at 410 2<sup>nd</sup> Street, one block north of the main street. It has 135 rooms of similar construction to the subject. Eastern is a much larger campus with enrollment over 7,500. The 2009 school year rate for Brewster Hall is \$527.89/month.

**Vacancy**

For the first nine months of occupancy, the average occupancy was 61.0% with no summer occupancy leaving a 12 month occupancy rate of 45.7% with the fall semester at 78.0% and the spring at 47.4%. For the past nine month school year, the occupancy level increased slightly to 61.7% with overall 12 month occupancy at 46.3% if no activity during the summer months. If summer occupancy averages 15 rooms per night, overall occupancy will increase to 49.5%. Occupancy during the school year should gradually increase over the next couple of years to  $\pm 75\%$ . Fall semester occupancy was 73.3% and the spring 2008 semester was 52.5%, after allocating 60 rooms for May.

## CLEARWATER APARTMENTS

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

Number of Suites:	32
Number of Beds:	117
Occupancy:	Sept 2006 - 95
	Oct 2006 - 92
	Nov 2006 - 91
	Dec 2006 - 87
	Jan 2007 - 58
	Feb 2007 - 55
	Mar 2007 - 54
	Apr 2007 - 53
	May 2007 - 57
	Sept 2007 - 78
	Oct 2007 - 90
	Nov 2007 - 88
	Dec 2007 - 87
	Jan 2008 - 63
	Feb 2008 - 63
	Mar 2008 - 61
	Apr 2008 - 60

## Room Occupancy per LCSC

	2001fa	2002sp	2002fa	2003sp	2003fa	2004sp	2004fa	2005sp	2005fa	2006sp	2006fa	2007sp	2007fa	2008sp
Clark	71	25	76	79	80	54	75	40	74	48	75	61	71	55
CAMP					9	7	8	5	5	4				
Parrish	26	7	27	10	28	17	27	15	28	24	18	16	19	21
Red Lion					23	19	32	29	47	39				
Talkington	87	22	90	34	91	53	95	48	88	82			17	
College Place											76	59	67	60
Clearwater											90	60	95	64
Totals	184	54	193	123	231	150	235	137	240	177	259	196	289	200
Percentage	94%	28%	98%	60%	113%	73%	115%	67%	117%	85%	85%	64%	88%	66%

2001fa	2002sp	2002fa	2003sp	2003fa	2004sp	2004fa	2005sp	2005fa	2006sp	2006fa	2007sp	2007fa	2008sp
185	54	194	124	232	151	236	138	241	178	260	197	270	201

Lewis-Clark Residence Halls with average semester occupancy.

## CLEARWATER APARTMENTS

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## LCSC Fall Semester Enrollment History on Census Day

	2000	2001	2002	2003	2004	2005	2006	2007
Total Fall 10th Day Headcount	2702	2953	3108	3471	3325	3451	3394	3612

## LCSC Fall Semester FTE\* History on Census Day

	2000	2001	2002	2003	2004	2005	2006	2007
Total Fall 10th Day FTE	2143	2275	2385	2576	2635	2614	2597	2650

\*FTE = Full-Time Equivalent (total number of credit hours divided by 15)

## Fall Semester Enrollment

The residence halls have had fluctuating occupancy over the past six years with gradually increasing levels peaking when the College had to lease rooms from the Red Lion until the subject property and College Place were built in 2006. In 2006, the College closed the ±95 room Talkington Hall and is considering closing or selling Parrish Hall eliminating another 29 rooms. This would increase occupancy in College Place and Clearwater Halls.

Enrollment has gradually been increasing over the past six years. The total enrollment includes the Coeur d'Alene, Idaho center with 367 in 2005, 358 in 2006 and 341 in 2007. Lewiston enrollment was 3,084 in 2005, 3,036 in 2006 and 3,271 in 2007. Overall FTE enrollment has increased ±1% annually over the last four years.

In my opinion, a long-term vacancy and collection loss allowance of 30.0% would be reasonable for the subject property. This is equivalent to an occupancy rate of 95% for the fall semester, 75% for the spring semester and 25% for the summer months. Occupancy for the spring semester has always been a problem with a differential of up to 38% to 40% in 2002 and 2003 declining to 21% and 22% in 2006 and 2007. It is possible that spring enrollment will continue to increase, however, I have already projected a healthy increase in summer usage that will be hard to achieve in the next few years. In the following summary, I have projected stabilized occupancy of 70% in about two years.

**Expenses/NOI**

I have been furnished with the income and expenses for the subject property for the last 2-plus years and have included them in the Addenda. I have included professional management expenses at 5.0%, which is not currently being charged. Professional management fees for apartment projects are generally from 5% to 7%. A more competitive rate may be around 6%, however, with the changes taking place and the higher than normal vacancy rate, a rate of 5.0% appears reasonable.



**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

Current real estate taxes are \$78,972 based on a total assessed value of \$4,254,571 including the main floor retail space. In my opinion, the assessed value for the subject portion of the project could be reduced because of the decreased occupancy projections. I have estimated real estate taxes at \$54,000 based on an assessed value of \$2,900,000. Personal property taxes are currently \$5,262 based on a value of \$283,434 and have been included at \$5,300. Property and liability insurance has been estimated at 15¢/sf or \$5,150.

Water/sewer/garbage and electricity was ±\$30,500 for the past twelve months and have been increased in the second and third years to account for the increased occupancy. Elevator maintenance was estimated at \$1,900, telephone and internet service at \$29,000 and cable TV at \$11,170 but have only been increased at 2.5% because they are more fixed and do not fluctuate with occupancy.

Repairs and maintenance were less than ±\$3,000 for the past twelve months because the project is nearly new. I have used an allowance of 12¢/sf or \$4,120 for normal repairs and maintenance. Although there will be periodic replacement of some shorter life building components such as carpet and HVAC units, a replacement allowance has not been included. Buyers of residential rental property know that these costs will occur and the allowance is reflected in the overall capitalization rate used, since the comparable sales do not include any allowance.

Typical salaries and wages would be for an on-site manager during half of the working day and a half-time maintenance/repair employee. I have allocated an expense of \$24,000 for two part-time employees including some benefits allowance. I have included miscellaneous expenses of \$2,400/year for audits, professional fees, etc.

**Direct Capitalization**

Direct capitalization converts the estimate of net annual income into an indication of value. Capitalization rates are derived from comparable sales of similar grade investment properties that appeal to the same level of investor as the subject property. The eight sales included had overall capitalization rates of 8.0%, 7.5%, 7.6%, 7.1%, 7.8%, 7.7%, 7.3%, and 7.3%, respectively. The most recent sale indicated the highest rate. Overall rates had been declining for the past few years but have begun to increase due to the changing economy and shortage of available money. The recent national housing crisis has caused many traditional lenders to reconsider the types of properties they are willing to lend on. Also, investors have turned to investments other than real estate, causing a further erosion of available money. In my opinion, these sales support an overall rate of 7% to 8% as reasonable in the Lewiston area. Rates for residential income property in the Kootenai County and Spokane County area have been closer to 7% with some below. For this analysis, I have used an overall capitalization rate of 7.50%.

Below is a summary of the Income Approach.

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CLEARWATER HALL  
INCOME APPROACH SUMMARY

		FIRST YEAR/MO	ANNUAL	SECOND YEAR/MO	ANNUAL	THIRD YEAR/MO	ANNUAL
<b>GROSS INCOME</b>							
STANDARD ROOMS	110	\$375	\$495,000	\$385	\$508,200	\$400	\$528,000
SMALL ROOMS	5	\$345	\$20,700	\$355	\$21,300	\$370	\$22,200
LARGE CORNER	2	\$405	\$9,720	\$415	\$9,960	\$430	\$10,320
<b>TOTAL GROSS INCOME-UNITS</b>	117		\$525,420		\$539,460		\$560,520
<b>VACANCY &amp; COLLECTION LOSSES</b>		38.0%	\$199,660	33.33%	\$179,802	30.0%	\$ 168,156
<b>EFFECTIVE GROSS INCOME-UNITS</b>			\$325,760		\$359,658		\$ 392,364
<b>MISCELLANEOUS INCOME</b>							
DEPOSITS RETAINED		\$5,000		\$5,750		\$6,325	
LAUNDRY		\$2,250		\$2,588		\$2,846	
VENDING COMMISSIONS		\$650		\$748		\$822	
<b>SUBTOTAL</b>			\$7,900		\$9,085		\$9,994
<b>TOTAL GROSS INCOME</b>			\$333,660		\$368,743		\$402,358
<b>EXPENSES</b>							
MANAGEMENT	5%	\$ 16,683		5%	\$ 18,437	5%	\$ 20,118
REAL ESTATE TAXES		\$ 54,000			\$ 55,350		\$ 56,734
PERSONAL PROPERTY TAXES		\$ 5,300			\$ 5,433		\$ 5,568
PROPERTY & LIABILITY INSURANCE		\$ 5,150			\$ 5,279		\$ 5,411
SALARIES & WAGES		\$ 24,000			\$ 24,600		\$ 25,215
REPAIRS & MAINTENANCE		\$ 4,120			\$ 4,223		\$ 4,329
ELECTRICITY & GAS		\$ 21,000			\$ 23,100		\$ 25,410
WATER & SEWER		\$ 9,500			\$ 10,450		\$ 11,495
CABLE TV		\$ 11,170			\$ 11,449		\$ 11,735
TELEPHONE & INTERNET		\$ 29,000			\$ 29,725		\$ 30,468
ELEVATOR MAINTENANCE		\$ 1,900			\$ 1,948		\$ 1,996
MISCELLANEOUS		\$ 2,400			\$ 2,460		\$ 2,522
<b>TOTAL EXPENSES</b>			\$184,223		\$192,453		\$201,001
<b>NET OPERATING INCOME</b>			\$141,537		\$167,205		\$191,363
<b>OVERALL CAPITALIZATION RATE</b>			7.50%		7.50%		7.50%
<b>INDICATED VALUE</b>			\$ 1,887,165		\$ 2,229,398		\$2,551,513

The indicated value at stabilized occupancy in the third year is \$2,551,513, rounded to \$2,550,000. From this value, I have deducted the lost income less the 5% management of \$47,335 for the first year and \$22,950 for the second year or a total of \$70,000, rounded to arrive at a current value of \$2,480,000.



**CLEARWATER APARTMENTS**

COMPLETE APPRAISAL-SUMMARY REPORT As of April 8, 2008

**RECONCILIATION & VALUE CONCLUSION**

<b>Method</b>	<b>Value Indication</b>
Cost Approach	\$3,745,000
Sales Comparison Approach	\$2,925,000
Income Approach	\$2,480,000

In the process of analyzing income-producing properties, the Income Approach to Value is normally given more weight than when analyzing owner-occupied properties. Consideration should be given to this approach because this is a special purpose, student housing facility that does not have any good comparable sales from which to derive a value indication. The sales used in the Sales Comparison Approach were all of apartments in the university cities of Moscow, Idaho and Pullman, Washington. The Effective Gross Profit Multiplier indication of \$3,320,000 is higher than the Sales Comparison Approach but lower than the Cost Approach. The income and expenses derived were based on current expenses for the most part and appear to be reasonable. The overall capitalization rate of 7.5% was bracketed by the sales used. In my opinion, this approach should be given equal weight with the other two approaches.

The Sales Comparison Approach indication of \$2,925,000 was derived by comparing recent sales of apartment complexes in the Moscow, Idaho and Pullman, Washington area. This approach should be given supporting consideration in the final value estimate because the sales were not of college housing similar to the subject, although the analysis on a per bedroom basis was reasonably reflective of the subject facility. The price per unit indication of \$85,000/unit or \$2,720,000 and per square foot indication of \$80/sf or \$2,745,000 were on the high side of the adjusted range of the comparables but reasonably well supported.

The Cost Approach indication of \$3,745,000 is an estimate of the cost new including soft costs and developer's profit with an estimate of overall depreciation due primarily to the lower than typical occupancy levels compared to apartments. This approach should set the lower limit of value if the project is successful. The undepreciated cost should set the upper limit of value.

In final analysis, I believe that all three approaches have some validity, however, the most weight should be given to the Income Approach indication. Therefore, it is my opinion that the estimated market value of the fee simple interest in the subject resident student housing facility "As Is" is:

**TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS . . . \$2,800,000**  
**Including Fixtures and Equipment**

**FIXTURES AND EQUIPMENT ALLOCATION**

The value is allocated between real estate, furniture, fixtures, and equipment to comply with USPAP requirements. The real estate is identified as the building improvements, asphalt paving, concrete, landscaping, land, etc. The furniture, fixtures and equipment (F,F&E) are the common area furniture, beds, desks, wardrobe closets, refrigerators, microwaves, tables, chairs, etc. to furnish the complex for student housing. The total new value of the FF&E is ±\$285,000. I have allocated the same depreciation of 30% to arrive at a current value of \$200,000. The allocation between real estate and fixtures is shown below.

**CLEARWATER APARTMENTS**

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	<u>“As Is”</u>
Land, Building & Site Improvements	\$2,600,000
Furniture, Fixtures and Equipment	<u>\$200,000</u>
Total Indicated Value	<b>\$2,800,000</b>



July 23, 2008

Fred M. DiCosola  
College Town Development Idaho, LLC  
2222 Harvard Avenue East  
Seattle WA 98102

Re: Offer for Clearwater Hall Residential Space

Dear Fred:

Following up on our recent discussions, this letter confirms that we are prepared to offer you \$2.8M for the residential space in Clearwater Hall. This offer complies with the guidance we received from our board of trustees (State Board of Education), stipulating that we could make an offer equal to the lower of \$3.8M or the appraised value of the facility. The \$2.8M figure corresponds to the "as is" value conclusion in the recently-completed appraisal by Michael Sprute (Appraisal Group Northwest).

We continue to be very interested in acquiring the residential space in the building as expeditiously as possible, and I look forward to your response.

Please call if I can assist with additional information.

Sincerely,

Chet Herbst  
Vice President for Finance and Administration

Cc: Dene K. Thomas (President)

500 8<sup>th</sup> Avenue  
Lewiston, ID 83501-2698  
[www.lcsc.edu](http://www.lcsc.edu)

PH: (208) 792-2240  
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Housing America's Future

July 29, 2008

Via U.S. Mail & E-Mail with Attachment

Chet Herbst  
Vice-President for Finance and Administration  
Lewis-Clark State College  
500 8th Ave  
Lewiston, ID 83501

Re: Offer for Clearwater Hall Residential Space

Dear Chet:

Thank you for your offer of July 23, 2008. Based upon the reasons outlined in our letter of July 16, 2008, as well as additional information provided herein, we cannot accept your offer price if \$2.8 million.

As a counter proposal, we offer the following three alternatives. These alternatives are significant compromises on our part; and accordingly, they are offered in good faith, as a potential solution to the issues we have expressed to you in all of our meetings and correspondences to date.

Purchase of Clearwater Hall Residential Space

We will accept an "as is" purchase price of not less than \$3.8 million for the residential space only; or

Purchase of Entire Facility Including First Floor Commercial Space

We will accept an "as is" purchase price of \$5.1 million for the entire facility including the first floor commercial space; or

Master Lease of Residential Space

We will accept a master lease for the residential space as follows. The lease rate shall be \$28,000 paid monthly each and every calendar month. The lease rate shall be triple net, and all taxes, utilities, insurance, telephone, cable and other related expenses specific to the residential space, shall be paid by the LCSC. The term of the lease shall be five years, with three successive five year options to renew at the then-fair market lease rate.

Justification for Counter Offer Purchase Price

Low student occupancy rates comprise the sole reason for the discounted valuation of the Sprute appraisal. The appraisal acknowledges that the current Management Agreement actually diminishes the value of the property; and the appraisal gives inadequate consideration to the fact that LCSC is capable of fully utilizing this space.

The Sprute appraisal assumes that LCSC will experience little to no future growth. Accordingly, 64 rooms are attributed value, while the remaining 53 rooms are rendered worthless due to low occupancy rates.

LCSC has consistently stated that this property must be valued at its actual value to the college, as if the college were the owner. The Sprute appraisal does not reflect such a situation. In fact, if LCSC were to own the property, its pro rata share of property taxes should be deducted from expenses; and accordingly, \$55,360 annually at a capitalization rate of 7.5%, or \$738,133, must be added back to Income Approach valuation.

Via e-mail, we have sent to you the December 17, 2007 Appraisal of Clearwater Hall, as performed by Lembeck Appraisal & Consulting, Inc. of Spokane, WA for KeyBank National Association. Typical of appraisals performed for

2222 Harvard Avenue East Seattle, WA 98102 (206) 850-9937

banks, the bank instructed the appraiser to view the property from a conservative perspective. You will find this document to be considerably more thorough than the appraisal performed by Sprute.

The following is our comparison of the two appraisals. Please note that both appraisers included the property taxes as expenses negatively affecting income. We have re-adjusted the value as a separate line item notation, using each appraiser's respective capitalization rate.

Source	Facility	Residences	Commercial
<b>Lembeck Appraisal Income Approach:</b>			
<i>Current Occupancy Rates:</i>			
Value w/o Management Agreement	\$4,910,000	\$2,986,124	\$1,923,876
Value with Management Agreement	\$4,510,000	\$2,586,124	\$1,923,876
<i>Stabilized Occupancy Rates October 2009:</i>			
Value w/o Management Agreement	\$5,200,000	\$3,276,124	\$1,923,876
Value with Management Agreement	\$4,800,000	\$2,876,124	\$1,923,876
<b>Lembeck Appraisal Income Approach Taxes Adjusted*:</b>			
<i>Current Occupancy Rates:</i>			
Value w/o Management Agreement	\$5,701,432	\$3,777,556	\$1,923,876
Value with Management Agreement	\$5,301,432	\$3,377,556	\$1,923,876
<i>Stabilized Occupancy Rates October 2009:</i>			
Value w/o Management Agreement	\$5,991,432	\$4,067,556	\$1,923,876
Value with Management Agreement	\$5,591,432	\$3,667,556	\$1,923,876
* \$61,000 property taxes added to income at 7.75% capitalization rate			
<b>Lembeck Appraisal Cost Approach:</b>			
Cost to Replace	\$5,250,000	\$3,999,697	\$1,250,303
<b>Lembeck Appraisal Sales Comparison Approach:</b>			
Sales Comparison Valuation	\$5,480,000	\$3,500,000	\$1,980,000
<b>CTDI Actual Cost of Construction:</b>			
2006 Actual Construction Cost Including Fixtures	\$5,770,000	\$4,551,953	\$1,218,047
<b>Sprute Appraisal Income Approach:</b>			
Total Value "as is" under all current conditions including taxes		\$2,480,000	
<b>Sprute Appraisal Income Approach Adjusted for Taxes:</b>			
Total Value "as is" with current conditions adjusting for taxes**		\$3,218,133	
**\$55,360 property taxes added to income at 7.5% capitalization rate			
<b>Sprute Appraisal Cost Approach</b>			
Cost to Replace		\$3,745,000	
<b>Sprute Appraisal Sales Comparison Approach</b>			
Sales Comparison Valuation		\$2,925,000	

Various perspectives can be used to arrive at one single valuation number. The two appraisals, collectively, provide more than enough data to arrive at a fair price. Both appraisals utilize the same basic three approaches to value. And both appraisers admit that you cannot base value on any one particular number.

Our counter-offer of \$3.8 million is equally supported by both of these appraisals. First we arrive at a base value of \$3.5 million, by applying the following two formulas:

## Valuation Formula One:

The Lembeck appraisal values the residential portion at \$3,777,556 using their "Income Approach Without Management Contract" value, adjusted for property taxes. We feel that it is appropriate to use the "Without Management Contract" value because this best reflects an LCSC ownership situation. The same is true with regard to deducting pro rata property taxes from the expenses. The Sprute appraisal, adjusted for property taxes, indicates an Income Approach value of \$3,218,133. If you simply average these two appraisals, you arrive at a value of \$3,497,845. This supports the base value of our counter offer, and it utilizes only the conservative income approaches.

<i>Lembeck Income Approach w/o Management Agreement Adj. Taxes</i>	\$3,777,556
<i>Sprute Income Approach Adj. Taxes</i>	\$3,218,133
<i>Average of Two Approaches</i>	\$3,497,845

## Valuation Formula Two:

The Sprute appraisal arrives at one blended appraisal value, using a combination of Income Approach, Sales Approach and Cost Approach. If we accept the ratios used by Sprute, of 38.8%, 30.6% and 30.6% respectively, and apply these ratios to each approach, equally averaging both appraisals, we arrive at a value of \$3,500,000, once again, supporting the base value of our counter offer.

<i>Income Approach Valuation from Valuation Formula One</i>	\$3,479,845
<i>Avg. of Lembeck Cost Value &amp; Sprute Cost Value</i>	\$3,872,348
<i>Avg. of Lembeck Sales Value &amp; Sprute Sales Value</i>	\$3,212,500
<i>Value Weighted 38.8% / 30.6% / 30.6% as used by Sprute</i>	\$3,500,000

Finally, to this base value of \$3.5 million, we must add back additional value to reflect the fact that this property provides LCSC with excellent growth potential. This growth has already been projected by the college; however, neither appraisal gave consideration to this fact. Clearwater Hall is not a 64 room facility. It has 117 rooms, which LCSC expects to fill in the near future.

Using the Sprute appraisal (page 50) value analysis based solely on income, the following chart accepts all expense assumptions, and calculates values under reasonable short term growth scenarios.

	<b>Current Occupancy</b>	<b>75% Sem 1&amp;2 10% Summer</b>	<b>85% Sem 1&amp;2 10% Summer</b>	<b>100% Sem 1&amp;2 10% Summer</b>
Gross Income	\$525,420	\$539,460	\$539,460	\$539,460
Vacancy	\$199,660	\$134,865	\$80,919	\$0
Effective Gross Income	\$325,760	\$404,595	\$458,541	\$539,460
Miscellaneous Income	\$7,900	\$9,085	\$9,085	\$9,085
Total Gross Income	\$333,660	\$413,680	\$467,626	\$548,545
Expenses				
Management	\$16,683	\$20,230	\$22,927	\$26,973
Real Estate Taxes	\$54,000	\$55,350	\$55,350	\$55,350
Personal Property Taxes	\$5,300	\$5,433	\$5,433	\$5,433
Property & Liability Insurance	\$5,150	\$5,279	\$5,279	\$5,279
Salaries & Wages	\$24,000	\$24,600	\$24,600	\$24,600
Repairs & Maintenance	\$4,120	\$4,223	\$4,223	\$4,223
Electricity & Gas	\$21,000	\$23,100	\$23,100	\$23,100
Water & Sewer	\$9,500	\$10,450	\$10,450	\$10,450
Cable TV	\$11,170	\$11,449	\$11,449	\$11,449
Telephone & Internet	\$29,000	\$29,725	\$29,725	\$29,725
Elevator Maintenance	\$1,900	\$1,948	\$1,948	\$1,948
Miscellaneous	\$2,400	\$2,460	\$2,460	\$2,460
Total Expenses	\$184,223	\$194,247	\$196,944	\$200,990
Net Operating Income	\$149,437	\$219,433	\$270,682	\$347,555
Overall Cap Rate	7.50%	7.50%	7.50%	7.50%
Value With Property Taxes	\$1,992,493	\$2,925,777	\$3,609,093	\$4,634,067
Value Without Property Taxes	\$2,712,493	\$3,663,777	\$4,347,093	\$5,372,067

The Sprute appraisal's Income Approach value of \$2,480,000 assumes that Clearwater Hall will never surpass 70% occupancy. This assumption is unreasonable and absurd. As you can see, The Sprute Model returns a value \$2 million higher at 100% occupancy during the non-summer academic year, and nearly \$3 million higher when property taxes are no longer paid.

Based upon this information, we feel that we can reasonably and logically provide an argument which supports a total purchase price well over \$4 million for the residential portion of this property. In the interest of quickly resolving our differences with the college, and ending the continuing and mounting losses generated by this project, we are willing to value the property's ability to meet the college's future space requirements at only \$300,000.

Base Value Derived From Appraisals: Valuation Formulas 1 & 2 Noted Above	\$3,500,000
Value Added for Consideration of Property's Ability to Meet Future Growth	\$ 300,000

TOTAL COUNTER OFFER TO PURCHASE RESIDENCES	\$3,800,000
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I hope we can both agree that it would be grossly unfair to set the college's purchase price at a deeply discounted value, solely because the college itself has failed to maintain occupancy rates, and further failed to honor its own representations. Had LCSC been capable of simply producing 53 additional students as renters, these residences would now be worth \$4.6 million on the open market, and \$5.3 million to the college.

Please give careful consideration to our second alternative noted above, as this price for purchasing the entire facility is very well supported by the appraisals.

We have provided the Master Lease alternative as a viable option, in the event that we cannot consummate a sale. This would be our "last resort" means of solving our current issues with LCSC, prior to initiating litigation and beginning the process of converting the building into a new use.

Once again, we ask you to consider that our company has, as of today, invested \$6,323,170 in this project. And we did so, based upon the projections, promises and representations of Lewis-Clark State College. This counter proposal to your offer constitutes a significant compromise on our part, and it offers you an opportunity to secure this property at an outstanding value, especially given its ability to generate profitability for the college.

As time is critical, both in terms of your August board meeting, and in terms of the approaching Fall semester, we would appreciate your prompt reply.

Respectfully,

Fred M. DiCosola  
Managing Member  
College Town Development Idaho, LLC

cc: Casey C. Colley; College Town Development Idaho, LLC

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SELF-CONTAINED APPRAISAL OF:

**Clearwater Hall**  
402 - 418 Main Street  
Lewiston, Idaho

DATE OF VALUATION

December 6, 2007

DATE OF REPORT

December 17, 2007

BY

Justin L. Stout

and

Jeffrey D. Lembeck, MAI

LEMBECK APPRAISAL & CONSULTING, INC.

111 W North River Drive, Ste. 204  
Spokane, Washington 99201  
(509) 326-4130

REPORT NO. 07.197



December 17, 2007

Mr. Timothy Rietveld, MAI & VP  
KeyBank National Association  
601 108<sup>th</sup> Ave NE 5<sup>th</sup> Floor  
Bellevue, WA 98004

RE: Clearwater Hall  
402 - 418 Main Street  
Lewiston, Idaho  
KRETS No. KEYW-071015-7469-1

Dear Mr. Rietveld:

At your request, we have prepared an appraisal and formed an opinion of the market value of the leased fee interest in the property located at 402 - 418 Main Street in Lewiston, Idaho. The subject property is Clearwater Hall, a four-story, mixed-use facility, which comprises retail space on the main floor and student-oriented housing in the upper levels. The student housing portion contains 117 bedrooms in 32 units.

Based on our investigation and analysis, and subject to the assumptions and limiting conditions contained within this report, we are of the opinion that the market value of the leased fee interest in the subject property is as follows:


VALUE SCENARIO	EFFECTIVE DATE	VALUE CONCLUSION
<b><u>Hypothetical Leased Fee Value Without Management Agreement</u></b>		
As Is:	December 6, 2007	\$4,910,000
Upon Stabilization:	October 6, 2009	\$5,200,000
<b><u>Leased Fee Value With Management Agreement</u></b>		
As Is:	December 6, 2007	\$4,510,000
Upon Stabilization:	October 6, 2009	\$4,800,000

As will be discussed later in the report, the stabilized value of the subject is less than the value concluded in the previous appraisal of the subject that was completed for its construction loan. Please see the Property History on page 16 of this report for a discussion of the influences that led to this reduction in value.

The data and analysis leading to the conclusion are summarized in the attached self-contained appraisal report. This report was prepared in conformance with the requirements of the Uniform Standards of Professional Appraisal Practice, in addition to those of KeyBank National Association.

Sincerely,

  
Justin L. Stout


  
Jeffrey D. Lembeck, MAI

# CERTIFICATION

We certify that, to the best of our knowledge and belief,...

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- As of the date of this report, I, Jeffrey D. Lembeck, have completed the requirements of the continuing education program of the Appraisal Institute.

  
Justin L. Stout

  
Jeffrey D. Lembeck, MAI  
Idaho State Certified General Real Estate Appraiser  
No. 332

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# SUMMARY OF FACTS

<b>PROPERTY NAME:</b>	Clearwater Hall
<b>PROPERTY ADDRESS:</b>	402 - 418 Main Street Lewiston, Idaho
<b>CLIENT/INTENDED USER(S):</b>	KeyBank National Association
<b>DATE OF INSPECTION:</b>	December 6, 2007
<b>DATES OF VALUATION:</b>	
As Is:	December 6, 2007
Upon Stabilization:	October 6, 2009
<b>DATE OF REPORT:</b>	December 17, 2007
<b>VALUE ESTIMATED:</b>	Leased fee
<b>CURRENT USE:</b>	Mixed-use building comprising retail on the main level and student-oriented housing in the upper levels.
<b>HIGHEST AND BEST USE:</b>	The subject's current use is representative of a highest and best use.
<b>SITE DESCRIPTION</b>	
Land Area:	36,984 SF, or 0.85 Acres
Usable Land Area:	14,130 SF, or 0.32 Acres
Zoning:	General Commercial Zone (C-4), City of Lewiston
Lot Orientation:	Corner
Topography:	The north portion of the site is level, while the southern portion of the site is severely sloped upward from north to south.
<b>IMPROVEMENT DESCRIPTION</b>	
Improvement Type:	Completely gutted and remodeled three-story, brick building that was built in 1910 and a four-story addition of wood-frame construction with a brick veneer exterior that was built in 2006.
Retail SF (GLA):	12,787 SF
Student Housing SF (NRA):	26,805 SF (117 Bedrooms)



# ESTIMATES OF VALUE

## HYPOTHETICAL STABILIZED LEASED FEE VALUE WITHOUT MANAGEMENT AGREEMENT

### COST APPROACH

Replacement Cost New		\$4,481,070
Add: Developer's O.H. & Profit @ 15%	+	<u>\$672,161</u>
Total Development Cost New		\$4,153,231
Less: Accrued Depreciation	-	<u>\$0</u>
Depreciated Replacement Cost		\$4,153,231
Add: Land Value (14,130 usable SF @ \$6.50/SF)	+	<u>\$92,000</u>

Indicated Value Via the Cost Approach: **\$5,250,000**

### SALES COMPARISON APPROACH

#### Living Units

Price Per Unit (\$85,000/Unit x 32 Units)		\$2,720,000
Price Per BR (\$38,000/BR x 117 Bedrooms)	(Rd)	\$4,450,000
Effective Gross Income Multiplier (7.0 EGIM x \$463,613)	(Rd)	\$3,250,000

Correlated Value of Living Units **\$32,500,000**

#### Retail Space

Price Per SF (\$155.00/SF x 12,787 SF)	(Rd)	\$1,980,000
--	------	-------------

#### Total Value

Value of Living Units		\$3,500,000
Add Value of Retail Space	+	<u>\$1,980,000</u>

Indicated Value Via the Sales Comparison Approach: **\$5,480,000**



**INCOME APPROACH****Direct Capitalization****Living Units**

Potential Gross Income		\$545,427
Vacancy and Credit Loss @ 15%	-	<u>\$81,814</u>
Effective Gross Income		\$463,613
Operating Expenses	-	<u>\$220,426</u>
Net Operating Income		\$243,187
Direct Capitalization Rate	÷	<u>7.75%</u>
Indicated Value		\$3,137,897

**Retail Space**

Potential Gross Income		\$153,444
Vacancy and Credit Loss @ 5%	-	<u>\$7,672</u>
Effective Gross Income		\$145,772
Operating Expenses	-	<u>\$6,291</u>
Net Operating Income		\$139,481
Direct Capitalization Rate	÷	<u>7.25%</u>
Indicated Value		\$1,923,876

**Total Value**

Value of Living Units		\$3,137,897
Add Value of Retail Space	+	<u>\$1,923,876</u>

Indicated Value Via the Income Approach: (Rd) **\$5,060,000**

**MARKET VALUE CONCLUSIONS WITHOUT MARKET AGREEMENT**

Upon Stabilization (October 20, 2009)	<b>\$5,200,000</b>
As Is (December 6, 2007)	<b>\$4,910,000</b>



STABILIZED LEASED FEE VALUE WITH MANAGEMENT AGREEMENT

## INCOME APPROACH

Direct CapitalizationLiving Units

Potential Gross Income		\$530,966
Vacancy and Credit Loss @ 25%	-	<u>\$132,742</u>
Effective Gross Income		\$398,224
Operating Expenses	-	<u>\$171,471</u>
Net Operating Income		\$226,753
Direct Capitalization Rate	÷	<u>7.75%</u>
Indicated Value		\$2,925,845

<u>Retail Space</u>	\$1,923,876
---------------------	-------------

Total Value

Value of Living Units	\$2,925,845
Add Value of Retail Space	+ <u>\$1,923,876</u>

Indicated Value Via the Income Approach:	(Rd)	<b>\$4,850,000</b>
--	------	--------------------

## MARKET VALUE CONCLUSIONS WITH MARKET AGREEMENT

Upon Stabilization (October 20, 2009)	<b>\$4,800,000</b>
As Is (December 6, 2007)	<b>\$4,510,000</b>



## EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

1. The client has asked for an "as is" market value of the subject, assuming operation without the current management agreement between the subject owners and Lewis-Clark State College. Therefore, for the purposes of this value, it is a hypothetical condition of this report that the subject is operating without the aforementioned management agreement. The client has also requested the "as is" value of the subject with the existing management agreement. Therefore, after the reconciliation, the "as is" value of the subject will be analyzed under the existing management agreement. Thus the preceding hypothetical condition will not be in effect during the later analysis.

## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for the legal description or matters involving legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances, unless otherwise stated.
3. Responsible ownership and competent management are assumed, unless otherwise stated.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. The appraiser has made no engineering survey of the property and assumes no responsibility for such matters. Any maps, plans and photographs included in this report are for illustrative purposes only.
6. It is assumed there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them. Subsurface rights, e.g. mineral or oil rights, were not considered in this report.
7. It is assumed the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or



private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed the utilization of the land and improvements is within the subject property boundaries and there is no encroachment or trespass unless otherwise stated.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would adversely affect its use or value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
12. Any allocation of total value estimated in this report between land, improvements, or any other fractional part or interest applies only under the stated program of utilization, and is invalidated if used separately or in conjunction with any other appraisal.
13. Possession of this report, or a copy thereof, does not carry with it the right of publication.
14. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
15. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
16. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
17. Any proposed improvements are assumed to have been completed unless otherwise stipulated; any construction is assumed to conform with the building plans referenced in the report.
18. Any construction, alterations or repairs upon which the appraised value is contingent are assumed to be completed in a workmanlike manner.
19. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
20. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute.



21. The Americans with Disabilities Act became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of the subject property to determine whether it is conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the subject property and a detailed analysis of the requirements of the ADA may reveal that the subject property is not in compliance with one or more of the requirements of the act.
22. This appraisal report is prepared for the sole and exclusive use of the appraiser's client, **KeyBank National Association**. No third parties are authorized to rely upon this report without the express written consent of the appraiser.
23. Provision of an Insurable Value by the appraiser does not change the intended user or the intended purpose of the appraisal. The appraiser assumes no liability for the Insurable Value estimate provided and does not guarantee that any estimate or opinion will result in the subject property being fully insured for any possible loss that may be sustained. The appraiser recommends that an insurance professional be consulted. The Insurable Value estimate may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.



# THE APPRAISAL ASSIGNMENT

## IDENTIFICATION OF THE PROPERTY

The property to be appraised is the Clearwater Hall located at 402 - 418 Main Street in the city of Lewiston, Idaho.

## LEGAL DESCRIPTION

A lengthy metes and bounds legal description of the subject property is included in the addenda of this report.

## DATE OF INSPECTION

Jeffrey D. Lembeck and Justin L. Stout inspected the subject property on various dates in December 2007. The formal inspection of the subject property was conducted on December 6, 2007.

## DATE OF VALUATION

The property is valued as of December 6, 2007.

## DATE OF REPORT

The date of the report is December 17, 2007.

## PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the leased fee interest in the subject property with its existing management agreement in place and assuming operation without the management agreement.

## INTENDED USE OF THE APPRAISAL

The intended use of the appraisal is to provide the client, KeyBank National Association, with an updated value of the subject property for monitoring purposes.

## PROPERTY RIGHTS APPRAISED

This analysis will lead to an opinion of the market value of the leased fee interest in the subject property.

Leased Fee Interest - *An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.*<sup>1</sup>

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<sup>1</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4<sup>th</sup> ed. 2002, pg. 161.





Fee Simple Estate - *Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police powers, and escheat.*<sup>2</sup>

The right of use and occupancy for the subject property is conveyed by lease to the tenants; as such, the report will conclude to a leased fee value. The client has asked for the "as is" market value of the leased fee interest in the subject property. However, the subject is not yet stabilized, and therefore a stabilized value will be concluded first, followed by the "as is" value.

## DEFINITION OF MARKET VALUE

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- (1) Buyer and seller are typically motivated;*
- (2) Both parties are well informed or well advised, and acting in what they consider their best interests;*
- (3) A reasonable time is allowed for exposure in the open market;*
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*<sup>3</sup>

## SCOPE OF THE APPRAISAL

The scope of the appraisal included:

- Inspection of the subject property, subject neighborhood and all comparable properties used in the report;
- review and analysis of all subject information included in the report and addenda;
- research, confirmation and analysis of sale comparables with the aid of County records, TRW Real Estate Information Services, and other sources;
- use of the Cost, Sales Comparison, and Income Approaches in valuing the property, and;
- preparing this written appraisal report in a self-contained report format.

<sup>2</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4<sup>th</sup> ed. 2002, pg. 113.

<sup>3</sup> Board of Governors of the Federal Reserve System (FRS), 12 CFR Part 225; Federal Deposit Insurance Corporation (FDIC), 12 CFR Part 323; National Credit Union Administration (NCUA), 12 CFR Part 722; Office of the Comptroller of the Currency (OCC), 12 CFR 34.42(f); Office of Thrift Supervision (OTS), 12 CFR 564.2(f); and the Resolution Trust Corporation (RTC), 12 CFR Part 1608. Washington, D.C.: Federal Register, Vol 55, No. 251, pages 53610-53618; Monday, December 31, 1990.



### APPRAISER COMPETENCY

No actions were necessary to comply with the competency provision of USPAP.

### THREE-YEAR OWNERSHIP AND SALES HISTORY OF THE SUBJECT

The subject property is currently owned by Clearwater Historic Development, LLC, which purchased the property in February 2005 for \$250,000 from S. Griffin Construction, Inc. The land component of this sale will be analyzed in the land valuation section of this report. The property was reportedly not being marketed at the time of sale. At the time of this sale, the facility comprised only a three-story brick building that was originally constructed in 1910, which was in "shell" condition, prior to being completely gutted, remodeled, and expanded to the east with a four-story building, all of which was completed after the sale.

We are aware of no other sales, listings, or offers involving the subject over the past three years. It should be noted that a representative for Lewis-Clark State College reported that the college was assessing the possibility of purchasing the subject. However, they would need the approval of the State Board of Education.

### SUBJECT HISTORY

As stated earlier, we previously appraised the subject property for the purposes of its construction loan, which resulted in a higher stabilized value than is concluded in this report. The prior appraisal was predicated on assumptions put forth by Lewis-Clark State College that did not come to fruition after the completion of the subject property. In order to provide a better understanding of the progression of the subject property to its current state, it is helpful to consider the following history of the subject.

- Project Development History** - When the subject project was initially conceived, there was reportedly a large supply of pent-up demand for student housing. At the time of development, Dr. Ron Smith, the former Vice President for Administrative Services at Lewis-Clark State College (LCSC), stated the college had a contract with the nearby Red Lion hotel to house 59 of the overflow of students that could not be accommodated in residence halls on campus, which were fully occupied. This contract would be terminated at the end of May 2006. The three residence halls on campus were reportedly fully occupied with approximately 205 students. Dr. Smith reported that there was typically a waiting list for these lodgings in the summer and when the contract with the Red Lion terminates, the college anticipated there would be over 160 students on the waiting list for on-campus housing. Additionally, Karen Morscheck, Director of Residence Life at LCSC stated that lots of groups apply to LCSC for summer stays, but given the limited on-campus housing, these groups couldn't be facilitated.

As an inducement to build the subject project, Dr. Smith drafted a letter of intent between the subject's developer and LCSC to enter into a management agreement, in which LCSC agreed to fill the subject's residence units and College Place (an 88-bedroom, student-oriented facility that was to be constructed and completed at the same time as the subject) prior to allowing students to reside in any other LCSC owned or managed residence facility. **Thus LCSC agreed to fill the subject's 117 bedrooms and the 88 bedrooms at College Place before filling its own residence halls on campus. However, this commitment never materialized, as it is not included in the current management agreement.**



Dr. Smith further stated that peer institutions that are similar to LCSC typically use 12% of their total enrollment as a benchmark for programming the number of beds needed for on-campus housing. Therefore Dr. Smith surmised that 12% of LCSC's reported 3,500 students would equate to a need of 420 beds. According to Dr. Smith, LCSC had about 205 beds on campus, thus falling well short of the 12% benchmark and indicating a need for over 200 additional beds. Since the subject and College Place would accommodate a combined total of 205 beds, both projects were undertaken and completed in August 2006.

- **Present Project Status** – The subject project is currently approximately 75% occupied. According to the subject history, this occupancy rate is typical for the nine-month school year. During the summer term, however, the occupancy rate drops to about 8%. The experience of College Place, which is also at a present occupancy rate of 75%, has reportedly been the same. We spoke with one of the owners of College Place, Bill Lawson, who stated they were having serious vacancy and absorption problems that they have yet to work out. Mr. Lawson said the project is basically dead in the summer, and they have to "make it up" during the nine-month school year. They start the school year at 85% to 90% occupancy, but by the first semester they are down to only 60% occupancy.
  - We spoke with Kent Kinyon (208-792-2202), Controller for Lewis-Clark State College, who said that during the 2005/2006 school year, there was excessive demand for student housing, as students were relegated to the Red Lion hotel for overflow housing. Since that time, enrollment has increased at LSCS, however there has been a change in the demographics related to the student body. While typical colleges mainly have traditional four-year students between the ages of 18 and 22, LCSC has experienced a combination of a net increase in older, non-traditional students and a slight decrease in enrollment for traditional four-year students. This has a magnified effect upon residence halls, since they historically comprise younger students that are either freshmen or sophomores.

Additionally, LCSC has experienced a lower retention rate for students living in residence halls, compared to the general student population. A possible reason for this is the younger students are increasingly seeking out traditional apartment housing, as opposed to residence halls. Another possible explanation is that, due to a favorable economy in the Lewiston area, these younger student's are opting to quit or put on hold their pursuit of a college degree and enter the workforce. As a result, there are fewer students attending LCSC, which leads to a decreasing number of students seeking student housing.

- We spoke with Karan Morscheck (208-792-2259), Director of Student Life at LCSC, who related they have closed Talkington Hall, a residence hall on campus. Ms. Morscheck said Clark Hall had 69 beds occupied out of 78, which are used for athletes only, and Parrish Hall has 19 beds occupied out of 29, which is occupied by upper-classman on the honor roll. As such, housing on campus is very limited, and the majority of the students requiring housing are accommodated at the subject, Clearwater Hall, and College Place. Ms. Morscheck related that while enrollment at the subject is at around 90 beds during the nine-month school year, it drops to about 9 or 10 during the summer term, even though LCSC marketed the space through several different outlets.



- **Project's Future Outlook** – Mr. Kinyon stated it is LCSC's goal to increase enrollment of traditional four-year students and he believes the trend line for the traditional student will increase in the future. As part of LCSC's commitment to increasing enrollment of this demographic, they will be constructing a \$15 Million addition for their prestigious nursing program, which is reportedly highly regarded. This expansion, which is expected to be completed by Fall 2009, will enable the college to admit more students to its nursing program. Their nursing program is a baccalaureate program, from which they anticipate an increase of traditional four-year students. As a result, this will be a source of additional student demand for both residence halls (Clearwater Hall and College Place).
  - Additionally, we spoke with Howard Erdman (208-792-2456), Director of Institutional Planning, Research and Assessment at LCSC. The following information was relayed during our conversation. Enrollment of full-time students at LCSC has been steady over the past seven years, while total student enrollment has been trending upward, as shown in the following table.

LCSC Fall Semester Total Enrollment							
<b>Year:</b>	2001	2002	2003	2004	2005	2006	2007
<b>Students:</b>	2,953	3,108	3,471	3,325	3,451	3,394	3,612
<b>% Change:</b>	-	5.0%	10.5%	-4.4%	3.7%	-1.7%	6.0%

Most students in residence housing are freshmen and sophomores, and therefore, the college is targeting these younger, traditional students. As shown in the above chart, total enrollment in 2007 increased by 6%. This increase was partly due to an increase in freshmen. The following table displays the freshman enrollment over the past seven years.

LCSC Freshman Enrollment History							
<b>Year:</b>	2001	2002	2003	2004	2005	2006	2007
<b>Freshman:</b>	1,141	1,212	1,440	1,213	1,231	1,214	1,428
<b>% Change:</b>	-	5.9%	15.8%	-18.7%	1.5%	-1.4%	15.0%

As shown, a 15% increase in freshman was experienced in 2007. This is reportedly a direct result of the college targeting smaller school districts in the region that have small graduating classes. The college plans to continue their efforts to target these smaller school districts that are purportedly not courted by other colleges and universities. It should be noted that the increase in 2003 (as shown in both tables above) was due to an atypically large high school graduating class. In addition, virtually all of the college's international students are accommodated in residence halls. The following table reflects past international enrollment for LCSC.

LCSC International Enrollment History							
<b>Year:</b>	2001	2002	2003	2004	2005	2006	2007
<b>Int'l Students:</b>	78	79	94	98	115	132	143
<b>% Change:</b>	-	1.3%	16.0%	4.1%	14.8%	12.9%	7.7%



As shown, the enrollment of international students has been rising steadily. However, the 2001 enrollment, as well as a few years that follow, is reportedly atypically low due to the terrorist attack in September 2001. Also, 100 students from Nepal will be enrolling at LCSC in Fall 2008, as LCSC has a strong enrollment of Nepalese. Therefore, these additional 100 students would be expected to be housed in the residence halls, and in turn, increasing occupancy rates.

- **Conclusion** – It is evident that the demand for student housing that was anticipated prior to construction of the subject did not materialize. A possible reason for the lower demand is a change in the demographics at LCSC and a reduction in retention rates for students housed in residence halls. Also, there are approximately 88 students still being lodged in on-campus housing, further impacting the occupancy rate for the off-campus residence halls (the subject and College Place). If these 88 students were to be housed in off-campus residence halls, there would still not be enough student demand to maintain an appropriate occupancy rate during the summer term.

The college does appear to be increasing its efforts to increase traditional student enrollment that would typically require student housing. These efforts include focusing on smaller school districts in the region that have smaller high school graduating classes. The college will also be completing a \$15 Million expansion to accommodate more students in its nursing program in Fall 2009, which mainly comprises traditional four-year students. Additionally, they are projecting an increase of at least 100 international students in Fall 2009, which will all likely require student housing. Thus, the aforementioned plans should positively impact the future enrollment of LCSC, and in turn, the subject's occupancy; however it will not be occurring in the near term and it is unknown when the full impact of their efforts will be received.

## MARKETING/EXPOSURE PERIOD

*Marketing Time – an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions.<sup>4</sup>*

*Exposure Time – the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal.<sup>5</sup>*

In this instance, marketing time and exposure time are judged to be equivalent. According to the Korpacz Real Estate Investor Survey, the average marketing time for the "National Strip Shopping Center Market" is 6.25 months. Additionally, the average marketing time for the "National Apartment Market" is 5.65 months. Among the improved apartment sales, Clarke Terrace was listed for 2 months prior to selling. Considering the subject's

<sup>4</sup> The Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4<sup>th</sup> ed., 2002.

<sup>5</sup> Ibid.



characteristics, a marketing/exposure period of 12 months is estimated for the subject, if appropriately priced and actively marketed. Based on the subject's proposed characteristics and its relationship with Lewis-Clark State College (LCSC), the facility would be most attractive to LCSC.



## PERSONAL PROPERTY, FIXTURES, AND INTANGIBLES

- **Fixtures** - Included in the valuation of the real estate were the items summarized in the following table.

Item	Units		Rate	Total Cost New	Depreciated Cost @ 8%
<b><u>Bedrooms</u></b>					
Loftable Bed	117	BRs @	\$ 124	\$ 14,508	\$ 13,347
Mattress	117	BRs @	\$ 83	\$ 9,711	\$ 8,934
Armoire	117	BRs @	\$ 403	\$ 47,151	\$ 43,379
Desk	117	BRs @	\$ 243	\$ 28,431	\$ 26,157
Chair	117	BRs @	\$ 64	\$ 7,488	\$ 6,889
<b><u>Units</u></b>					
Refrigerators	32	Units @	\$ 300	\$ 9,600	\$ 8,832
Sofa	32	Units @	\$ 1,131	\$ 36,192	\$ 33,297
Living Rm Chair	32	Units @	\$ 612	\$ 19,584	\$ 18,017
Coffee Table	32	Units @	\$ 157	\$ 5,024	\$ 4,622
Dining Table	32	Units @	\$ 224	\$ 7,168	\$ 6,595
Dining Chairs	117	Units @	\$ 24	\$ 2,808	\$ 2,583
					\$ 172,652

The subject's furnishings are estimated to have an average economic life of 10 years. Since the subject was completed approximately 15 months, this would indicate a depreciation rate of 12.5% for the subject's fixtures. However, considering the subject's historical occupancy rate, the fixtures have been depreciated by 8%, as shown in the table above. As a result, the value allocated to the subject's fixtures is \$172,652.

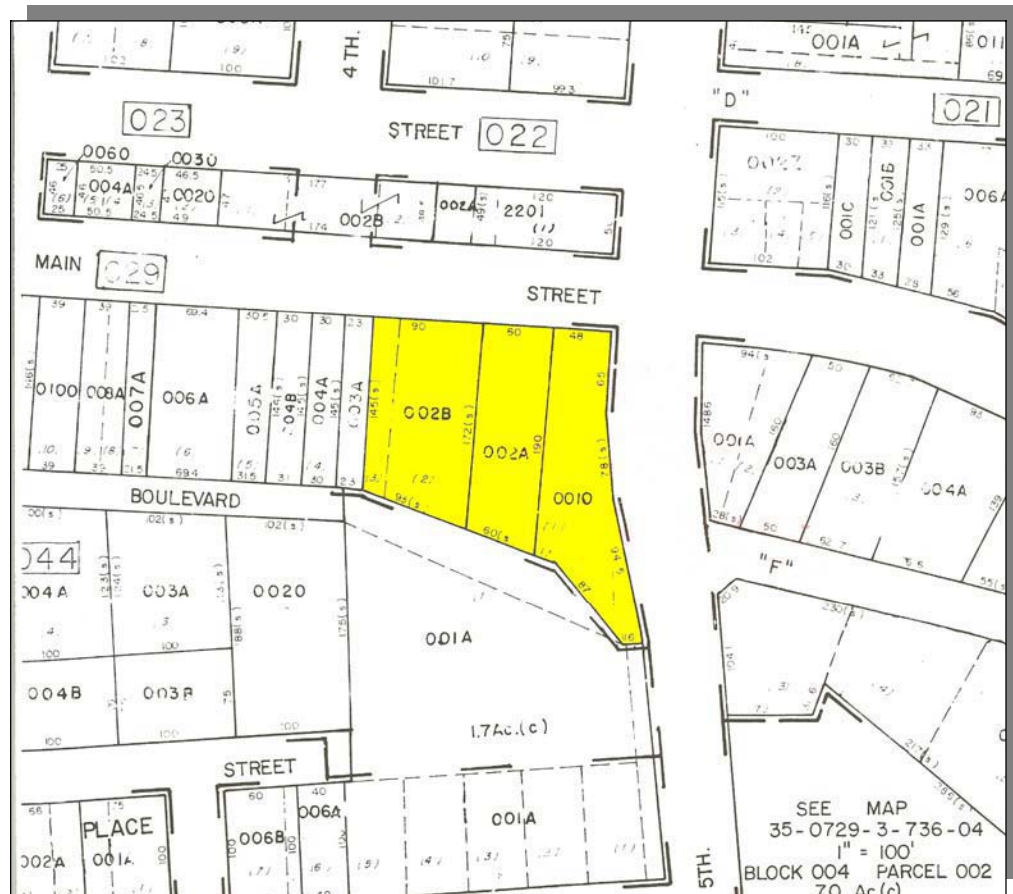
## UNAVAILABILITY OF INFORMATION

Sufficient information necessary to form a reliable opinion of market value was believed to be available. However, if additional information becomes available after the date of this appraisal, the right is reserved to re-analyze the property, and to potentially revise the value conclusions stated herein. Such analysis may be at an additional fee.



SUBJECT INFORMATION

SITE DESCRIPTION



## PLAT MAP

## LOCATION

The subject site is located at 402 – 418 Main Street in the historic district of the city of Lewiston, in the “Downtown” area, which is in the northwest quadrant of the city of Lewiston, Idaho.

## SIZE AND SHAPE

The subject is an irregular site that comprises three contiguous parcels, as shown in the plat map above (the subject site is highlighted in yellow). The entire site is approximately 0.85 acres, or 36,984 SF. However, due to the severe slope on the southern border of the subject site, only the northern section of the parcels is usable. This usable portion is approximately 0.32 acres, or 14,130 SF.





## FRONTAGE/EXPOSURE

The subject is a corner site with frontage along Main Street and 5<sup>th</sup> Street. Main Street is a one-way road that is the eastbound portion of Lewiston's downtown couplet. The westbound portion of this couplet is "D" Street, which is located one block north of Main Street. The subject site has approximately 198' of frontage along the south side of Main Street and about 237' of frontage along the west side of 5<sup>th</sup> Street. The subject has ground-floor retail space and student-oriented housing in the upper levels, therefore, its exposure is considered good since it is located along Main Street, a major arterial in the historic district of Lewiston's central business district, and along 5<sup>th</sup> Street, which provides access to Lewis-Clark State College, one-half mile to the south. Additionally, the subject site is located at a signalized intersection.

## ACCESS

Regional and local access to the site is good. The subject can be accessed via Main Street, which is also known as Highway 12, but is Main Street while in the city limits of Lewiston. Main Street accesses the city of Clarkston to the west and intersects with Twenty-first Street to the east, which provides access to US Routes 12, 95, and 195. These routes serve as the major north/south and east/west highways in southern Washington and south-central Idaho. The subject is easily accessed both regionally and locally.

## INGRESS/EGRESS

The subject site has frontage on Main Street, a paved one-way road with two eastbound lanes, and 5<sup>th</sup> Street, a paved two-way road. The only area of vehicular ingress/egress to the subject property is the southeast corner of the site along the west side of 5<sup>th</sup> Street, which is used to access the subject's trash receptacle.

## EASEMENTS/ENCROACHMENTS

The title report by Land Title of Nez Perce County, dated January 6, 2006, did not indicate any adverse easements, or restrictions. No obvious easements or encroachments were observed during the inspection of the site. Typical utility easements are presumed to exist.

## ADJACENT USES

- |               |  |
|---------------|--|
| <b>North:</b> | An older two-story brick building in average condition at the northwest corner of Main Street and 5 <sup>th</sup> Street. This building is occupied by the Lewis-Clark State College Center for Arts and History. This building shares a common wall with the four-story building to the west, across the street to the north of the subject's existing building. This is the Butler Building, which was recently renovated and comprises Moxie, a full service salon, on the main level and private residences on the upper levels. |
| <b>South:</b> | The Garden City Apartments; an older multi-family apartment complex that comprises three buildings in average condition. This apartment complex is situated atop the hillside directly behind the subject.   |
| <b>East:</b>  | Across 5 <sup>th</sup> Street is the Town Square Mall; a combination of two buildings that comprise four levels of retail and office use. The mall   |

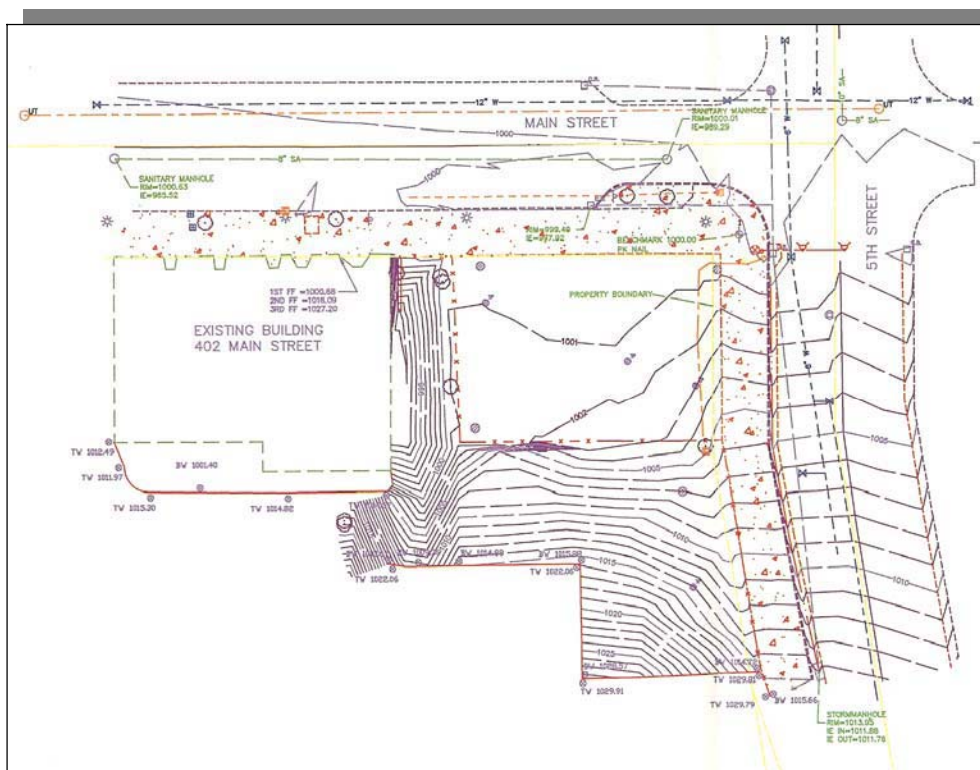


was constructed in 1892 and was remodeled in the early 1980's. The 45,735 SF facility is in average condition.

**West:** A block of buildings in fair to average condition that share common walls.

### TOPOGRAPHY/DRAINAGE

As mentioned, there is a severe upward slope from north to south along the southern border of the subject site. Thus only the northern section of the site is considered usable. The severity of this slope is illustrated in the topographic survey below. The northern section of the site is generally level and at street grade. There were no areas of standing water at the time of the inspection, and the subject property appears to have adequate drainage.



### UTILITIES

Utilities available to the subject property include:

Utility	Purveyor	Contact
Water:	City of Lewiston	208-746-1355
Sanitary Sewer:	City of Lewiston	208-746-1355
Electricity:	Avista Utilities	800-227-9187
Telephone:	Qwest Communications	800-603-6000
Natural Gas:	Avista Utilities	800-227-9187

All typical utilities are available in the subject's neighborhood with City supplied water, sewer, and garbage. Avista Corporation provides gas and electric service.



**LINKAGES****Medical:**

Saint Joseph Regional Medical Center is a 145-bed facility situated in the subject neighborhood, approximately four blocks south of the subject site. Saint Joseph is the largest hospital in the region, serving nine counties in Idaho, Washington, and Oregon. Additionally, Tri-State Hospital, a 62-bed facility, is located in nearby Clarkston, Washington.

**Shopping:**

Most of the major shopping and retail service are located in eastern Lewiston, approximately two miles east of the subject. Lewiston Center Mall, with over 250,000 SF of shopping is located just outside the southeast corner of the subject's neighborhood. Additional shopping and retail services are located along Main Street, near the subject, and along Thain Grade.

**Schools:**

There are adequate schools (Webster Elementary, Jenifer Junior High School, and Lewiston High School) in the city of Lewiston, including Lewis-Clark State College, one-half mile south of the subject.

**FEMA FLOOD ZONE INFORMATION**

Community Panel No.: 1601040001B

Dated: January 20, 1982

Zone Classification: "C" (areas outside the 500-year floodplain)

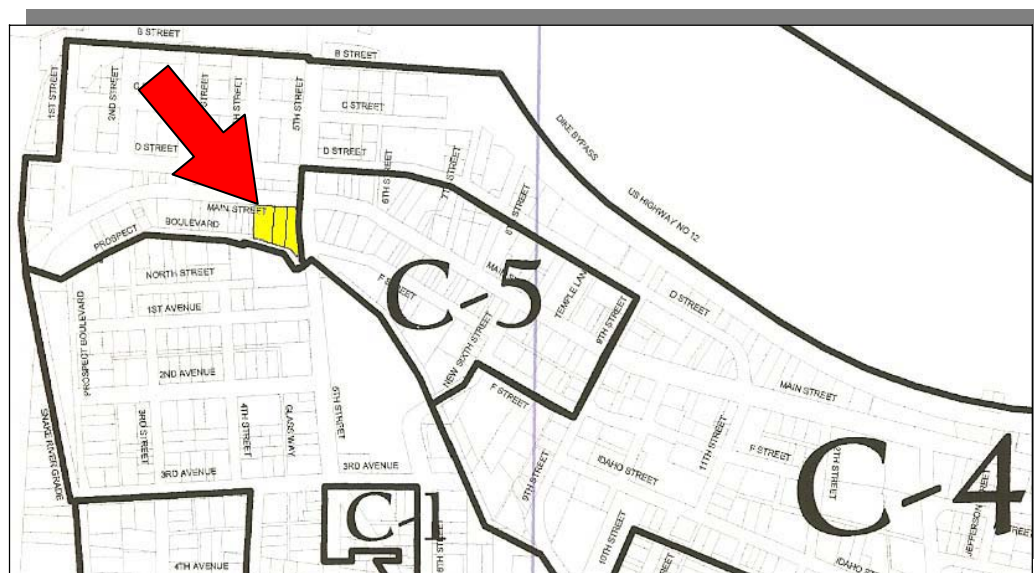
**FLOOD MAP**

## ZONING

The subject site is zoned C-4, General Commercial, by the City of Lewiston. The purpose of the C-4 zone is "[t]o provide areas to serve the city and regional needs for commercial goods and services. Such areas shall be compatible with adjacent residential development." Uses permitted in the C-4 zone include, but are not limited to, business or professional offices, eating or drinking establishments, multi-family residential uses not on the ground floor of a building, personal services, retail sales and service, and financial institutions. The subject's improvements appear to comply with all requirements of the zone. The specific requirements for this zoning designation are outlined in the following table:

### C-4 ZONING REQUIREMENTS

Regulation	Zoning Requirement	Subject Property
Permitted uses:	Retail sales & service, multi-family (not on ground floor), professional/business office, eating establishments, etc.	Retail on main floor and student- oriented housing in upper levels.
Front yard setback:	None.	N/Ap
Side yard setback:	None, except 15' when a property abuts a residential zone.	N/Ap
Rear yard setback:	None, except 15' when a property abuts a residential zone.	> 15'
Min. Lot Size:	None.	36,984 SF
Max. Building Coverage:	None.	37% of the total site
Max. Building Height:	60'	Approx. 53'
Minimum parking:	None in CBD	None



### ZONING MAP

## SITE CONCLUSION

The subject is located in a historic district within the city of Lewiston's central business district at the southwest corner of Main Street and 5<sup>th</sup> Street. This is a signalized intersection that is one-half mile north of the campus of Lewis-Clark State College. The southern border of the site slopes upward steeply from north to south. However, the north portion of the site, which encompasses the improvements is generally level, at street grade, is equipped with all typical utilities, and has adequate local and regional access. The site is zoned general commercial and is well suited to its current use with retail on the main level and student-oriented housing in the upper levels.



## DESCRIPTION OF IMPROVEMENTS



The subject is the Clearwater Hall facility, which comprises 12,787 SF of storefront retail space on the main level and student-oriented housing units on the upper levels. The facility comprises a three-story brick building that was originally constructed in 1910 and was completely gutted and remodeled in 2006, in addition to an expansion to the east with a four-story building. The four-story expansion is of concrete construction on the main level and wood-frame on the upper levels, with a brick veneer exterior. The retail space is divided into four bays with bay depths of 60' to 70'. However, it would be possible to divide this space into more, or fewer bays, depending upon tenant demand. The subject's student-oriented housing portion has 32 units that comprise 117 bedrooms, each furnished with a loft-able bed, an armoire, and a desk and chair. The upper levels is accessed via an elevator, in addition to an interior stairwell. Each unit has a living room/kitchen area equipped with a refrigerator, kitchen sink, dining table with chairs, sofa, coffee table, and chair. The majority of the units have one bathroom with a shower and toilet, and a sink located just outside the bathroom. All the units are accessed via interior corridors. Additionally, the facility has common laundry, a study room, and storage rooms.

AREA BREAKDOWN		
Area		SF
<b>Common Area</b>		
Lobby/Stairs/Elev Shaft/Corridors		7,695
Laundry Room		263
Janitorial		303
Storage		315
Study Room		206
Restroom		70
<b>Subtotal:</b>		<b>8,852</b>
<b>Retail Space</b>		
<b>Main Floor</b>		<b>12,787</b>
<b>Living Units</b>		
No. Units	Br/Ba Per Unit	Subt. SF
3	1/1	1,269
1	2/1	555
4	3/1	3,026
19	4/1	16,273
1	4/2	1,129
4	5/2	4,553
<b>Subtotal:</b>		<b>26,805</b>
<b>Gross Building Area:</b>		<b>48,444</b>





**PROPERTY DETAILS**

Gross Building Area:	48,444 SF
Number of Floors:	Four
Year Built:	2006 (east phase); 1910 (west phase)
Improvement Age:	
Actual Age	1      Years
Effective Age	0      Years
Total Economic Life	45      Years
Remaining Economic Life	45      Years

**CONSTRUCTION FEATURES**

Foundation:	Poured concrete.
Basic Structural System:	The west phase is of brick construction; the east phase is of concrete construction on the main floor and wood-frame construction on the upper three levels.
Basement:	No.
Exterior Walls:	Brick veneer, with the exception of the south exposure of the east building, which has hardi lap siding.
Roof:	Metal roof panels on east phase and flat, built-up roof on west building.
Insulation:	Batt insulation in walls and ceilings.

**Interior Finish**

Floor Covering:	Carpeting in the living rooms and bedrooms; sheet vinyl flooring in the bathrooms and kitchens; carpeting in the retail space.
Interior Walls:	Painted gypsum wallboard.
Ceiling Finish:	Painted gypsum wallboard in living units and suspended acoustical tile ceiling in retail space.
Lighting:	Mixture of incandescent and fluorescent.
Windows:	Single and double-hung vinyl windows.



### Mechanical and Equipment

Heating, Ventilation, and  
Air Conditioning:

The living units have a rooftop mounted gas forced air system with air conditioning. The retail bays will each have an individual gas forced air package system.

Water Heaters:

The residential portion of the facility has a central gas water heater, while the retail bays will each have individual water heaters.

Plumbing:

Kitchens are equipped with a refrigerator and basin sink. The majority of the living units have one bathroom with a shower and toilet that has a sink located just outside the bathroom. A laundry room equipped with washers and dryers is located on the second level, in addition to a common area unisex restroom with one toilet and sink. Janitorial rooms are located on all the upper levels.

Electrical:

Adequate outlets and lighting. The retail bays are individually metered.

Elevator:

One, with four stops.

Fire Protection:

Wet sprinkler system.

### Other

Parking:

The subject facility does not include on-site parking, however, this does not appear to be a negative influence upon the property, given that its tenants are students. With the subject's proximity to the campus of LCSC and its location in Lewiston's central business district, parking does not appear to be a significant need, and is therefore not considered a negative pressure upon the subject facility. Also, student tenants are reportedly allowed to use the city parking lots in the immediate vicinity of the subject, free of charge. Additionally, the city of Lewiston has a transit system that runs along 5th Street, in front of the subject and up to LCSC, on the hour. Thus, parking does not appear to be a problem for the subject's student tenants.

Special Features:

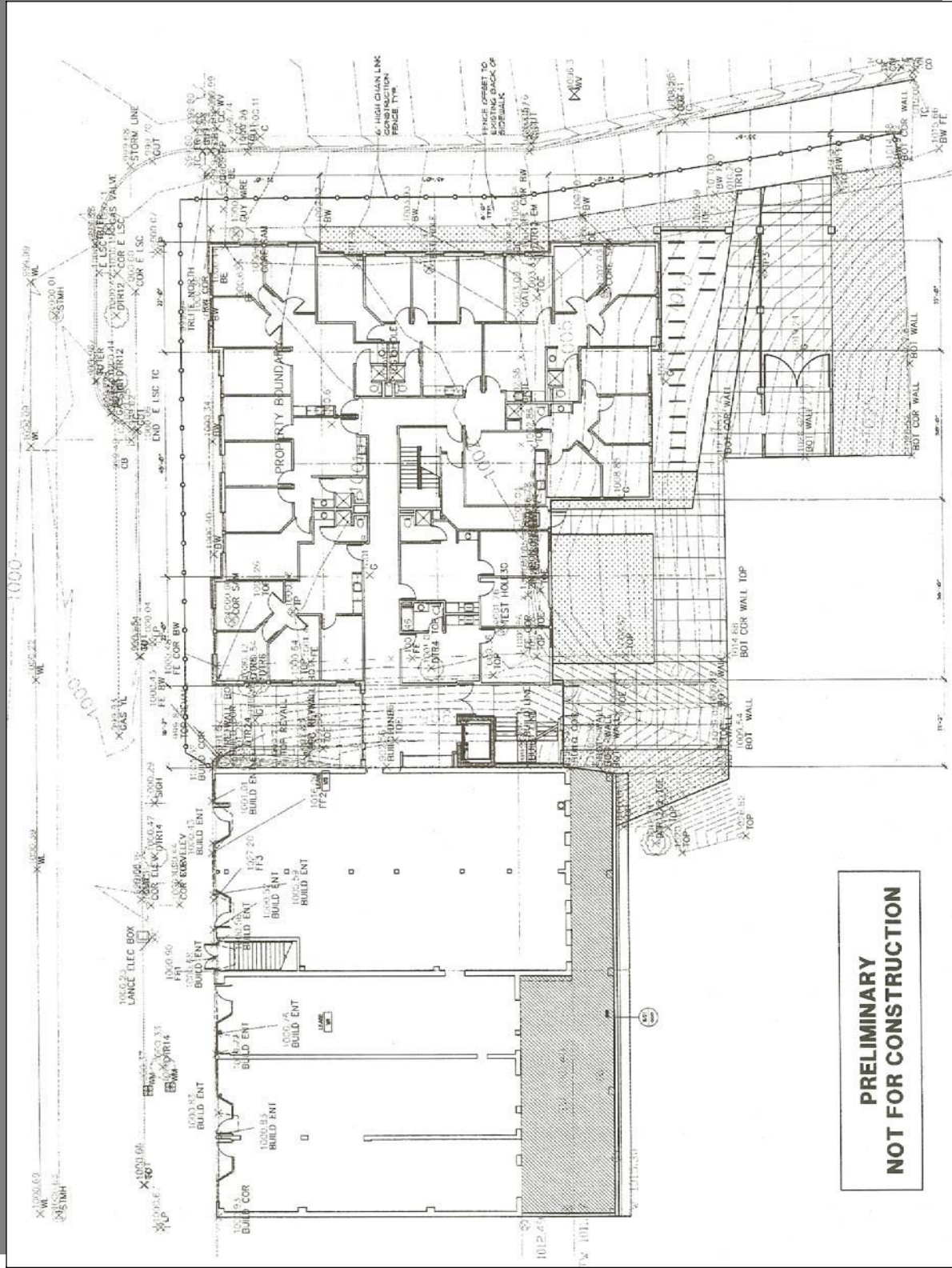
There is a bicycle stall and a courtyard on the south side of the new building.

### IMPROVEMENTS CONCLUSION

The subject facility is in excellent condition, as the western building was completely gutted and rebuilt and the new addition, contiguous to the east, is newly built. As such, the improvements have no items of deferred maintenance. Additionally, the improvements seem to be well designed for their intended use and no functional obsolescence appears to exist. Overall, the subject is an attractive mixed-use facility in Lewiston's "downtown," with mostly older buildings in the subject's immediate vicinity.



SITE PLAN

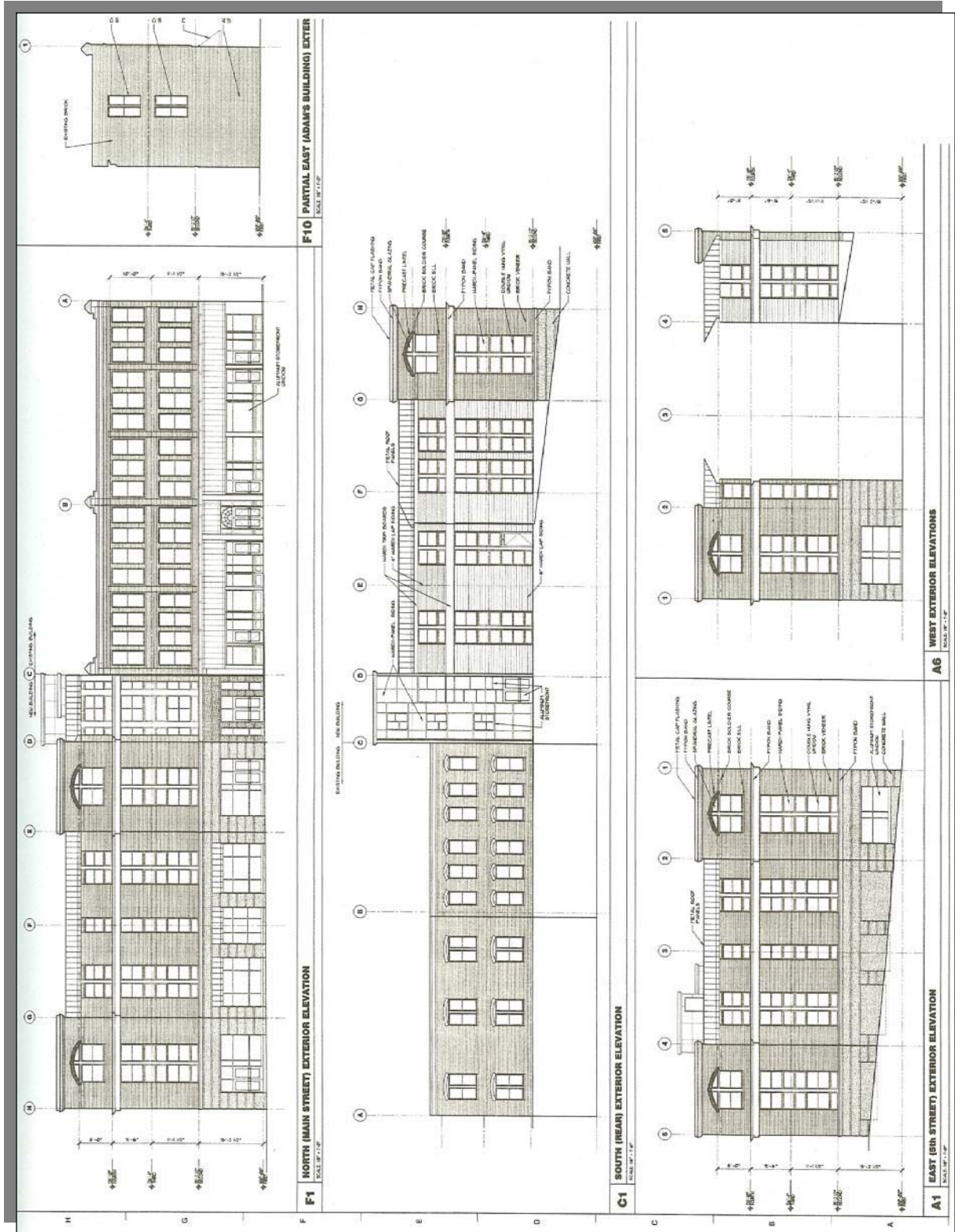


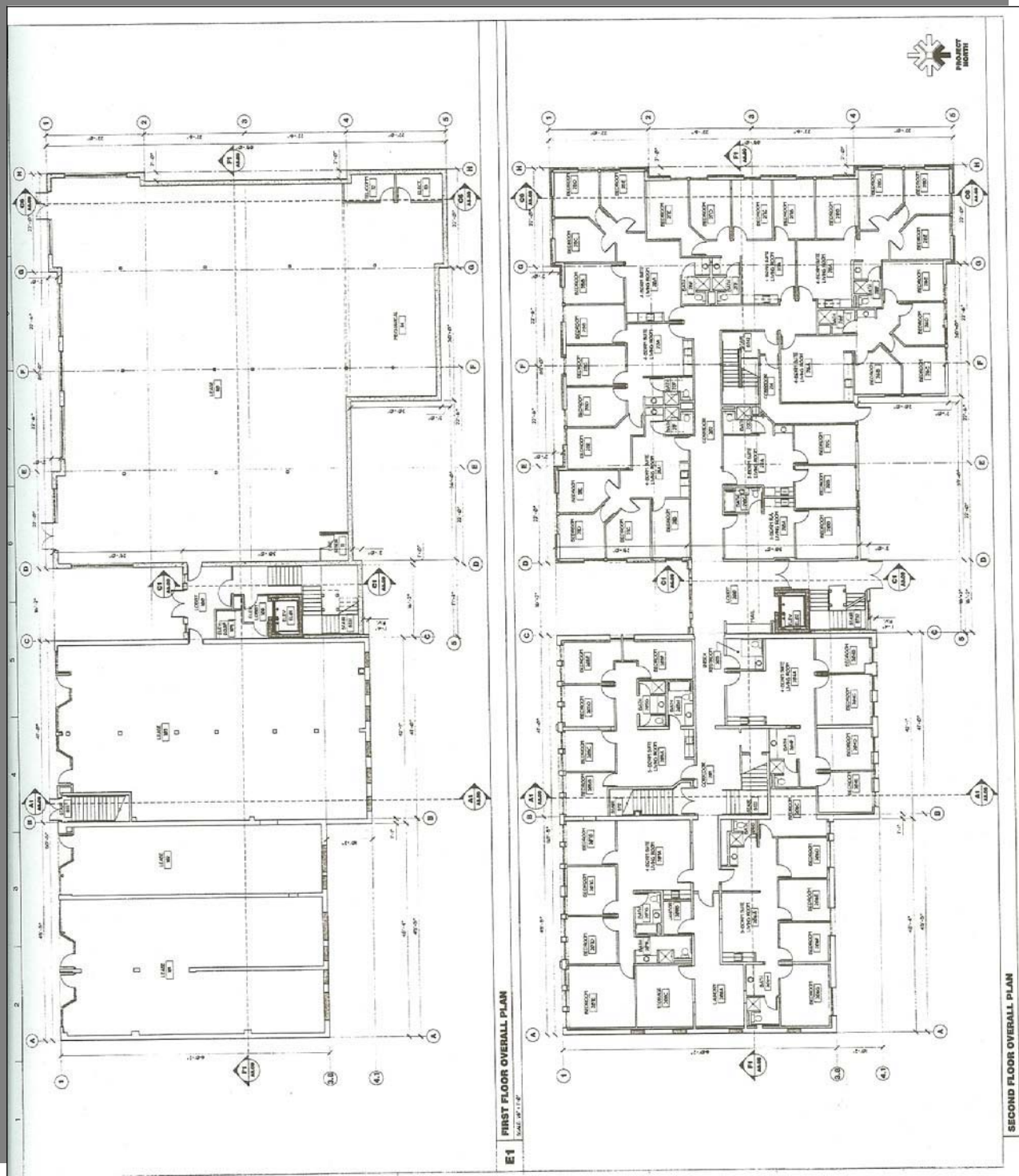
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## BUILDING PLANS

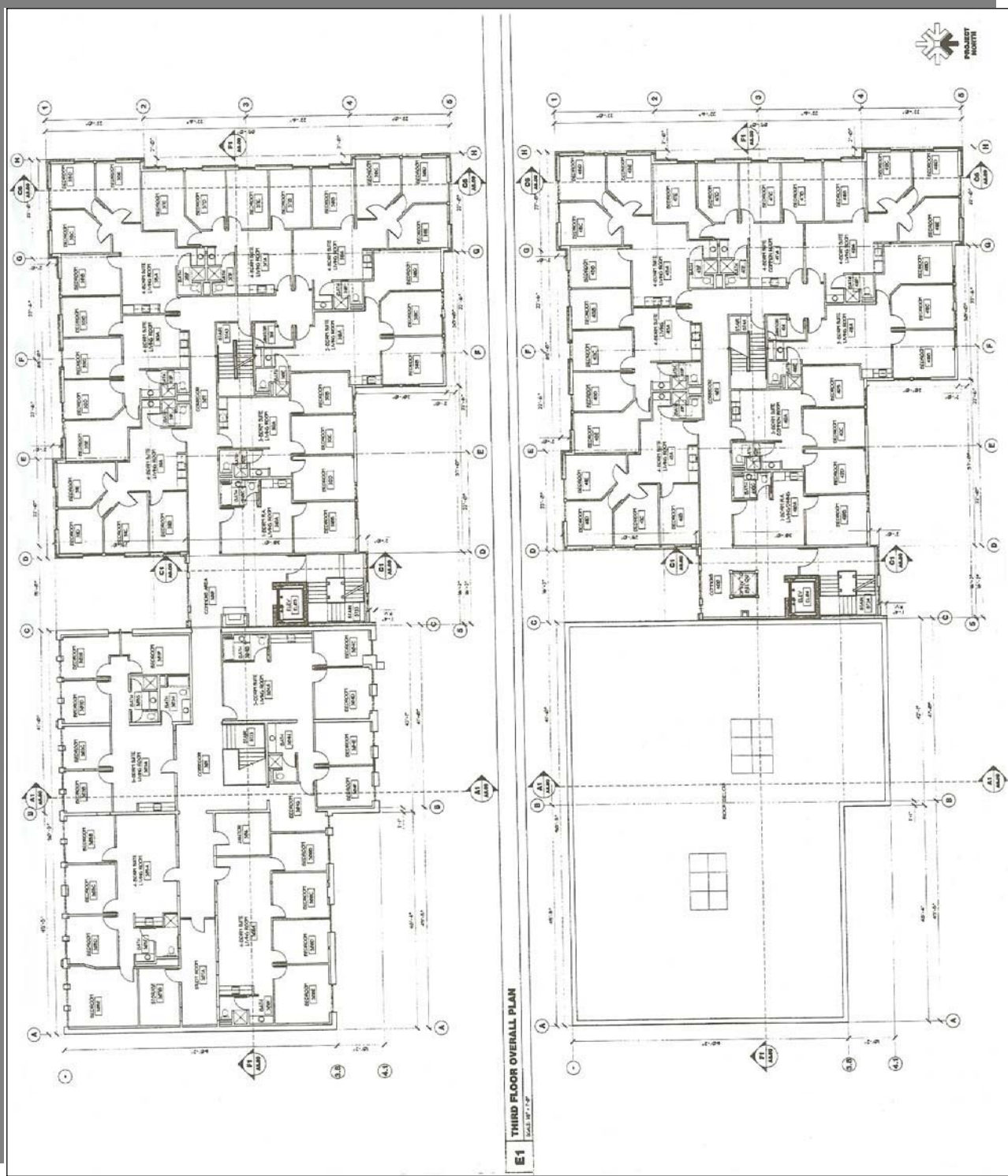








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## PROPERTY TAXES AND ASSESSMENTS

In Idaho, counties are the centralized assessment and tax collection authority. Revenue is disbursed to other municipal authorities from the county. By statute, real property is assessed at 100% of market value (although in practice, assessments are generally conservative), and re-valuation occurs at least once, by physical inspection, every five years. Values can also be changed annually, between inspections, by a trending process. Assessment notices are mailed in May, and annual tax bills are mailed on the fourth Monday in November. The first half is due in December, and the second half is due the following June.

The real estate taxes for the subject are summarized below:

Tax Account No.:	RP L	03600290010	0360029002A	0360029002B	Total
Land Assessment:		\$32,725	\$31,790	\$35,063	\$99,578
Improvement Assessment:		\$0	\$2,646,929	\$1,506,992	\$4,153,921
Total Assessment – 2007:		\$32,725	\$2,678,719	\$1,542,055	\$4,253,499
2007 Property Tax Rate:		0.0185662	0.0185662	0.0185662	0.0185662
Total Property Taxes:		\$607.54	\$49,733.64	\$28,630.08	\$78,971.26

According to representatives of Nez Perce County Treasurer's Office, delinquent taxes are currently owing for the subject, which total \$887.26, plus interest and penalties. Additionally, a one-time occupancy tax of \$18,241.66, plus interest and penalties, is also owing. As shown in the table below, the 2007 tax rates are the lowest in the past five years, as tax rates have been trending downward.

### PROPERTY TAX RATE TRENDS (Tax Code Area: 152)

Year	Total (\$/1000)
2007	0.018566
2006	0.019499
2005	0.022044
2004	0.023176
2003	0.023380
<b>Average</b>	<b>0.021333</b>

Source: Nez Perce County Treasurer's Office, 208-799-3030

### LOCAL IMPROVEMENT DISTRICTS/OTHER ASSESSMENTS

The Nez Perce County Treasurer's Office was aware of no assessments, LID's or other bonded indebtedness.



# HIGHEST AND BEST USE

## DEFINITION

Highest and Best Use is defined as *"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."*<sup>6</sup>

## AS IF VACANT

**Legally Permissible** - The primary legal restriction affecting the use of the subject site is its zoning designation. The subject parcel is zoned C-4, General Commercial, by the City of Lewiston. Uses permitted in the C-4 zone include, but are not limited to, business or professional offices, eating or drinking establishments, multi-family residential uses not on the ground floor of a building, personal services, retail sales and service, and financial institutions. This zone is in accordance with surrounding zones and uses and appears to be commensurate to the subject's current improvements.

**Physically Possible** - The subject site comprises three contiguous parcels, which total 0.85 acres, or 36,984 SF. However, due to the severely sloping hillside that takes up the southern border of the subject site, only the northern section of the parcels is usable. This usable portion is approximately 0.32 acres, or 14,130 SF. All city utilities are available to the site. Soils are of a consistency that should support substantial development, as evidenced by the current improvements in the subject's immediate area. These factors are conducive to the construction of a multi-story building on the site, which would be a likely use.

**Financially Feasible** - Despite the low vacancy rates, new apartment construction is only marginally feasible in the Lewiston-Clarkston area. Most types of new apartment construction in this area are currently possible at approximately \$60.00 to \$65.00 per square foot. Assuming an average unit size of 900 square foot, the total construction costs are ranging from roughly \$55,000 to \$60,000/unit. Adding land acquisition costs in the \$5,000 to \$10,000 per unit range, total development costs are near \$60,000 to \$70,000 per unit. The bulk of newly constructed apartment complexes in Eastern Washington/Northern Idaho are selling for prices in the range of \$65,000 to \$70,000 per unit. Assuming some relationship between cost and value, the potential profit is about \$11,000 per unit, at best. This implies a potential profit in the range of -5% to 17%, with no guarantee of achieving a rate toward the upper end of the range. This return is sufficient to warrant new development, although, new market rate apartment development has been extremely minimal in the Lewiston-Clarkston area. However, the current improvement is a mixed-use facility and the subject site is not a typical apartment site. Additionally, the zoning does not require the off-street parking required by typical apartment sites. Also, the tenants that occupy the subject's living units do not have the same parking requirements of typical apartment dwellers. Therefore, cost savings can be realized via the lower price of the subject's land in a central business district, compared to typical apartment land. Overall, apartment development does not appear to be feasible at this time. Additionally, there is no new development occurring in the subject's immediate area.

<sup>6</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4<sup>th</sup> ed. 2002.



**Maximally Productive** – Developers have continued to build new apartments in Eastern Washington/Western Idaho despite current economic conditions, with the belief that market conditions will eventually improve to the point of providing a sufficient future return on investment to justify construction today. In addition, a number of multi-family developers have continued to build “niche” properties, such as retirement apartments, high-end complexes, and affordable housing projects. The developers of these projects have continued to acquire and develop multi-family land, despite the current state of the market. The subject facility, as a student-oriented complex, could be considered a “niche” property. Also, developers have built speculative retail properties in Lewiston, albeit along its main retail corridor in the eastern section of the city. However, Lewiston’s central business district is reportedly experiencing some rejuvenation. At least four properties in the CBD have been purchased and renovated over the past few years, indicating the possible viability of new development. The subject’s retail space is superior to the typical retail space in downtown Lewiston. However, new development in Lewiston is occurring in the southeast section of the city, along 21<sup>st</sup> Street/Thain St.

The subject site has many positive locational characteristics, due to its proximity to Lewiston’s CBD and the campus of Lewis-Clark State College, in addition to medical and other services. However, development does not appear to be feasible at this time. Considering the preceding discussion, the highest and best use of the subject site as if vacant would be to develop a retail/office facility, with possible multi-family living units in the upper levels, in accordance with zoning standards, when the market permits.

### AS IMPROVED

There are essentially three possible options with regard to the Highest and Best Use of a property as improved: 1) improve or expand the existing use, 2) demolish the existing improvements in favor of a more profitable use, or 3) continue the existing use.

Option #1: Expansion of the subject’s improvements is not a viable option, as the current structure covers the majority of the usable site area. Additionally, further additions in the form of increased stories, does not appear viable at this time.

Option #2: As will be shown later, the market value of the subject is near five million dollars. Considering the subject’s estimated land value is \$92,000, the existing improvements add significantly to the value of the subject, eliminating the viability of demolition.

Option #3: The continuation of the current improvements appears to be the most productive use of the property, based on the obvious contributory value of the improvements. Therefore, the current improvements are representative of the highest and best use of the site, as improved. It should be noted that if the subject continues to suffer from high vacancy rates, an alternative use of the upper levels of the subject property could be as an elderly care facility. This type of facility would not likely require extensive parking and the existing design would potentially be a practical layout for such a use. We are not familiar with specific code regulations regarding a use of this type, therefore further research would be required if such a use is being considered. Such an analysis is beyond the scope of this assignment.



# VALUATION

In the valuation analysis that follows, the subject will be valued using the three traditional approaches to value. Each of these approaches is further described below.

## COST APPROACH

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.<sup>7</sup>

## SALES COMPARISON APPROACH

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.<sup>8</sup>

## INCOME CAPITALIZATION APPROACH

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.<sup>9</sup>

The following analysis begins with the Cost Approach, and is followed by the Sales Comparison and Income Approaches to value. The three approaches are seldom completely independent, and the quality and quantity of the data used within each approach will be considered in reconciling to a final value at the end of the analysis. These approaches will be used to arrive at a stabilized value for the subject as though it were being operated without its current management agreement. Following the reconciliation, the "as is" value will be addressed, followed by an analysis of the subject's value under its existing management agreement.

<sup>7</sup>The Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th Edition, 2002.

<sup>8</sup>ibid.

<sup>9</sup>ibid.



## LAND SALE SUMMARY

Clearwater Hall Dec-07								
IDENTIFICATION		1 - Subject		2	3	4	5	6
Property	Clearwater Hall Site 402 - 418 Main St Lewiston, ID	N/Ap	Clearwater Hall Site 402 - 418 Main St Lewiston, ID	Syringa Bank Site NEC 10th St & Bryden Ave Lewiston, ID	Sullivan Site 55 Southway Lewiston, ID	"D" Street Land 1000 Blk, "D" St Lewiston, ID	"C" Street Land NWC "C" St & 5th St Lewiston, ID	Town Square Land NEC Main & 5th St Lewiston, ID
Proximity to Subject				5 Miles Southeast	1.5 Miles South	0.42 Miles East	2 Blocks North	Across Street
Buyer	College Town Development S. Griffin Construction, Inc.		Syringa Bank Village Centre Cinemas	Sullivan Family Investments Buzz Nanninga	Thad R & Dyanne G Blood William B & Judy G McLennan	Richard A & Debra R Masters Bill R Miller	Rodney Haynes Lewis Clark State College	
Seller	Dec-07		Jun-07	Mar-04	Nov-03	Jun-00	Jul-97	
Appraisal/Sale Date								
Analysis Price	\$84,780	\$508,563	\$125,000	\$45,000	\$40,000	\$60,000		
Tax ID	RP L355W-005-6032	RP L0005-005-0120	RP L1345-001-004C	RP L0780-000-001D	RP L0360-011-005A	RP L0360-021-002Z		
SITE CHARACTERISTICS								
Acres	0.85	1.87	0.54	0.29	0.17	0.27		
SF	36,984	81,370	23,595	12,470	7,375	11,666		
Usable Acres	0.32	1.87	0.54	0.29	0.17	0.27		
Usable SF	14,130	81,370	23,595	12,470	7,375	11,666		
Zoning	C-4	C-5	C-2	C-4	C-4	C-5		
Current/Planned Use	Retail & Student Housing	Bank Branch	Office Building	Parking Lot	Parking Lot	Parking Lot		
Primary Arterial Exposure (VPD)	Main St	Byden Ave	N/Av	"D" St	"C" St	Main St & "D" St		
Additional Arterial Exposure (VPD)	5th St	10th St	Snake River Ave	5,082	5th St	5th St		
Other	Land at southwest corner of Main Street & 5th Street with vacant three-story brick building. Usable portion of land, separate from improvement, valued at \$6/SF at the time of sale by the listing/selling agent.	Corner site in front of supermarket, purchased for development of bank branch.	Corner site that was purchased for the development of an office building.	Land at east end of Main St/D" St couplet. Land has secondary exposure to Main Street.	Land at the northwest corner of "C" Street and 5th Street, two blocks north of the subject site.	This site has frontage along the Streets of Main, "D", and 5th. Was purchased for Town Square Mall parking lot.		
TERMS OF SALE ADJUSTMENTS (SEQUENTIAL)								
Face Price	\$84,780	\$508,563	\$125,000	\$45,000	\$40,000	\$60,000		
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple		
Financing	Assumed Cash	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller		
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length		
Atypical On-/Off-Site Expenses	None	None	None	None	None	None		
Other	None	None	None	None	None	None		
Analysis Price	\$84,780	\$508,563	\$125,000	\$45,000	\$40,000	\$60,000		
Analysis Price/SF Usable	\$6.00	\$6.25	\$5.30	\$3.61	\$5.42	\$5.14		
Market Conditions/Yr @	3%	1.5%	11.2%	12.1%	22.4%	31.3%		
Adjusted Price	\$91,841	\$516,291	\$138,973	\$50,444	\$48,979	\$78,776		
Adjusted Price/SF	\$6.50	\$6.34	\$5.89	\$4.05	\$6.64	\$6.75		
QUALITATIVE ADJUSTMENTS FOR PHYSICAL DIFFERENCES								
Neighborhood Location	CBD	Southwest Lew.	Similar	Similar	Similar	CBD		
Size	0.32 AC	0.54 AC	Similar	Similar	Similar	0.27 AC		
Lot Orientation	Corner	Corner	Similar	Interior	Interior	Corner		
Primary Arterial Exposure (VPD)	10,738	N/Av	Interior	Interior	Interior	27,270		
Zoning	C-4	C-2	Sim/Sup	C-4	C-4	Similar C-5		
Other			Circuitous Access:	Interior	Interior	Similar C-5		
Overall Comparison	Similar	Similar	Interior	Interior	Similar	Similar		
Final Adjusted Price/SF	\$6.50	\$6.34	\$5.89	\$4.05	\$6.64	\$6.75		

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## ADJUSTMENTS

In addition to adjustments made for cash equivalency and other terms of the transaction, qualitative adjustments have been applied, as necessary, for differences in physical characteristics, such as size, location, exposure, lot orientation, and zoning.

In this case, none of the sales required adjustments for terms of sale. The next adjustment is for market conditions at time of sale. The best evidence for an appropriate adjustment for market conditions (time) is by an analysis of the sale/resale of the same property. None of the land sales used in this analysis was useful for extracting such an adjustment. Considering the lack of market data, in addition to the subject's location, we have applied a moderate annual appreciation rate of 3%/yr to the land sale comparables used in this analysis.

## DISCUSSION OF LAND SALES

The comparable sales analyzed reflect value rates ranging from \$4.05/SF to \$6.75/SF, with an average of \$6.03/SF after adjusting for market conditions. Sale 4 (\$4.05/SF) marks the lower end of the range for the comparables. The site was purchased for use as a storage lot for inventory of a nearby auto sales company. This site is located in downtown Lewiston and has inferior exposure and access compared to the subject. This sale is a low indicator for the subject. Sale 5 (\$6.64/SF) was the acquisition of a parking lot for a nearby business. This sale is situated a few blocks north of the subject and has inferior exposure, but is superior in size to the subject. This sale is a good indicator of value for the subject. Sale 2 (\$6.34/SF) is the sale of a site at a signalized intersection in southeast Lewiston. This sale is superior in exposure and access, but this is offset by its substantial size inferiority. Thus, a similar value would be expected for the subject.

Sale 6 (\$6.75/SF) is included only as supplemental information, because of its age. This sale is situated at 5<sup>th</sup> Street, between "D" Street and Main Street, kitty-corner from the subject site. After adjusting for market conditions, this sale is at the upper end of the range of comparables. This sale has frontage along three roadways and thus has superior exposure. Therefore, a lower rate is anticipated for the subject. Sale 3 (\$5.89/SF) is a site located in the southwestern Lewiston, which was subsequently developed with an office building. This is a low indicator of value for the subject site. Sale 1 (\$6.50/SF) is the sale of the subject site. The value of the site is predicated upon the value allocated to the usable land by the listing/selling agent that facilitated the sale of the subject in February 2005. Given the rates indicated by the sale comparables, the rate allocated to the subject's usable land from its recent sale, after adjusting for market conditions, is a good indicator for the subject. The following table summarizes the comparability of each site relative to the subject.

SALE COMPARABLE RANKING ANALYSIS			
No.	Property	\$/SF	Comparison to Subject
6	Town Square Land	\$6.75	Superior
5	"C" Street Land	\$6.64	Similar
<b>1-Subj.</b>	<b>Clearwater Hall Site</b>	<b>\$6.50</b>	<b>-</b>
2	Syringa Bank Site	\$6.34	Similar
3	Sullivan Site	\$5.89	Inferior
4	"D" Street Land	\$4.05	Inferior



**LAND VALUE CONCLUSION**

Based on the preceding analysis, a value of \$6.50/SF is concluded, giving primary emphasis to the rate allocated to the subject's usable land from its most recent sale. Applied to the subject's 14,130 SF of usable land, the indicated value is as follows:

Land Value/SF	\$6.50 /SF
Times Site Area	x <u>14,130</u> SF
Indicated Value	\$91,845
Rounded To	<b>\$92,000</b>



## VALUATION OF THE IMPROVEMENTS

The next step in the Cost Approach is to estimate the depreciated value of the improvements. To do so, the appraiser first estimates the replacement cost new of the building and land improvements as of the date of the appraisal. Three sources have been relied upon for cost estimates: 1) the developer's cost budget, 2) the Marshall Valuation Service, a nationally recognized cost reporting authority, and 3) actual construction costs as available from other similar facilities recently developed in the market.

### COST OF IMPROVEMENTS NEW

**Developer's Cost Budget** – The following table is a summary of the developer's cost budget. Since the costs were not current, it was necessary to make an upward adjustment to account for inflation. Therefore, cost multipliers from the Marshall Valuation Service were applied to the original costs. This resulted in a total cost of \$4,524,507, or \$93.40/SF, which is exclusive of land acquisition costs.

DEVELOPER'S CONSTRUCTION COST						
Property/Location	SF	Built	Building Cost	MVS Cost Multiplier	Current Cost (MVS Time Adj)	Cost/SF
Clearwater Hall 402-418 Main Street Lewiston, Idaho	48,444	2006	\$4,207,223	1.075	\$4,524,507	\$93.40

**Marshall Valuation Service** – The Marshall Valuation Service Cost Estimate is summarized in the following table. As shown, the subject building was analyzed as a mixture of average quality Class "C" Mixed Retail Center with Residential Units described on page 33 of Section 13 in the cost manual and average/good quality Class "C/D" Dormitory as described on page 14 of Section 11 in the cost manual. The cost calculation is further refined using multipliers for current and local costs. The base construction cost per square foot of the building area was estimated at \$86.23. Additionally, lump-sum additions are necessary to account for site work/landscaping, appliances, and loan fees related to permanent financing. After these adjustments, the total hard and soft costs are estimated at \$4,291,982, or \$88.60/SF overall.

MARSHALL VALUATION SERVICE COST ESTIMATE						
Clearwater Hall Dec-07						
Building Type:			<i>Retail Space</i>		<i>Living Units</i>	
MVS Section			13		11	
Page			33		14	
Quality			Average		Avg/Good	
Construction Class			C		C/D	
Base SF Cost			\$67.95		\$103.58	
Sprinkler Refinement:			+	\$2.00	\$2.00	
Refined Square Foot Cost:				\$69.95	\$105.58	
<u>Multipliers</u>						
Floor Area/Perim.:			0.937		0.877	
Story Height:			1.064		1.000	
Current:			1.060		1.043	
Local:			x	0.960	0.950	
Cum. Multiplier				1.015	0.869	
Adjusted SF Cost:			\$70.97		\$91.70	
Times Bldg. SF:			x	12,787	35,657	
Base Cost New:				\$907,433	\$3,269,834	
Total Base Cost New						\$ 4,177,267
<u>Lump Sum Additions:</u>						
Site Work/Asphalt:	14,130 SF @	\$	2.50 /SF	=	\$	35,325
Refrigerators:	32 Units @	\$	470 /SF	=	\$	15,040
Permanent Financing:	2% of		75% LTV	=	\$	64,350
Total Lump Sum Additions:						\$ 114,715
Total Hard & Soft Costs Before Profit:						\$ 88.60 /SF or \$ 4,291,982



**Cost Comparable** - As shown in the following table, there is only one recently built facility that is similar to the subject. This cost comparable is Brewster Residence Hall, built in 2002 in Cheney, Washington, for students of Eastern Washington University. This property was built by the same developer as the subject, and is very similar in design. Brewster Residence Hall was built of wood-frame construction with a brick veneer. The four-story building has retail on the main level, in addition to administrative offices, a bike storage room, and a laundry facility. The building includes 2, 3, and 4 bedroom student-housing units in the upper levels. There is a common area kitchen on the 1st and 3rd floors. There are community lounges located on the 2nd and 3rd floors. The 4th floor has a skylight and a balcony, which overlooks the 3rd floor. Since the comparable was not current, it was necessary to make an upward adjustment to account for inflation. Therefore, cost multipliers from the Marshall Valuation Service were applied to the original costs.

CONSTRUCTION COST COMPARABLE								
Property/Location	SF	Built	Building Cost	MVS Cost Multiplier	Current Cost (MVS Time Adj)	Cost/SF	Construction	Comments
Brewster Residence Hall 410 Second Avenue Cheney, WA	47,548	2002	\$3,274,822	1.314	\$4,301,593	\$90.47	Wd-Frame/ Brick Veneer	4-Story student-oriented housing development with retail on the main floor.

### CONSTRUCTION COST CORRELATION

The developer's costs reflected a rate of \$93.40/SF, or a total cost of \$4,524,507. The Marshall Valuation Service shows a rate of \$4,291,982, or \$88.60/SF, which is lower than the developer's costs, but only slightly lower than the cost comparable at a rate of \$4,301,593, or \$90.47/SF. For newer construction like the subject, the developer's cost is commonly given greater emphasis. Also, the developer's costs are considered more reliable, as they are based on the specific construction characteristics of the subject. Therefore, replacement cost new has been estimated at a total of \$4,481,070, or \$92.50 per square foot.

### ENTREPRENEURIAL INCENTIVE

Entrepreneurial profit is defined as "A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development."<sup>1</sup>

The Cost Approach is based on the principle of substitution, and assumes that no prudent buyer would pay more for a property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility without any undue delay. As such, for a developer to choose construction as an equivalent option in comparison to acquisition of an existing property, it is necessary to add a figure for entrepreneurial profit. Although a particular development may or may not ultimately be profitable, it is still necessary to include this margin to reflect the anticipation of profit that a developer would require to undertake new construction, and to expend the time and effort to undertake the development.

Sales of newly constructed properties had indicated entrepreneurial profit rates 8% to 18% of the properties construction cost new. The most recent comparable indicates a rate near the low side of the range, at 8%. This also coincides with recent interviews with local contractors and developers in their willingness to accept a lower profit margin in order to

<sup>1</sup> The Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4<sup>th</sup> ed.



continue developing in a market with rising costs and stable rents. Considering the characteristics of the subject development, a profit margin of 15%, or \$672,161 is considered an appropriate expected margin.

## DEPRECIATION

Depreciation is the difference between the market value of an improvement and its replacement cost new. Depreciation in an improvement can result from three major causes operating individually or in combination. These causes are physical deterioration, functional obsolescence, and external obsolescence.

**Physical deterioration** includes such factors as the age of the improvements, general wear and tear, and deferred maintenance. This depreciation may be curable or incurable. As the subject was completed just over one year ago, the facility would not be expected to have any physical depreciation.

**Curable physical deterioration**, or deferred maintenance, is a curable defect caused by deferred maintenance. As stated, the subject's newer condition would preclude it from any physical deterioration.

**Functional obsolescence** is a reduction in value due to inadequacies or superadequacy in the subject's construction and includes such factors as the design and/or building characteristics not being well conceived or well utilized. Functional obsolescence can be curable or incurable. It is curable only when it is economically plausible to correct. The subject improvements appear to be adequately functional for their use as a mixed-use facility.

**External obsolescence** is a loss in value due to influences outside the property that caused an adverse influence. This could occur through depressed market conditions, certain legislative actions, neighborhood transition, adverse adjacent property influences, and various other reasons. No adjustment is applied for external obsolescence.

No forms of depreciation are deducted, thus the total depreciation deduction is \$0, leading to an estimate for the depreciated value of the improvements totaling \$5,153,231.

## COST APPROACH CONCLUSION

This leads to a hypothetical stabilized value via the Cost Approach as follows:

Construction Cost New (48,444 SF x \$92.50/SF)	\$4,481,070
Entrepreneurial Profit @ 15%	+ \$672,161
Total Development Cost New	\$5,153,231
Less Depreciation	- \$0
Depreciated Value of the Improvements	\$5,153,231
Plus Land Value	+ \$92,000
Estimated Value	\$5,245,231
Rounded To:	\$5,250,000



# SALES COMPARISON APPROACH

## OVERVIEW

In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject that have recently been sold, are listed for sale, or are under contract. A major premise of this approach is that the market value of a property is directly related to the prices of comparable, competitive properties. It is also based on the principle of substitution, which holds that the value of the property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time.

The subject comprises two uses in the same facility, with 12,787 SF of retail space on the main floor and 26,805 SF of rentable area for student-oriented housing on the upper levels. The focus of our research was on sales, listings, and offers of other student-oriented/multi-family apartment complexes and retail centers in the Lewiston area. Notably, relatively few properties with these uses have sold in recent years, and it was necessary to consider other sales outside of the immediate area. The subject's living units will be analyzed first, followed by the retail space.

Regarding the subject's living units, the primary physical units of comparison are the price per unit and the price per square foot. The living units have a larger than typical amount of space that is not included in the net rentable area due to the student-oriented design, which includes over 8,500 SF of space for interior corridors and stairs, study room, lobbies, storage rooms, and janitorial rooms. Therefore, the price per square foot comparison is not considered an appropriate technique for the subject, and as such, is not used. However, we did include a price per bedroom comparison. Additionally, a measure of comparison based on income, the Effective Gross Income Multiplier (EGIM), is used in this approach. The EGIM technique is appropriate within the Sales Comparison Approach because it is recognized that purchasers are most often concerned with the income-producing ability of the property.

The effective gross income multiplier is derived by dividing the comparable's sales price by its effective gross income. The EGIM has the advantage of simplicity and ease of calculation. It is based on the premise that rents and sale prices move in the same direction, and essentially, in the same proportion as net incomes and sale prices.

As mentioned, relatively few apartment sales have occurred in the Lewiston/Clarkston market, and of those sales that were found, none were considered appropriate for comparison to the subject. Therefore, it was necessary to broaden our search to include Eastern Washington and Western Idaho. However, among those sales that have occurred, few are similar in terms of quality, location, and investment size. We have adjusted for these differences in construction type/quality and age to provide a more reliable measure of comparison for the value of the subject.

On the subsequent pages are details of the sale comparables, followed by an adjustment grid that summarizes the sales and shows the adjustments made for the superior and inferior characteristics of each property in comparison to the subject.



## IMPROVED APARTMENT SALES SUMMARY

Clearwater Hall Dec-07						
IDENTIFICATION	Subject	1	2	3	4	5
Property	Clearwater Hall 402-418 Main Street Lewiston, Idaho	Conrad Smith Apartments 1424-1536 Northwood St Moscow, ID	Levick Apartments 1565-1575 Levick St Moscow, ID	Taylor Apartments 621-703 Taylor Ave Moscow, ID	Russel Square Apartments 231 Lauder St Moscow, ID	Clarke Terrace 100-150 NW Terre View Dr Pullman, WA
Location	Lewiston, ID	Moscow, ID	Moscow, ID	Moscow, ID	Moscow, ID	Pullman, WA
Buyer		Smith Family Revocable Living Trust	Joseph Juseen & Pamela Persoon	Marietta Davis Trust Southridge Properties	Matthew Philbrook Russel Square Associates	Jasper LP, Chipman-Roberts LLC Pullman Progress Two, LLC
Appraisal/Sale Date	Dec-07	Aug-06	Aug-06	Aug-06	Aug-06	Mar-05
Analysis Price		\$1,770,382	\$1,057,241	\$1,893,796	\$1,603,979	\$4,067,135
Verification		Matt Becker	Bridget Becker	Bridget Becker	Don (Polouise Properties)	Kevin Kirkman
		303-579-3342	208-835-8792	208-835-8792	208-882-6280	509-334-7444
PROPERTY CHARACTERISTICS						
Year Built	2006	1992	1992	1997/1998	1978	1990/1992
No. of Units	32	36	24	21	40	60
No. of Bedrooms	117	72	47	60	68	158
Rentable SF	26,805	32,400	17,180	20,382	26,760	61,570
Avg SF/Unit	838	900	716	971	669	1,026
Land Size (Acres)	0.32	1.25	0.72	0.87	1.79	1.76
INCOME INFORMATION						
EGI	As estimated in	\$223,668	\$135,441	\$234,000	\$232,128	\$515,278
EGIM	Income Approach	7.72	7.60	7.88	7.68	7.49
Avg. EGI/Unit/Yr		\$6,213	\$5,643	\$11,143	\$5,803	\$8,588
Avg. EGI/SF/Yr		\$12.88	\$6.90	\$7.88	\$11.48	\$8.37
NOI		\$131,011	\$81,383	\$155,500	\$120,128	\$294,245
OAR w/Res.		7.12%	7.90%	8.43%	7.75%	7.62%
Expense/Unit		\$2,800	\$2,252	\$3,738	\$2,800	\$3,664
Expense/SF		\$7.99	\$3.15	\$3.85	\$4.19	\$3.59
Expense Ratio		62.0%	45.1%	33.5%	48.2%	42.9%
TERMS OF SALE ADJUSTMENTS (SEQUENTIAL)						
Face Price	Fee Simple	\$1,726,700	\$1,030,000	\$2,095,000	\$1,550,000	\$4,000,000
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Assumed Cash to Seller	\$1,726,700	\$1,030,000	\$2,095,000	\$1,550,000	\$4,000,000
Conditions of Sale	Arm's Length	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Immediate Expenditures	None	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Other	None	None	None	None	None	None
Analysis Price	None	House	House	House	None	Excess Land
Analysis Price/Unit		\$1,726,700	\$1,030,000	\$2,095,000	\$1,550,000	\$4,000,000
Analysis Price/BR		\$47,964	\$42,917	\$87,857	\$38,750	\$38,860
Market Conditions/Yr @	2.0%	\$23,982	\$21,915	\$30,750	\$22,794	\$24,430
Total Market Adjusted Price		3%	3%	3%	3%	5%
Total Mkt Adjusted Price/Unit		\$1,770,382	\$1,057,241	\$1,893,796	\$1,603,979	\$4,067,135
Total Mkt Adjusted Price/BR		\$49,177	\$44,052	\$90,181	\$67,786	\$67,786
		\$24,589	\$22,494	\$31,563	\$23,588	\$25,741
ADJUSTMENTS FOR PHYSICAL DIFFERENCES (CUMULATIVE)						
Effective Age ATOS/Yr @	1.5%	10 Yrs	15.0% 14 Yrs	21.0% 5 Yrs	7.5% 25 Yrs	37.5% 10 Yrs
Construction Type/Quality	Wood-Brick-Masonry/Average	Wood/Average	Wood/Fair-Avg	Wood/Average	Wood/Average	Wood/Average
Size Adjustment	838	900	716	669	1,026	1,026
Location Adjustment	Lewiston, ID	Moscow, ID	Moscow, ID	Next to Campus	Moscow, ID	Pullman, WA
Parking Adjustment	None/Street	Open	Open	Open	Open	Carports
Other						
Net Adjustment		45.1%	66.5%	17.6%	74.7%	41.3%
Final Adjusted Price/Unit		\$71,348	\$73,330	\$106,048	\$70,064	\$95,789
Price Per Bedroom Adjustment						
Effective Age ATOS/Yr @	1.5%	10 Yrs	15.0% 14 Yrs	21.0% 5 Yrs	7.5% 25 Yrs	37.5% 10 Yrs
Construction Type/Quality	Wood-Brick-Masonry/Average	Wood/Average	Wood/Fair-Avg	Wood/Average	Wood/Average	Wood/Average
Location Adjustment	Lewiston, ID	Moscow, ID	Moscow, ID	Next to Campus	Moscow, ID	Pullman, WA
Parking Adjustment	None/Street	Open	Open	Open	Open	Carports
Other						
Net Adjustment		46.8%	62.2%	21.0%	68.4%	45.9%
Final Adjusted Price/SF		\$36,100	\$36,488	\$38,197	\$39,727	\$37,558



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### EFFECTIVE GROSS INCOME MULTIPLIER

The sales exhibit effective gross income multipliers (EGIMs) ranging from 6.68 to 7.88, with an average of 7.48. EGIMs tend to have an inverse relationship in comparison to expense ratios. The expense ratios for the comparables ranged from 33.5% to 48.2. The relationship between EGIM and expense ratio is arrayed in the following chart.

Sale #	Property	EGIM	Expense %
4	Russet Square Apartments	6.68	48.2%
<i>Subj.</i>	<i>Clearwater Hall</i>	-	47.5%
1	Conrad Smith Apartments	7.72	45.1%
5	Clarke Terrace	7.49	42.9%
2	Levick Apartments	7.60	39.9%
3	Taylor Apartments	7.88	33.5%

Some basic consistency is found among the comparables, with the properties generally showing lower EGIMs for those with higher expense ratios. The subject's expense ratio, as estimated, is 47.5%, which is at the upper end of the range of comparables. Considering the characteristics of the subject, an EGIM toward the lower end of the range is appropriate. An EGIM of 7.00 is concluded.

The concluded EGIM is applied as follows:

Concluded EGIM	7.00
Times Effective Gross Income	x <u>\$463,613</u>
Indicated Value	\$3,245,291
Rounded To	<b>\$3,250,000</b>

### SALES COMPARISON APPROACH CONCLUSION – APARTMENT SALES

The following summarizes the market value conclusions via each of the two techniques use:

Technique	Total
Price Per Unit	\$2,720,000
Price Per Bedroom	\$4,450,000
Effective Gross Income Multiplier	\$3,250,000

As shown above, the three techniques used yielded a very dissimilar indication of values, ranging from \$2,450,000 to \$4,450,000. The price/unit and price/BR comparisons are hindered by the large amount of adjustment needed for comparison to the subject. For this reason, the EGIM technique is considered the most reliable in this instance.

Giving primary emphasis to the EGIM technique, the estimated value via the Sales Comparison Approach is **\$3,500,000**.

The next step is to analyze the subject's retail space. On the subsequent pages are details of the sale comparables, followed by an adjustment grid that summarizes the sales and shows the adjustments made for the superior and inferior characteristics of each property in comparison to the subject.





## IMPROVED RETAIL SALES SUMMARY

Clearwater Hall Dec-07								
IDENTIFICATION		Subject		1	2	3	4	5
Property	Clearwater Hall 402-418 Main Street Lewiston, Idaho	University Pointe 317 W 6th St Moscow, ID	Stadium Way Retail 400 Blk, Stadium Way Pullman, WA	21st Street Retail Ctr 1325 21 St Lewiston, ID	Doranleau Building 730 21st St Lewiston, ID	Thain Retail Center 102 Thain Rd Lewiston, ID		
Buyer		Cobb Irrevocable Trust University Pointe, LLC	WFT Pullman Eastern OR Land Development	319 Trenton LLC Dave Black	726 21st Street LLC Doranleau Trust	N/Ap ChrisInc Properties, LLC		
Seller		May-06 \$3,650,000 Jim Boudreau 509-334-4700	Sep-04 \$3,835,304 Tony Vieira 253-395-2595	Jul-04 \$1,910,000 George Green 208-799-3010	Mar-04 \$990,095 George Green 208-799-3010	Listing \$1,448,700 Marshall Clark 509-325-3333		
Appraisal/Sale Date	Dec-07							
Analysis Price Verification								
PROPERTY CHARACTERISTICS								
Year Built/Renovated		2003	Rem-2004	2004	1961/2004	2005		
Construction Type	Brick-Concrete	Masonry/Brick-Glass Ext	Wood Frame	Steel/Glass	Block	Wood Frame/Bk Accts		
Construction Quality	Average	Average/Good	Average	Good	Average	Good		
Effective Age	0 Yrs	3 Yrs	10 Yrs	0 Yrs	10 Yrs	1 Yrs		
GBA (SF)	12,787	25,000	20,000	9,750	7,169	13,178		
No. of Stories	1	2	1	1	1	1		
Land Size (AC)	0.32	1.28	1.15	0.69	0.92	0		
Land Size (SF)	14,130	55,757	50,000	30,246	40,030	0		
Land to Building Ratio	1.1:1	2.2:1	2.5:1	3.1:1	5.6:1	0.0:1		
Other	Storefront retail facility with frontage along two roadways in Lewiston's "downtown" corridor.	Two-story building with office on the upper level and retail/storefront office on the main level. Newer building with lobby and elevator.	Retail bldg rem'd in 2004 w/several high-end tenants, incl. Barnes & Noble and Starbucks. Price includes freestanding Burger King, deduction based on NOI.	Newer strip center along main commercial corridor in Lewiston.	Retail building along main retail corridor that was completely gutted after sale at a cost of \$375,000 and subsequently used as blood center.	Newer retail strip building that is fully occupied and located along main commercial corridor in Lewiston.		
TERMS OF SALE ADJUSTMENTS (SEQUENTIAL)								
Face Price		\$3,650,000	\$4,550,000	\$1,910,000	\$615,095	\$2,787,678		
Property Rights Conveyed		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Fee Simple		
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller		
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length		
Immediate Expenditures		None	None	None	Remodel	None		
Other		None	None	None	None	None		
VALUE INDICATORS								
Analysis Price		\$3,650,000	\$3,835,304	\$1,910,000	\$990,095	\$2,787,678		
Analysis Price/SF		\$146.00	\$191.77	\$195.90	\$138.11	\$211.54		
Net Operating Income	As estimated in	\$244,864	\$295,000	\$149,411	N/Av	\$191,138		
NOI/SF	Income Approach	\$9.79	\$14.75	\$15.32	N/Av	\$14.50		
Overall Rate		6.71%	7.69%	7.82%	N/Av	7.00%		
Market Conditions/Yr	2.0%	3.0%	6.5%	6.8%	7.4%	0.0%		
Total Market Adjusted Price		\$3,760,724	\$4,083,536	\$2,039,164	\$1,063,285	\$2,787,678		
Total Mkt Adjusted Price/SF		\$150.43	\$204.18	\$209.14	\$148.32	\$211.54		
ADJUSTMENTS FOR PHYSICAL DIFFERENCES (CUMULATIVE)								
Effective Age ATOS/Yr @	1.5%	0 Yrs	15.0%	0.0%	15.0%	1.5%		
Brk-k-Conc/Avg	-11.9%	Wd-Frm/Avg-Gd	11.5% Wd-Frm/Avg	-13.7% Steel-Glass/Gd	0.0% Block/Average	0.0% Wd-Frm/Good		
Downtown Lewiston	0.0%	Moscow, ID	-10.0% Pullman, WA	-10.0% SE Lewiston	-10.0% SE Lewiston	-10.0% SE Lewiston		
Construction Type/Quality	None	None	None	None	None	None		
Other								
Net Adjustment		-7.4%	16.5%	-23.7%	5.0%	-24.2%		
Final Adjusted Price/SF		\$139.33	\$237.95	\$159.64	\$155.73	\$160.42		



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## ADJUSTMENTS

### TERMS OF TRANSACTION ADJUSTMENTS

**Financing** – Each of the sales reflects a cash or cash equivalent transaction, and no adjustments for financing are necessary.

**Conditions of Sale** – An adjustment for conditions of sale compensates for unusual buyer or seller motivations that influence sale price. For instance, when a seller gives the buyer an atypical rebate, discount, credit, or something of value to induce a conveyance, it is logical to deduct the worth of the giveback from the sale price. Residual sums represent the net or effective sale price. All of the comparable sales are arm's length transactions, and no adjustments are necessary.

**Immediate Expenditures** – This adjustment is often applied to account for costs that were necessary to cure deferred maintenance or to make the facility usable as intended. Sale 4 was remodeled subsequent to its sale at a cost of \$375,000. Therefore, this sale was adjusted upward by this amount. None of the other sales required an adjustment for immediate expenditures.

**Market Conditions** - The best method of deriving a market conditions (time) adjustment comes from the sale/resale of the same property. It is noteworthy that over the past several years, overall capitalization rates have continued to fall as rental rates have continued to rise for newer properties, resulting in some appreciation in the retail market. Since typical lease escalations for retail space range from 2-3%/yr, we have applied a 2%/yr upward adjustment for changes in market conditions since the time of the sale.

### ADJUSTMENTS FOR PHYSICAL DIFFERENCES

The preceding adjustments led to a figure that reflects the price that would be paid for each sale if it were a fee simple, arm's length, cash transaction occurring on the date of the appraisal. These prices will then be further adjusted for physical differences in comparison to the subject. In this case, the primary physical components of comparison are effective age, construction type/quality, and location. Other physical differences may also be applied as needed for specific issues.

**Effective Age** – Although a total economic life of 45 years would imply a depreciation rate of 2.2%/yr, it must be recognized that properties tend to show less depreciation in the early part of their useful lives. For this reason, effective age adjustments are applied at a lower rate of 1.5%/yr.

**Other** – An adjustment is applied for differences in construction type/quality, although an adjustment for this factor is based only on true differences in quality or finish because much of the physical differences between properties are already reflected in the effective age adjustment. Location is also adjusted for, while others items, as necessary, are simply considered in reconciling to a final value rate from within the range.

### DISCUSSION OF SALE COMPARABLES

**Sale 1** is the sale of University Pointe in May 2006 for \$3,650,000. This two-story, 25,000 SF facility was built in 2003 and comprises retail on the ground floor and office space in the upper level. The building is of above-average quality, is elevator, and is located on the periphery of the U of I Campus in Moscow, Idaho. After adjustments, this sale reflects



a rate of \$139.33/SF. This building is superior in size and is considered a low indicator for the subject.

**Sale 2** is the sale of the Stadium Way Retail Center in September 2004 for \$4,550,000. This facility was completely renovated prior to the sale and included a freestanding Burger King on a pad site. Tenants include Starbucks, Little Caesar's, Sprint, Blockbuster, Supercuts and Barnes & Noble. After adjustments for market conditions, effective age, construction type, location and the included Burger King, this sale indicates a rate of \$237.95/SF. This sale required the greatest amount of gross adjustments and is considered an outlier, relative to the other sale comparables. This is a high indicator of value for the subject.

**Sale 3** is the sale of the 21<sup>st</sup> Street Retail Center for \$1,910,000 in July 2004. At the time of sale this 9,750 SF retail facility was newly built of good-quality steel-frame construction with four retail bays. Tenants included Starbucks, a Sprint Store, Check into Cash, and a Rent-A-Center. After adjustments, this sale reflects a value rate of \$159.64/SF. This sale is slightly superior in size compared to the subject. Additionally, this building is occupied by national tenants. This sale is an indicator of the upper bracket of value for the subject.

**Sale 4** is the sale of the Deranleau Building in March 2004 for \$825,000. The property comprised a retail building and warehouse. The warehouse and underlying land was allocated at \$209,905, leaving \$615,095 for the retail building and accompanying land. The retail building was completely gutted and remodeled after the sale at a cost of \$375,000. This equates to a total adjusted price of \$990,095 for the retail building. The 7,169 SF retail building was originally built in 1961, prior to its renovation in 2004, of masonry block construction. The building is currently leased to Diversified Specialty Institutes, which uses the building for blood transfusions. After adjustments, this sale indicates a rate of \$155.73/SF. This building is superior in size, but this is offset by its inferior overall appeal, compared to the subject. A similar rate would be expected for the subject.

**Sale 5** is the listing of a newer retail center across from a Wal-Mart store in south Lewiston. The 12,178 SF retail facility is currently listed at \$2,787,678 and comprises four retail bays that are fully occupied by Anytime Fitness, Unicef, Cash Advance, and Mattress Outlet. After adjustments, this listing indicates a rate of \$160.42/SF. This is considered a slightly high indicator of value for the subject.

#### PRICE PER SQUARE FOOT

After adjustments for the differences described previously, the comparable sales reflected a range from \$139.33/SF to \$237.95/SF, with an average of \$170.61/SF. When Sale 2 (\$237.95/SF) is excluded, the range narrows to between \$139.33/SF and \$160.42/SF, with an average of \$153.78/SF.

Sale 1 (\$139.33/SF) was the most recent, but due to its inferior size, is a low indicator for the subject. Sale 2 (\$237.95/SF) is at the upper end of the range and is an outlier among the comparables. This is a high indicator for the subject. Sale 3 (\$159.64/SF) is superior in size and is considered an indicator of the upper bracket of value for the subject. Sale 4 (\$155.73/SF) is inferior in overall appeal compared to the subject, but is superior in size. A similar rate is expected for the subject. Sale 5 (\$160.42/SF) is the listing of a newer retail facility at a major signalized intersection in south Lewiston. Due to the listing status of this comparable, a lower rate would be expected for the subject.



**SALES COMPARISON APPROACH CONCLUSION – RETAIL SPACE**

Based on the preceding analysis, the data best supports a market value of \$155/SF for the subject improvement. This is applied as follows:

Indicated Value/SF	\$155.00
Times Building Area (SF)	x <u>12,787</u>
Indicated Value	\$1,981,985
Rounded To:	<b>\$1,980,000</b>

**SALES COMPARISON APPROACH CONCLUSION**

The previously concluded values of the subject living units and retail space must be combined to arrive at a total value via the Sales Comparison Approach. This leads to a hypothetical stabilized value via the Sales Comparison Approach as follows:

Indicated Value of Living Space	\$3,500,000
Plus Value of the Retail Space	+ <u>\$1,980,000</u>
Total Indicated Value	<b>\$5,480,000</b>



# INCOME APPROACH

## INCOME APPROACH OVERVIEW

In the Income Approach, the expected rental income for a proposed property is estimated based on a comparison to rents achieved for similar properties in the market area. Deductions are made for vacancy and collection loss and expenses. The prospective net operating income is then estimated. For an existing property, the subject's operating history is analyzed and compared to other properties in the market. After estimating the stabilized NOI, an applicable capitalization method, and appropriate capitalization rates are developed and used in computations that lead to an indication of value.

There are two methods of income capitalization: direct capitalization and yield capitalization, or discounted cash flow analysis. Both methods convert the future benefits property ownership into a present value. These methods convert income streams and resale value upon reversion into a capitalized, lump-sum value. In direct capitalization, the overall rate reflects a market-derived rate that includes both a *return on* and *return of* the investment in one blended rate, as applied to the stabilized income estimate for one year of operation. In yield capitalization, the cash flows over a typical investment holding period are discounted to their present value, including both cash flows from operation and the future resale of the property upon reversion. In this analysis, only the direct capitalization technique is employed.

# SUBJECT OPERATING INFORMATION

## INCOME/EXPENSE HISTORY

We were provided with income/expense pro forma data and have included in the following table a reconstructed version for September 2007 to August 2008. While the income used in the pro forma is based on student housing, it should be noted that some of the expenses (real estate taxes and insurance) are likely inclusive of the subject's retail space.

INCOME/EXPENSES PRO FORMA - Reconstructed				
Clearwater Hall				
Units:	32			
Bedrooms:	117			
SF NRA:	26,805			
Year:	2007/2008			
Item:	% of EGI	\$/Unit	\$/BR	Total
Gross Housing Income:	100.00%	\$10,176	\$2,783	\$325,617
<b>Expenses</b>				
Real Estate Taxes	18.84%	\$1,917	\$524	\$61,336
Personal Property Taxes	1.38%	\$141	\$38	\$4,500
Insurance	5.23%	\$532	\$145	\$17,020
Repair & Maintenance	0.42%	\$43	\$12	\$1,380
Elevator	1.06%	\$108	\$29	\$3,450
Utilities (Water & Sewer)	4.24%	\$431	\$118	\$13,800
Energy (Gas & Elec)	8.48%	\$863	\$236	\$27,600
Telephone/Internet	3.25%	\$331	\$90	\$10,580
Miscellaneous	0.00%	\$0	\$0	\$0
Total Expenses	42.89%	\$4,365	\$1,194	\$139,666
NOI	57.11%	\$5,811	\$1,589	\$185,951

As stated previously, the subject currently operates under a management agreement with Lewis-Clark State College (LCSC). A copy of this agreement is included in the addenda of this report. For the purposes of this analysis, the subject will be analyzed as though the



management contract were not in effect. In the expense analysis portion of the Income Approach, the subject's operating income will be projected based upon an analysis of available operating data for other apartment buildings of similar use.

### SUBJECT LEASING ACTIVITY

The subject's student housing has had an average occupancy rate of about 74% since it was completed in August 2006, with the exception of the summer term. The housing is reportedly mostly vacant during the summer months. The student housing is currently 74% occupied. The rental rates for the student housing are summarized in the following table.

STUDENT HOUSING RENTAL RATES <i>Clearwater Hall</i> Dec-07						
Living Units						
No.	Type (BR/BA)	Bdrms	Avg SF/Unit	Rents/BR	Subtotal Rent/Mo.	Annual Rent
3	1/1	3	423	\$365	\$1,095	\$13,140
1	2/1	2	555	\$365	\$730	\$8,760
4	3/1	12	757	\$365	\$4,380	\$52,560
19	4/1	76*	856	\$365	\$27,740	\$332,880
1	4/2	4	1,129	\$365	\$1,460	\$17,520
4	5/2	20	1,138	\$365	\$7,300	\$87,600
32	Average:	117	838	\$365	\$42,705	\$512,460

\*Includes 3 smaller bdrms at \$335/mo and 2 larger bdrms at \$395/mo.

It should be noted that the \$365/mo rental rate, shown in the above table, that LSCS remits to the developer is not the rate that LCSC collects from the student tenant. Lewis-Clark State College collects approximately \$538/mo from the student tenant. The lower remittance rate reflects the unreimbursed costs that LCSC incurs for trash removal, cable, repair and maintenance, supplies, janitorial, and personnel.

The subject's retail space is vacant. However, a lease agreement has been drawn up on about 7,047 SF of the subject's retail space that is located at the northeast corner of the building. The terms of this agreement are displayed in the table below.

<b>Tenant:</b>	Club Rain		
<b>Landlord:</b>	College Town Development Idaho		
<b>Suite Size (SF):</b>	7,047 SF		
<b>Initial Term (Yrs):</b>	5 Yrs		
<b>Rent:</b>	<b>Years</b>	<b>Rent/Yr</b>	<b>Rent/SF</b>
	1	\$60,000	\$8.51
	2	\$61,800	\$8.77
	3	\$63,654	\$9.03
	4	\$65,564	\$9.30
	5	\$67,531	\$9.58
<b>Expense Term:</b>	Triple-Net		

The owner reported that this lease will not be signed, as the rental rate is considered too low. The Town Square, across the street to the east of the subject, is a much older retail/office building that purportedly recently leased its 3,685 SF corner retail space for \$12.00/SF/Yr. This building was built in 1892 and is inferior in condition, compared to the subject. Attempts to contact the owner of the Town Square to confirm the aforementioned lease were met with negative results.



Therefore, the entire 12,787 SF of the subject's ground-floor retail space is available for lease, and is currently being marketed at a rate of \$12.00/SF/Yr, based on triple-net expense terms. The lease rates for the subject's retail space is summarized in the following table.

RETAIL RENTAL RATES <i>Clearwater Hall</i> Dec-07				
Bay	Area (SF)	Proposed Rent/SF	Subtotal Rent/Mo	Developer's Proposed Annual
1	1,948	\$12.00	\$1,948	\$23,376
2	993	\$12.00	\$993	\$11,916
3	2,799	\$12.00	\$2,799	\$33,588
4	7,047	\$12.00	\$7,047	\$84,564
	12,787	\$12.00	\$12,787	\$153,444

It should be noted that while the retail space is divided into four bays, it would be possible to divide this space into more, or fewer bays, depending upon tenant demand. Additionally, the retail space is at a "base shell" state, as not all the space has been improved to a "vanilla shell" with walls ready to be painted, a concrete floor, a drop ceiling with lights, electrical outlets, HVAC, and restrooms. This will be taken into account when arriving at an "as is" value after the reconciliation.

## MARKET DATA

The next step in the analysis is to determine the market rent levels for the subject via a comparison to comparable rental properties in the market. Additionally, due to the student-oriented design of the subject, other student-oriented housing developments were also considered. The subject's student housing will be analyzed first, followed by the subject's retail space. Those properties that were considered the most useful for estimating the subject's market rent are summarized in a grid, after the rent comparable details that follow.



## RENT COMPARABLE SUMMARY – STUDENT HOUSING

Clearwater Hall Dec-07																			
No.	Property/Location	Built	Units	Bdrms	BR / BA	Avg Unit SF	Rent/BR	No. Vac	Vac. %	Air Conditioning	Dishwasher	Disposal	Microwave	Private Deck/Patio	Exercise Room	Open Parking	Common Laundry	Furnished Bedrooms	Storage
Subj.	Clearwater Hall 402-418 Main Street Lewiston, ID	2006	3	3	1 / 1	423	\$538	28	24.3%	X							X	X	X
			1	2	2 / 1	555													
			4	12	3 / 1	757													
			19	76	4 / 1	856													
			1	4	4 / 2	1,129													
			4	20	5 / 2	1,138													
1	College Place 500 8th Avenue Lewiston, ID	2006	22	80	4 / 1	1,210	\$566	21	23.9%	X	X	X	X			X	X	X	X
				5	5 / 1	1,344				X	X	X	X			X	X	X	X
				3	3 / 1	1,265				X	X	X	X			X	X	X	X
2	Brewster Residence Hall 410 2nd Avenue Cheney, WA	2002	40	14	2 / 1	N/Av	\$612	13.3	10.0%	X						X	X	X	X
				39	3 / 1	N/Av	\$612			X						X	X	X	X
				80	4 / 1														
3	College Crest 1555 NE Merman Drive Pullman, WA	1974	54	162	3 / 1.5	1,000	\$395	9	5.6%		X					X			
4	Cougar Crest Apartments 2055 Skyview Drive NE Pullman, WA	1997/98	63	39	3 / 2	1,260	\$350	0	0.0%	X	X	X		X	X	X	X	X	X
				200	4 / 2	1,260	\$310			X	X	X		X	X	X	X	X	X
5	Breier Building Apartments 633 Main Street Lewiston, ID	1925	40	28	1 / 1	570	\$390	0	0.0%	X	X					X		X	X
				24	2 / 1	770	\$244			X	X					X		X	X
TOTAL			219	674			\$244	43.3	6.4%										
					Low:		\$244												
					Avg:		\$435												
					High:		\$612												

Clearwater Hall  
As of December 6, 2007  
#07.197





## DISCUSSION OF RENT COMPARABLES – STUDENT HOUSING

**Rental 1** is College Place, located directly across the street from the LCSC campus. This project was built at the same time as the subject and comprises 88 bedrooms in 22 units in one, three-story building. Like the subject, this facility includes furnished bedrooms, common laundry, storage, and air conditioning. However, the common area of each pod, or living unit, is not furnished. Twenty of the units comprise four-bedrooms and one bathroom, while the other two units include a three-bedroom unit and a five-bedroom unit. Additional amenities include disposals and open parking.

**Rental 2** is the Brewster Residence Hall, located in Cheney Washington. The complex was built in 2002 on the edge of the campus of Eastern Washington University. The four-story facility is privately owned, but is managed by Eastern Washington University. The building has a bookstore, coffee house, laundry facility, bike storage room, and administrative offices on the main level. The complex comprises 140 bedrooms that include two-, three-, and four-bedroom units. Each unit has a kitchen area with a refrigerator and sink, and a bathroom with a toilet and bathtub. There is an additional sink located just outside the bathroom. There are also two common area kitchens with a stove/oven, microwave, and sink. Each bedroom is furnished with a loft-able bed, chest of drawers, an armoire, and a desk and chair. Complex amenities include two lounge areas, an elevator, common laundry, and open parking.

**Rental 3** is the College Crest Apartments, located in Pullman, Washington. The complex comprises 54 three-bedroom units that can be leased on an individual bedroom basis. Each of the units has a separate outside entrance, in addition to a sink and a chest of drawers and a built-in desk. All these units are equipped with a sofa, chair, end tables, lamp, and a dining room table with four chairs. Additionally, the units include a living room, dishwasher, garbage disposer, and electric baseboard heat. Complex amenities include common laundry and open parking.

**Rental 4** is the Cougar Crest Apartments, located in Pullman, Washington. The complex comprises three- and four-bedroom units that groups of individuals typically get together and rent on an individual bedroom basis. The three-bedroom units have a den, which is utilized as a fourth bedroom in the four-bedroom units. Each bedroom has a sink and vanity, in addition to a phone jack and cable TV outlet. The units are equipped with dishwasher, garbage disposer, wall-mounted air conditioning, private deck/patio with storage closet, electric baseboard heat, and 2 baths. Complex amenities include common laundry, open parking, and a small exercise room.

**Rental 5** is the Breier Building Apartments, located in downtown Lewiston, two blocks east of the subject. This five-story building was constructed in 1925 with office space on the main level and 40 apartment units on the upper levels. The facility comprises one- and two-bedroom units, each equipped with garbage disposer and storage. Complex amenities include laundry and open parking.

## MARKET RENT CONCLUSIONS – STUDENT HOUSING

The subject has 32 units that comprise 117 bedrooms, each furnished with a loft-able bed, an armoire, and a desk and chair. Each unit has a living room/kitchen area equipped with a refrigerator, kitchen sink, dining table with chairs, sofa, coffee table, and chair. The majority of the units have one bathroom with a shower and toilet that will have a sink located just outside the bathroom. Additionally, the facility has common laundry, a study room, and storage rooms. The subject is located in downtown Lewiston, with the Lewis-Clark State College campus located approximately seven blocks to the south.



The comparables reflect a range of \$244/mo to \$612/mo per bedroom, with an average of \$435/mo. Comparables 1, 2, 3 and 4 lease on an individual bedroom basis and reflect an average of \$474/BR/mo.

Comparable 1 (\$566/BR/mo) is College Place, which is located southwest of the subject, across the street from the LCSC campus. This 88-bedroom, student-oriented facility was recently completed at the same time as the subject, is managed by LCSC, and like the subject, is restricted to student tenants. This building is similar to the subject, but is closer to the college. However, the common area of each unit is not furnished. Considering the proximity of this comparable to the LCSC campus, this rate is a high indicator for the subject.

Comparable 2 (\$612/BR/mo) is located in Cheney, Washington, and is the very similar to the subject, since it is a student-oriented residence hall that's occupancy is restricted to Eastern Washington University (EWU) students. Like the subject, this facility has furnished bedrooms, common laundry, and storage area. However, the complex does have a lounge area, open parking, and two common area kitchens with a stove/oven, microwave, and sink. The building was constructed in 2002 on the edge of EWU's campus. Due to this comparables additional amenities, the rate indicated is high for the subject.

Comparable 3 (\$395/BR/mo) is located in Pullman, Washington, near the campus of Washington State University (WSU). This project was built in 1974 and is inferior to the subject in terms of age and quality. The bedrooms are equipped with a chest of drawers and a built-in desk. Additionally, all these units are equipped with a sofa, chair, end tables, lamp, and a dining room table with four chairs, much like the subject. However, this comparable also has dishwashers, garbage disposers, sinks in each bedroom, separate outside entrances to each of the units, and open parking. Considering this facility's age, quality, and amenities, this is an indicator of the upper lease rate that the subject could potentially achieve.

Comparable 4 (\$310/BR/mo to \$350/BR/mo) is also located in Pullman, Washington, near the WSU campus. Groups of individuals typically get together and rent the units on an individual bedroom basis. This facility was built in the late 1990s and has an exercise room, private decks/patios, and a sink and vanity in each bedroom, unlike the subject. However, this is somewhat offset by its inferior age and lack of furnished bedrooms. This complex is an indicator of the lower bracket of lease rates that the subject could expect to achieve. Comparable 5 (\$244/BR/mo to \$390/BR/mo) is an old building that is located about two blocks east of the subject. This comparable includes disposals and open parking, and is inferior in age and doesn't include furnished bedrooms. However, the one-bedroom units (\$390/BR/mo) are not shared, and therefore are superior in this respect. Thus, the subject would be expected to fall within the upper range of rates reflected by this comparable. Considering the preceding discussion, a rate of **\$375/BR/mo** is concluded for the subject's bedrooms.

As additional supplemental market information, we have also included the rental rates of a few multi-family apartment complexes in the subject's market area as an added check on the subject's concluded lease rate. These comparables are summarized in the following table.



RENT COMPARABLE SUMMARY Clearwater Hall									
No.	Property/Location	Built	Units	Bdrms	BR / BA	Avg Unit SF	Rent/BR	No. Vac	Vac. %
1	Westridge Apts 950 Vineland Drive Clarkston, WA	1996	108	36 96 36 18	1 / 1 2 / 1 2 / 2 3 / 2	690 867 921 1,190	\$555 \$325 \$355 \$285	0	0.0%
2	Eightplex 706 17th Ave Lewiston, ID	2003	8	16	2 / 1	900	\$313	0	0.0%
3	Four Horses Apts 1712 5th Street Lewiston, ID	1977	30	10 16 16	1 / 1 2 / 1.5 2 / 2	700 850 900	\$450 \$288 \$313	0	0.0%
<b>TOTAL</b>			146	244		Low: Avg: High:	\$285 \$361 \$555	0	0.0%

As shown above, these comparables range from \$285/BR/mo to \$555/BR/mo, with an average of \$361/BR/mo. The subject's concluded rate of \$375/BR/mo falls within this range and is very near the average rate. Comparable No. 2 is the newest of the comparables and reflects a rate that is less than the subject's rate. Considering the supplemental comparables, the subject's concluded rate of \$375/BR/mo appears to be appropriate.

As previously discussed, the subject's retail space will now be analyzed. It should be noted that the subject's retail space is not typical in comparison to its immediate area. The subject is located in Lewiston's central business district, which is mainly composed of older buildings that were built around 1900. Therefore, the majority of the buildings have dated storefront retail space that does not match the quality of the subject's retail space. The majority of the newer retail facilities in Lewiston are located along Thain Road in the southeast section of the city. Thus, the subject's lease rate would likely be at the upper end of the range of rates received for the dated retail space that is located in the subject's immediate area and below the newer retail space that is located in Lewiston's new retail corridor along Thain Road, which is continuing to develop.

A grid summarizing the rental rates for properties that were considered most useful for comparison to the subject's retail space is displayed after the rent comparable details that follow.



## RENT COMPARABLE SUMMARY - RETAIL

Clearwater Hall													
Dec-07													
No.	Property	Built	SF GLA	Tenant/Type	Tenant Size (SF)	Rental Rate (\$/SF/Yr)	Expenses	Lease Term	In-Line Bay Depth	Vacant SF	Overall Vacancy	Contact	Comments
1	H&R Block Bldg 1446 Main St Lewiston, ID	1996	2,784	H&R Block	2,784	\$5.96	NNN (adjusted from modified gross)	3 Yrs	N/Av	0	0%	Confidential	Average-quality building of wood-frame construction that was built in 1996 as an optical shop. Leased by H&R Block in 2006.
2	Strip Center 1702-1716 'G' St Lewiston, ID	1978-88 (Rem'd 2004)	11,058	Storefront Ofc/Retail	2,762	\$8.83	NNN (adjusted from modified gross)	Various	N/Av	0	0%	Confidential	Average-quality storefront strip center that includes off-street parking.
3	SL Start 207 3rd St Lewiston, ID	1897 (Rem'd 2004)	7,500	SL Start	2,762	\$11.67	NNN (adjusted from modified gross)	4 Yrs	86'	0	0%	Heather Okeefe 509-328-2740	Storefront retail/office space in older building that was extensively renovated in 2004.
4	Strip Retail Center 102 Thain Rd Lewiston, ID	2005	13,178	Mattress Outlet Cash Advance Unicel Anytime Fitness	5,650 1,300 1,316 4,912	\$13.63-\$22.00 (\$16.94/SF - Avg)	NNN	Various	50' - 60'	0	0%	Marshall Clark 509-325-3333	Retail strip center completed in July 2005 at busy signalized intersection across street from Wal-Mart Store.
Subj:	Clearwater Hall 402-418 Main St Lewiston, ID	2006	12,787	Retail	993 - 5,787	\$12.00	NNN		60' - 70'	12,787	100%		Storefront retail in four-story building in Lewiston's central business district, with student-oriented housing units in upper levels.



### DISCUSSION OF RENT COMPARABLES – RETAIL

**Rental 1** is a building occupied by H&R Block, about 0.75-miles east of the subject along Main Street. The 2,784 SF building was originally constructed as an optical store in 1996. The building is currently being leased at a rate of \$5.50/SF/Yr (adjusted from modified gross to triple-net). The building has superior parking, but is inferior in age and condition compared to the subject. As a result, this is a low indicator for the subject's retail space.

**Rental 2** is a strip center with various storefront office/retail tenants. The 8,000 SF building is located one mile to the east of the subject. Most of the newer tenants in this building are leasing at a rate of about \$8.83/SF/Yr (adjusted from modified gross to triple-net). This comparable has superior parking compared to the subject, but it is inferior in age, condition, exposure and overall appeal. Consequently, this is a low indicator for the subject.

**Rental 3** is the SL Start Building, located approximately two blocks northwest of the subject. This 11,058 SF building was originally constructed in 1897, but was extensively remodeled in 2004. SL Start occupies 3,453 SF of the two-story building, but reportedly only approximately 80%, or 2,762 SF is usable due to the ill-conceived design of the renovated space. This equates to an adjusted lease rate of \$11.67/SF/Yr (adjusted for usable space and from modified gross expense terms to triple-net). This comparable has superior parking compared to the subject, since its lease includes about 10 off-street parking stalls. The condition is somewhat similar to the subject, however the design, exposure, and age are inferior. The rate indicated by this rental is an indicator of the lower rental bracket for the subject.

**Rental 4** is a newer strip retail building at the southwest corner of Thain Road and Stewart Avenue, a signalized intersection across the street from a Wal-Mart Store. This 13,178 SF retail center has four retail bays and is fully occupied. The bays range in size from 1,300 SF to 5,650 SF, with rental rates ranging from \$13.63/SF/Yr to \$22.00/SF/Yr, with an average of \$16.94/SF/Yr. This facility is similar in age and condition to the subject, but has superior exposure. A lower rate would be expected for the subject than those indicated by this comparable.

### MARKET RENT CONCLUSIONS – RETAIL

To better illustrate the comparison of the subject to each of the comparables, we have utilized a ranking analysis, displayed in the following chart. As shown, the subject lies between Rental 3 (\$11.67/SF/Yr) and Rental 4 (\$13.63/SF/Yr).

No.	Comparable Rental	Typical Rent/SF/Yr	Overall Comparison
4	Strip Retail Center	\$13.63 - \$22.00	Superior
-	<b>Subject</b>	<b>\$12.00</b>	-
3	SL Start	\$11.67	Inferior
2	Strip Center	\$8.83	Inferior
1	H&R Block Building	\$5.96	Inferior

This subject's current asking rate of \$12.00/SF/Yr is well supported by the market comparables. Therefore, a lease rate of \$12.00/SF/Yr is concluded for the subject's retail space.

**Conclusion of Gross Rental Income** – As shown at the end of this section, the projected gross rental income for the subject, including student housing and retail income, is \$679,944.



**Laundry Income** – The subject facility has a common laundry room on site with leased laundry machines from Hainsworth Company, a major leasing company for coin-operated laundry machines. We spoke with a representative from Hainsworth Company, who reported that student housing such as the subject typically generate 1.5 loads of laundry per student per week. Based on the subject's average occupancy rates and the laundry rates, this equates to an annual income of \$6,264. Hainsworth's typical lease arrangement is for the property owner to retain ½ of the revenue earned by the machines. This would lead to a yearly income for laundry of \$3,132. Therefore, the laundry income retained by the subject owners is estimated at \$3,132/Yr, or \$26.77/BR/Yr.

**Miscellaneous/Other Income:** This category includes income retained from deposits, late fees, and other revenue. This item is projected at 3% of the living units rental revenue per year, or \$15,795.

All the discussed sources of income result in a Projected Gross Income of \$698,871.

### VACANCY

The rent comparables reflect an average vacancy of 6.4% for the student-oriented living units. There are no formal vacancy surveys that we are aware of for the Lewiston-Clarkston area. The subject is a newer facility that is well located in Lewiston's central business district about seven blocks north of the LCSC campus, comprises functional units, and has commensurate amenities with its targeted tenant pool. The subject's student housing has experienced an average occupancy rate of about 75% during the academic year, and approximately 8% during the summer term. This equates to a yearly vacancy rate of about 40%. As previously discussed, College Place, an 88-bedroom student-oriented facility located across the street from the LCSC campus that was completed at the same time as the subject, has also remained at about 75% occupied.

However, as mentioned earlier, LCSC charges students approximately \$538/Mo. Thus subject's vacancy rate would likely decline if its lease rates decreased to the concluded market rate of \$375/Mo. Additionally, the summer vacancy rate would be expected to decrease substantially, since the subject's lease terms would allow 12-month leases that could be paid on a monthly basis. Currently, under the management agreement, the subject allows 12-month leases; however, the rent for the entire lease term must be paid up front, which severely discourages students from entering into a 12-month lease contract.

Additionally, we have considered future demand for student housing at LCSC, which is summarized in the following table.



Student Housing Demand Projections										
Implied Annual Growth Rate:	4.37%									
Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Enrollment (Fall Count)	2,953	3,108	3,471	3,325	3,451	3,394	3,612	3,770	3,934	4,106
Enrollment Increase	251	155	363	-146	126	-57	218	158	165	172
Percentage Enrollment Increase	9.29%	5.25%	11.68%	-4.21%	3.79%	-1.65%	6.42%	4.37%	4.37%	4.37%
Total Student Housing (Number of Beds)					246	312	312	312	312	312
Clark Hall*					78	78	78	78	78	78
Parrish House**					29	29	29	29	29	29
Talkington Hall***					92	-	-	-	-	-
Red Lion****					47	-	-	-	-	-
College Place					-	88	88	88	88	88
Clearwater Hall					-	117	117	117	117	117
Occupied Student Housing as Percentage of Enrollment					6.8%	7.6%	7.3%	7.2%	7.2%	7.2%
Occupied Student Housing (Number of Beds)					234	257	262	272	283	296
Total Student Housing Occupancy Rate					95%	82%	84%	87%	91%	95%

\*Clark Hall mainly houses athletes, which are required to reside on campus; \*\*Parrish Hall mainly houses upperclassmen, with a GPA of 3.0 or greater; \*\*\*Talkington Hall was closed down in 2006.

\*\*\*\*Some students were temporarily housed at the Red Lion hotel, until additional housing could be constructed.

As shown in the previous table, total occupancy rate for student housing at LCSC is currently 84%. However, this is projected to increase to 95% by 2010, based on enrollment projections that were predicated on the enrollment history under the current LCSC administration (a common practice used in enrollment forecasting).

Considering the lower market rates, improved contract terms, and increased occupancy projections, a stabilized vacancy rate of 15% is concluded for the subject student-oriented living units. This rate takes into account an increase in vacancy during the summer term.

The subject's retail space currently has an unsigned lease for 7,047 SF. However, the subject owner reported that this lease will not be signed, as the rental rate is considered too low. Of the retail lease comparables surveyed, all were found to be fully occupied. However, due to the limited number of comparables, we have also consulted the *Korpacz Real Estate Investor Survey*, which showed that most institutional investors used a vacancy and credit loss assumption for the "National Strip Shopping Center Market" of between 1% and 10%.<sup>11</sup> Considering the preceding discussion, a stabilized vacancy rate of 5% is concluded for the subject retail space.

This results in a reduction of \$89,486 annually, and leads to a total effective gross income estimate of \$609,385/yr.

## OPERATING EXPENSES

The operating expenses for the student-oriented living units will be analyzed first, followed by an analysis of the retail space expenses.

Operating expenses for garden apartment complexes typically range from about \$2.50/SF to \$3.75/SF of leasable area in properties with full amenities, before an allowance for replacement reserves. Rents vary widely from property to property; therefore, analyzing expenses as a percentage of effective gross income does not provide a reliable indication. Reserves for the replacement of short-lived items are rarely allocated and less often funded by apartment owners, but must be considered in an appraisal analysis to reflect the periodic replacement of these items on a stabilized basis.

The only expense information provided for the subject facility was a pro forma, which was displayed near the beginning of the Income Approach. Therefore, we have considered the experience of two comparable apartment properties and the developer's expense pro

<sup>11</sup> PricewaterhouseCoopers, *Korpacz Real Estate Investor Survey*, 3<sup>rd</sup> Qtr. 2007, p. 45.



forma. After analyzing this data, operating expenses payable by the owner were estimated for a stabilized year by category. This information is summarized on the following pages.

EXPENSE COMPARABLE SUMMARY												
Location	Moscow				Pullman				Lewiston - Subject's Exp Pro Forma			
Year Built	1992-97				1992-95				2007/2008			
No. Units	84				55				32			
No. Bdrms	144				143				117			
SF NRA	71,520				51,046				26,805			
Avg. SF/Unit	851				928				838			
Description	Electric FA heat, washer/dryer hook-ups, and open parking.				Electric bb heat, washer/dryer in unit, and open parking (some covered).				Gas forced air heat, common laundry, study room, storage space, and no parking.			
	\$/SF	\$/BR	% of EGI	Total	\$/SF	\$/BR	% of EGI	Total	\$/SF	\$/BR	% of EGI	Total
<b>Income</b>												
Rental Income	\$5.87	\$2,915	98.4%	\$419,830	\$8.36	\$2,984	98.5%	\$426,721	\$12.15	\$2,783	100.0%	\$325,617
Parking Revenue				N/Ap	\$0.00	\$0	0.0%	\$0				N/Ap
Laundry Revenue	\$0.10	\$48	1.6%	\$6,883	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0
Other Income	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0
Misc./Ret. Deposits	\$0.00	\$0	0.0%	\$0	\$0.13	\$46	1.5%	\$6,600	\$0.00	\$0	0.0%	\$0
Effective Gross Income	\$5.97	\$2,963	100.0%	\$426,713	\$8.49	\$3,030	100.0%	\$433,321	\$12.15	\$2,783	100.0%	\$325,617
<b>Expenses</b>												
Real Estate Taxes	\$0.80	\$398	13.4%	\$57,315	\$0.75	\$268	8.8%	\$38,320	\$2.29	\$524	18.8%	\$61,336
Insurance	\$0.19	\$94	3.2%	\$13,580	\$0.18	\$66	2.2%	\$9,407	\$0.63	\$145	5.2%	\$17,020
Energy (Gas & Electricity)	\$0.11	\$54	1.8%	\$7,824	\$0.07	\$26	0.9%	\$3,781	\$1.03	\$236	8.5%	\$27,600
Utilities (Water & Sewer)	\$0.25	\$126	4.2%	\$18,078	\$0.30	\$107	3.5%	\$15,234	\$0.51	\$118	4.2%	\$13,800
Trash Removal			Included above		\$0.24	\$87	2.9%	\$12,396				Not Included
Maintenance & Repairs	\$0.26	\$128	4.3%	\$18,480	\$0.54	\$192	6.3%	\$27,446	\$0.05	\$12	0.4%	\$1,380
Redecorating/Cleaning			Incl. Above		\$0.09	\$34	1.1%	\$4,794				Not Included
Landscaping	\$0.02	\$10	0.4%	\$1,500	\$0.31	\$109	3.6%	\$15,624				Not Included
Parking Maint. & Snow Removal			Incl. Above		\$0.00	\$0	0.0%	\$0				Not Included
Professional Management	\$0.51	\$252	8.5%	\$36,288	\$0.57	\$203	6.7%	\$29,075				Not Included
Marketing	\$0.00	\$0	0.0%	\$0	\$0.01	\$3	0.1%	\$495				Not Included
Office/Administrative	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0				Not Included
Legal/Audit/Professional	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$50				Not Included
Miscellaneous	\$0.05	\$23	0.8%	\$3,348	\$0.02	\$5	0.2%	\$778				Not Included
<b>Total Expenses W/O Reserves</b>	<b>\$2.19</b>	<b>\$1,086</b>	<b>36.7%</b>	<b>\$156,413</b>	<b>\$3.08</b>	<b>\$1,101</b>	<b>36.3%</b>	<b>\$157,400</b>	<b>\$4.52</b>	<b>\$1,035</b>	<b>37.2%</b>	<b>\$121,136</b>
<b>Net Operating Income</b>	<b>\$3.78</b>	<b>\$1,877</b>	<b>63.3%</b>	<b>\$270,300</b>	<b>\$5.41</b>	<b>\$1,930</b>	<b>63.7%</b>	<b>\$275,921</b>	<b>\$7.63</b>	<b>\$1,748</b>	<b>62.8%</b>	<b>\$204,481</b>

**Real Estate Taxes** - The subject is currently assessed at \$4,253,499, which results in a total tax bill of \$78,971. However, as the retail tenants will be responsible for their pro rate share of the real estate taxes, their share must be deducted from the total taxes in order to arrive at the subject's student housing share of the taxes. Since the student housing accounts for 74% of the total property, their share of the real estate tax is calculated at \$58,439, or \$0.11/SF. Based on this information the subject's taxes are applied at a tax amount of \$58,400/yr, or \$2.18/SF.

**Personal Property Taxes** – Since the subject's units are furnished, a cost for personal property tax is incurred. The subject's pro forma indicates a personal property tax of \$4,500/yr. As such, this amount has been applied to the subject.

**Insurance** rates vary widely from property to property, depending on quality, amenities, existence of sprinklers, and other market factors. The expense comparables reflect insurance rates ranging from \$0.18/SF to \$0.19/SF. The developer's pro forma reflects an expense rate of \$0.63/SF for this item, which is much higher than the comparables. However, additional insurance coverage, due to the characteristics of the subject's tenants, is likely. Therefore, a rate of \$0.63/SF, or \$17,020/yr has been projected for the subject.





**Energy (Gas & Electricity)** - The two expense comparables indicated an expense of \$0.07/SF and \$0.11/SF for this item. However, these expenses reflect costs incurred for their common area only. The subject provides gas and electricity for the tenants, and therefore a higher rate is anticipated. The subject's pro forma shows a rate of \$1.03/SF for this expense. A representative for the owner stated that gas and electricity generally average between \$2,000 and \$2,200 per month. This equates to a range of \$24,000 to \$26,400 per year, or \$0.90/SF to \$0.98/SF. Considering this information, a rate of \$1.00/SF is estimated for the subject.

**Utilities (Water & Sewer)** - The comparables displayed a total expense for these items at \$0.25/SF and \$0.30/SF. The owner's pro forma reflected a rate of \$0.51/SF for this item. Considering the characteristics of the subject and its tenants, a combined rate of \$0.50/SF is projected.

**Trash Removal** - Only one of the comparables reported this expense as a separate line item, which was \$0.24/SF. The developer's pro forma did not show a separate line item for this expense. According to Lewis-Clark State College, which currently pays for this expense item, incur a monthly cost of \$600 for trash removal. This equates to a rate of \$7,200/yr, or \$0.27/SF. A rate of \$0.27/SF/yr is estimated for the subject.

**Maintenance and Repairs** can vary widely from year to year. The comparables reported expenses ranging from \$0.26/SF to \$0.54/SF. The subject's pro forma shows a rate of \$0.05/SF. However, this is under the current management contract, in which Lewis-Clark State College pays for routine maintenance. As this analysis will arrive at a value as though this contract were not in place, a rate will need to be estimated for this expense item. The subject has furnished units, and thus a rate at the upper end of the comparables is indicated. Therefore, this expense item is projected at \$0.55/SF.

**Elevator** - None of the comparables were helpful in estimating this expense, as they are not elevator complexes. A representative for the owner reported they have a maintenance contract for the elevator at a cost of approximately \$1,900/yr. Based on this information, a rate of \$1,900/yr, or \$0.07/SF is applied to the subject.

**Redecorating and Cleaning Expenses** typically range from a combined total of \$0.08/SF to \$0.18/SF. Only one of the comparables reported this expense as a separate line item, which was \$0.09/SF. Considering the tenant makeup, a rate of \$0.15/SF is estimated for the subject.

**Landscaping and Grounds Expenses** can vary according to the size and extent of on-site landscaping. Among the comparables, these combined charges ranged from \$0.02/SF to \$0.31/SF. The developer's pro forma did not show a separate line item for this expense. Considering the subject's small site size and very minimal landscaping needs, \$0.05/SF is concluded for the subject.

**Professional Management Expenses** typically range from 5.0% to 12.0% of effective gross income, depending on the number of units, the income level generated by the complex, and the difficulty of management. Larger, easily managed properties are obtaining management fees of 4.0% to 5.0% for professional management only. The expense comparables indicated rates ranging from 4.0% to 6.7% of EGI, while a survey from the Urban Land Institute on multifamily housing indicates a rate of 5.0% for elevator apartment complexes in the Northwest. Given the size of the subject and the characteristics of the potential tenants, a professional management expense of 6.0% of Effective Gross Income is applied to the subject.



**Marketing Expenses** vary widely with occupancy levels and overall market conditions. Only one of the comparables reported this expense as a separate line item, which was \$0.01/SF. The pool of potential tenants for the subject is limited, due to the specific tenant base that it accommodates. Considering the subject's location, its special purpose design for student housing and the involvement of LCSC, a minimal rate of \$0.02/SF is applied to the subject.

**Office and Administrative Expenses** can vary widely, depending on what items are included in this category. None of the comparables reported an expense for this item. The owner's expense pro forma did not show a separate line item for this expense. Given the characteristics of the subject, a minimal charge of \$0.05/SF annually is estimated the subject.

**Legal, Audit, and Professional Service Expenses** can also vary widely, and are often sporadic. Legal fees tend to be higher during times of high vacancy and the resulting credit loss. Assuming careful screening and operation of the subject, a charge of \$0.05/SF is applied to the subject.

**Telephone/Internet Expenses** – As these expense items are included in the student leases, it is necessary to account for their costs. The owner's pro forma indicates a charge of \$10,580/yr, or \$0.39/SF for this item. As such, this expense is projected at \$10,580/yr.

**Miscellaneous Expenses** often vary, depending on what items are included in this category. Other complexes typically indicate a range of \$0.03/SF to \$0.08/SF, though property managers are inconsistent in what charges are recorded under this "catch all" category. A rate of \$0.03/SF is applied to the subject.

**Reserves** are not often allocated by apartment owners, but must be included to reflect an annualized estimate of the ongoing cost for the replacement of short-lived items. In this analysis, we have estimated the current replacement cost and life of the short-lived components listed below. Because the sinking fund factor is calculated at an estimated "real" rate of return (taking inflation into account), it is not necessary to trend this cost upward. The following grid summarizes the reserves that are projected for the subject facility.

REPLACEMENT RESERVE SEGREGATION Clearwater Hall									
Short-Lived Item	Life (Years)	Units		Rate	Total Cost	SFF @ Real Rate of 2%	Annual Reserve	\$ / SF	
Bedrooms									
Loftable Bed	7	117	BRs @	\$ 124	\$ 14,508	0.1345120	\$ 1,951	\$ 0.07	
Mattress	7	117	BRs @	\$ 83	\$ 9,711	0.1345120	\$ 1,306	\$ 0.05	
Armoire	7	117	BRs @	\$ 403	\$ 47,151	0.1345120	\$ 6,342	\$ 0.24	
Desk	7	117	BRs @	\$ 243	\$ 28,431	0.1345120	\$ 3,824	\$ 0.14	
Chair	7	117	BRs @	\$ 64	\$ 7,488	0.1345120	\$ 1,007	\$ 0.04	
Units									
Refrigerators	15	32	Units @	\$ 300	\$ 9,600	0.0578255	\$ 555	\$ 0.02	
Sofa	7	32	Units @	\$ 1,131	\$ 36,192	0.1345120	\$ 4,868	\$ 0.18	
Coffee Table	7	32	Units @	\$ 157	\$ 5,024	0.1345120	\$ 676	\$ 0.03	
Dining Table	7	32	Units @	\$ 224	\$ 7,168	0.1345120	\$ 964	\$ 0.04	
Dining Chairs	7	117	Units @	\$ 24	\$ 2,808	0.1345120	\$ 378	\$ 0.01	
Lobby Areas									
Sofa	7	2	Units @	\$ 1,131	\$ 2,262	0.1345120	\$ 304	\$ 0.01	
Settee	7	1	Units @	\$ 888	\$ 888	0.1345120	\$ 119	\$ 0.00	
Chair	7	6	Units @	\$ 612	\$ 3,672	0.1345120	\$ 494	\$ 0.02	
Coffee Table	7	2	Units @	\$ 157	\$ 314	0.1345120	\$ 42	\$ 0.00	
End Table	7	2	Units @	\$ 122	\$ 244	0.1345120	\$ 33	\$ 0.00	
Carrel	7	5	Units @	\$ 358	\$ 1,790	0.1345120	\$ 241	\$ 0.01	
Chair (for carrel)	7	5	Units @	\$ 24	\$ 120	0.1345120	\$ 16	\$ 0.00	
Facility									
Roof Cover	20	13,578	SF @	\$ 1.20	\$ 16,294	0.0411567	\$ 671	\$ 0.03	
Floor Cover	10	35,657	SF @	\$ 1.50	\$ 53,486	0.0913265	\$ 4,885	\$ 0.18	
Totals					\$ 247,150		\$ 28,678	\$ 1.07	



Adding the reserves estimate summarized above, the subject's expenses for the student-oriented living units total \$220,426, or \$8.22/SF. This rate is higher than the typical apartment complex operating expenses. However, given that the subject rents will include all utilities, and that the subject will furnish the bedrooms, units, and lobby areas, this rate is appropriate. This leads to a net operating income estimate of \$243,187/yr for the subject's living units. The next step is to analyze the subject's retail space expenses.

The subject's retail space will be leased on a triple-net expense basis, meaning that tenants are responsible for the payment of all operating expenses either directly, or in the form of a reimbursement to the owners. Despite this expense situation, most investors will still anticipate some costs associated with ownership/asset management, and the likelihood of some capital improvement costs, particularly upon turnover or renewal.

**Asset Management Fee:** This is a "catch all" category that accounts for those items that cannot realistically be charged back to the tenants as a reimbursement. It includes most in-house costs associated with the operation of the project. According to the Korpacz Real Estate Investor Survey, most investors include an asset management fee ranging from 2.5% to 5.0% for shopping centers as an "above the line" charge.<sup>12</sup> This expense is estimated at 3% of EGI, or \$4,373.

**Replacement Reserves:** This category is used to account for the replacement of short-lived items and capital improvements for which tenants are not likely to be charged. This can include structural damage, roof replacement, HVAC repairs/replacement, etc. The Korpacz survey referenced above also shows that investors will typically apply a deduction for replacement reserves ranging from \$0.10/SF to \$0.30/SF. Considering the condition of the subject, a rate of \$0.15/SF is applied. This equates to \$1,918/yr.

This leads to a net operating income estimate of \$139,481/yr for the subject's retail space.

## DIRECT CAPITALIZATION RATE

The subject's capitalization rate for its student-oriented living units will be analyzed first, followed by an analysis of the subject's retail space capitalization rate.

The best source for deriving direct capitalization rates is typically by comparison to market sales, with consideration given to such factors as tenant quality, date of transaction, quality, and location. Overall rates can be extracted from the five apartment sales used in the Sales Comparison Approach. As shown on the following chart, the overall rates reflect a range from 7.12% to 8.43%, with an average of 7.76%.

OVERALL RATE SUMMARY - COMPARABLE SALES						
<i>Clearwater Hall</i>						
No.	Property	Yr Built	Units	Sale Date	Analysis Price	Overall Rate
1	Conrad Smith Apts	1992	36	Aug-06	\$1,770,382	7.12%
2	Levick Apartments	1992	24	Aug-06	\$1,057,241	7.90%
3	Taylor Apartments	1997/1998	21	Aug-06	\$1,893,796	8.43%
4	Russet Square Apts	1978	40	Mar-06	\$1,603,979	7.75%
5	Clarke Terrace	1990/1992	60	Mar-05	\$4,067,135	7.62%

The comparables reflect a fairly narrow range of rates, from 7.12% to 8.43%, with an average of 7.76%. However, it should be noted that due to the subject's student-oriented

<sup>12</sup> PricewaterhouseCoopers, *Korpacz Real Estate Investor Survey*, 1<sup>st</sup> Qtr. 2007, p. 5.



design, that it may be attractive to a more limited pool of investors. According to the *Korpacz Real Estate Investor Survey*, the "National Apartment Market" experienced an average overall rate of 5.76%, with a range of 3.50% to 8.00%, for the third quarter of 2007.<sup>13</sup> This was a reduction from the previous quarter and a year ago, which were 6.28% and 7.01%, respectively. Overall rates in Lewiston generally tend to lie above the rates indicated for larger metropolitan markets, which constitute the bulk of the survey.

Given the preceding information and the subject's newer construction, investment size, amenity level, and design, a rate of 7.75% is concluded for the subject's living units.

The overall rates for the subject's retail space can be extracted from four of the five retail sales used in the Sales Comparison Approach. As shown on the following chart, the overall rates reflect a range from 6.71% to 7.82%, with an average of 7.31%.

OVERALL RATE SUMMARY - COMPARABLE SALES						
Clearwater Hall						
No.	Property	Yr Built	SF	Sale Date	Analysis Price	Overall Rate
1	University Pointe	2003	25,000	May-06	\$3,835,304	6.71%
2	Stadium Way Retail	Rem-04	20,000	Sep-04	\$3,835,304	7.69%
3	21st Street Retail Center	2004	9,750	Jul-04	\$1,910,000	7.82%
4	Thain Retail Center	2005	13,178	Listing	\$2,787,678	7.00%

Sale 4 (7.00%) is located in Lewiston and is the most similar to the subject in terms of age and investment size. However, this is a listing, and therefore is considered slightly low for the subject. Sale 1 (6.71%) is the most recent sale among the comparables, and is located on the fringe of the U of I campus in Moscow. This is an indicator of the lower range that the subject could be expected to achieve. Sale 3 (7.82%) is located in Lewiston, but is somewhat dated, and thus doesn't reflect the general downward trend in capitalization rates over the past few years. As a result, a lower rate would be expected for the subject.

According to the *Korpacz Real Estate Investor Survey*, the "National Strip Shopping Center Market" experienced an average overall rate of 7.20%, with a range of 5.70% to 9.00%, for the fourth quarter of 2007.<sup>14</sup> As previously mentioned, overall rates in Lewiston generally tend to lie above the rates indicated for larger metropolitan markets, which constitute the bulk of the survey.

Given the preceding information and the subject's newer construction and investment size, a rate of 7.25% is concluded for the subject's retail space.

### INCOME APPROACH CONCLUSION

Applying the concluded overall rate of 7.75% for the subject's living units to its corresponding projected net operating income of \$243,187/yr, results in an indicated value of \$3,137,897. Additionally, applying the concluded overall rate of 7.25% for the subject's retail space to its corresponding projected net operating income of \$139,481/yr, leads to an indicated value of \$1,923,876. These values combine for a total indicated hypothetical stabilized value via the Income Approach of **\$5,060,000** (rd). This analysis is summarized on the following page.

<sup>13</sup> PricewaterhouseCoopers, *Korpacz Real Estate Investor Survey*, 3<sup>rd</sup> Qtr. 2007, p. 34.

<sup>14</sup> PricewaterhouseCoopers, *Korpacz Real Estate Investor Survey*, 3<sup>rd</sup> Qtr. 2007, p. 12.



INCOME APPROACH SUMMARY Clearwater Hall Dec-07										
<u>Rental Income</u>									<b>TOTAL</b>	
<u>Living Units</u>						<u>Retail Space</u>				
No.	Type (BR/BA)	Bdrms	Rent/BR/Mo	Subt/Rent/Mo	Annual	SF GLA	Rent/SF/Yr	Annual		
3	1/1	3	\$375	\$ 1,125	\$ 13,500	12,787	\$12.00	\$ 153,444		
1	2/1	2	\$375	\$ 750	\$ 9,000					
4	3/1	12	\$375	\$ 4,500	\$ 54,000					
19	4/1	76	\$375	\$ 28,500	\$ 342,000					
1	4/2	4	\$375	\$ 1,500	\$ 18,000					
4	5/2	20	\$375	\$ 7,500	\$ 90,000					
32		117		\$43,875						
<b>Potential Rental Income</b>								\$ 153,444	<b>\$ 679,944</b>	
<u>Miscellaneous Income</u>										
Laundry Income:										
Misc./Ret. Deposits: 3.0% of Rental Revenue										
<b>Potential Gross Income</b>									<b>\$ 698,871</b>	
<b>Less Vacancy &amp; Credit Loss @ 15.0%</b>									<b>\$ (89,486)</b>	
<b>Effective Gross Income</b>									<b>\$ 609,385</b>	
<u>Less Expenses</u>						<u>Less Expenses</u>				
		\$/SF	\$/BR	% of EGI	Total			\$/SF	% of EGI	Total
Real Estate Taxes		\$ 2.18	\$ 499	12.6%	\$ 58,400	Asset Mgmt Fee		\$0.34	3.0%	\$4,373
Personal Property Taxes		\$ 0.17	\$ 38	1.0%	\$ 4,500	Structural/Reserves		\$0.15	1.3%	\$1,918
Insurance		\$ 0.63	\$ 145	3.7%	\$ 17,020			\$0.49	4.3%	\$6,291
Energy (Gas & Elec)		\$ 1.00	\$ 229	5.8%	\$ 26,805					
Utilities (Water/Sewer)		\$ 0.50	\$ 115	2.9%	\$ 13,403					
Trash Removal		\$ 0.27	\$ 62	1.6%	\$ 7,200					
Maintenance & Repairs		\$ 0.55	\$ 126	3.2%	\$ 14,743					
Elevator		\$ 0.07	\$ 16	0.4%	\$ 1,900					
Redecorating/Cleaning		\$ 0.15	\$ 34	0.9%	\$ 4,021					
Landscaping/Grounds		\$ 0.05	\$ 11	0.3%	\$ 1,340					
Professional Management		\$ 1.04	\$ 238	6.0%	\$ 27,817					
Marketing		\$ 0.02	\$ 5	0.1%	\$ 536					
Office/Administrative		\$ 0.05	\$ 11	0.3%	\$ 1,340					
Legal/Audit/Professional		\$ 0.05	\$ 11	0.3%	\$ 1,340					
Telephone/Internet		\$ 0.39	\$ 90	2.3%	\$ 10,580					
Miscellaneous		\$ 0.03	\$ 7	0.2%	\$ 804					
Replacement Reserves		\$ 1.07	\$ 245	6.2%	\$ 28,678					
		\$ 8.22	\$ 1,884	47.5%	\$ 220,426					
<b>Total Operating Expenses</b>									<b>\$ (226,717)</b>	
<b>Net Operating Income</b>									<b>\$ 382,668</b>	
<b>Capitalized @ 7.75%</b>						<b>Capitalized @ 7.25%</b>			<b>7.56%</b>	
<b>Indicated Stabilized Value</b>						<b>Indicated Stabilized Value</b>			<b>\$ 5,061,773</b>	
<b>Total Value Via The Income Approach (Rd)</b>									<b>\$ 5,060,000</b>	



# RECONCILIATION

## HYPOTHETICAL LEASED FEE INTEREST WITHOUT MANAGEMENT AGREEMENT

Reconciliation involves analyzing the various methods of estimating value and arriving at a final conclusion of market value. Factors considered in the analysis include the type of property being appraised, the appropriateness and reliability of each approach, and the quality, quantity and appropriateness of the available data. The results of the three approaches are as follows:

<b>Cost Approach</b>	<b>\$5,250,000</b>
<b>Sales Comparison Approach</b>	<b>\$5,480,000</b>
<b>Income Approach</b>	<b>\$5,060,000</b>

**The Cost Approach** is most often used to test the feasibility of a proposed project, rather than to estimate market value. It is also less useful for evaluating leased fee, versus fee simple, interest in a property. The reliability of this approach is also largely dependent upon the ability to accurately estimate depreciation. For new or proposed properties with no depreciation, this is not a problem. For older properties, however, depreciation can be a major percentage of value and is difficult to estimate reliably.

In the subject's case, it represents newer construction, and costs were consistent among the cost comparables. However, as previously stated, the Cost Approach is more useful as a check on the feasibility of a project, as opposed to an estimate of market value. Therefore, the Cost Approach is given little weight in this final analysis.

**The Sales Comparison Approach** is most valuable for homogeneous properties that sell frequently. Although the market for retail and apartment facilities is fairly active, and a number of sales were analyzed, there is very little homogeneity with respect to investment size, quality, tenant profile, or location among the sales. As a result, it was necessary to apply substantial subjective adjustments to account for these differences, which led to a fairly broad range of value/SF indications. Given the quality and quantity of the data available for analysis, in addition to the substantial adjustments, this approach is given only secondary emphasis in the final analysis.

**The Income Approach** is given significant consideration in the final value conclusion. Typical buyers of commercial real estate are primarily concerned with the income-generating potential of a property, and thus make purchase decisions based largely on the income a property is currently or will possibly produce. In this case, although minimal operating history was available for the subject, rents and expenses were generally well supported by other properties in the market area. Based on the good quality and quantity of the data, and the importance placed on this approach by investors, this approach is considered the most reliable, and is given primary emphasis.

Overall, most reliance has been placed on the results of the Income Approach, with secondary consideration to the Sales Comparison Approach.



Based on the preceding analysis and subject to the assumptions and limiting conditions contained within this report, we are of the opinion that the hypothetical stabilized market value of the leased fee interest in the subject property without the management agreement in effect, as of October 6, 2009, the date of stabilization, will be:

**FIVE MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$5,200,000)**



## VALUE AS IS

Two discounts are necessary to arrive at a value upon completion but prior to stabilization:  
1) Vanilla shell discount for retail space and 2) absorption discount for retail space.

### BASE SHELL DISCOUNT

The preceding analysis led to a hypothetical valuation of the subject upon stabilization, as though the retail space were finished with a "Vanilla Shell" (finished walls, ceilings, and bathrooms). The subject's retail space is currently finished to a "Base Shell" state with bare studs, open ceiling, concrete/dirt floors, and no plumbing. Therefore, a discount is required in order to account for the difference in value between the "Base Shell" and the "Vanilla Shell." This is accomplished by applying a build-out cost to the retail portion of the subject.

The Marshall Valuation Service (MVS) indicates a cost of \$35.05/SF to build-out shopping center interior retail space with drywall, tile ceilings, vinyl composition/carpet floor cover, adequate lighting and outlets, small restrooms, and package A/C. Whereas another source suggests a cost of \$10/SF for walls ready to be painted, a concrete floor, a drop ceiling with lights, electrical outlets, HVAC, and restrooms. In addition, the subject owner suggested a cost of \$15/SF. Considering the amount of build-out needed for the subject, a rate of \$15/SF is applied to the retail space. This equates to a rounded discount of \$190,000 ( $\$10/\text{SF} \times 12,787 \text{ SF} = \$191,805$ ).

### ABSORPTION DISCOUNT

The subject's retail space has been vacant since it was completed in August 2006. The owner cites two reasons for this lack of leasing activity. 1) The leasing agents that are currently marketing the subject property's retail space are based in Spokane, Washington, and therefore are not local. After discussions with other business owners in the immediate vicinity of the subject, the owner reported that local representation is important. 2) The owner also reported that representatives from Lewis-Clark State College had unknowingly misstated the lease rate when queried by purportedly potential tenants. The college had apparently indicated that the asking rate for the retail space was \$12/SF/Mo, rather than \$12/SF/Yr.

To measure the difference between the values "upon stabilization" and "as is," the rent loss and additional expenses can be estimated and discounted into a present value. This discount is then subtracted from the stabilized value to arrive at the as is value.

The first step in this analysis is to estimate the projected time it will take to bring the property to stabilization. The best measure of absorption is by a comparison to the absorption periods of other, similar projects in the market area. We are only aware of two recently developed retail projects in the Lewiston area that are similar in size to the subject.

1) A 13,178 SF strip retail center was completed in July 2005 at a major signalized intersection across the street from a Wal-Mart store in southeast Lewiston. This retail center was only recently fully absorbed in November 2007. Thus the strip center took approximately 28 months to absorb, which equates to an absorption rate of approximately 470 SF/Mo. The developer of this project, Marshall Clark stated that retail takes longer to absorb in Lewiston, compared to other market areas, and suggested that other developments in Lewiston have also taken longer than normal to absorb.





2) The 21<sup>st</sup> Street Retail Center, a 9,750 SF strip retail facility located along 21<sup>st</sup> Street in southeast Lewiston was completed in 2004. This retail center reportedly took two years to absorb, which equates to an absorption rate of 406 SF/Mo.

Assuming a 95% stabilized occupancy, there will be approximately 12,148 SF of retail space that will need to be occupied before stabilization is reached. It is estimated that the subject will lease space at approximately 400 SF/Mo. Using this absorption rate, it will take approximately thirty-one months to absorb the subject's retail space. Given that the subject was completed in August 2006, theoretically, about fifteen months has already been accrued. However, due to the reportedly poor marketing of the facility, only nine months is considered to have accrued to the subject's absorption period. Therefore, it will take an additional twenty-two months to lease the subject's retail space. Additionally, some marketing and leasing commissions will be incurred prior to reaching stabilization.

ABSORPTION DISCOUNT (TO VALUE UPON COMPLETION)				
<i>Clearwater Hall</i>				
Retail Space to Lease to				
95% Stabilized Occupancy:	12,148 SF	Discount Rate (Safe Rate)	3.0% /Yr	
Absorption Rate:	400 /Mo	Commissions	6% x 3 yr lease term	
Average Rent/SF/Mo:	\$12.00			
End of Year:	0	1	2	3
SF to Lease to Stabilization:	12,148	12,148	7,348	2,548
Less SF Leased During Period:	0	4,800	4,800	2,548
Ending SF to Lease to Stabilization:	12,148	7,348	2,548	(0)
Total SF Vacant	12,148	7,348	2,548	0
Times Avg. Income/SF/Yr		\$12.00	\$ 12.00	\$ 12.00
Total Rental Income Unearned/Yr		(\$88,172)	(\$30,572)	\$0
Commissions on Leased Space @ 6%		(\$10,368)	(\$10,368)	(\$5,504)
Total Absorption Costs		(\$98,540)	(\$40,940)	(\$5,504)
Present Value of Absorption Costs & Rent Loss, Discounted @		0.25% /mo	=	(\$100,000)*

\*Calculation excludes discounted value for the first nine months of absorption costs.

As shown in the table above, after deducting leasing commissions (6% x lease rate x 3 years), and rent loss, the indicated absorption cost is \$100,000 (Rd). Deducting the base shell discount of \$190,000 and the absorption discount of \$100,000 from the stabilized value conclusion of \$5,200,000, the hypothetical "as is" market value of the leased fee interest in the subject property, as of December 6, 2007, is:

**FOUR MILLION NINE HUNDRED TEN THOUSAND DOLLARS**  
**(\$4,910,000)**



## ANALYSIS WITH MANAGEMENT AGREEMENT

The previous analysis led to a hypothetical market value of the leased fee interest in the subject as though the current management contract with Lewis-Clark State College (LCSC) were not in effect. Key excerpts of this management contract are included in the addenda of this report.

As the subject is a student-oriented housing facility, it would still rely on student demand from LCSC even if the management agreement were not in place. However, the management agreement does defray some of the operating expenses incurred by the subject. Therefore, the Income Approach will be readdressed to make the appropriate adjustments to the expenses that are affected by the management agreement. Since the Cost and Sales Comparison Approaches are not affected by the management agreement, these approaches have not been revisited.

### INCOME APPROACH

Under the management agreement, the management is responsible for janitorial, trash removal, maintenance of landscaping. Therefore, the following expense items that were included in the previous analysis, will be excluded:

- 1) Trash Removal,
- 2) Redecorating/Cleaning, and
- 3) Landscaping/Grounds.

Additionally, under the management agreement, the owner is responsible for all structural and mechanical elements of the facility. Therefore, general maintenance costs will be absorbed by the management. In the prior analysis, this expense item was estimated at \$0.55/SF. Since structural and mechanical costs are not separately broken out in the Urban Land Institute's survey of multifamily housing (a national survey commonly referenced as source material for operating costs of apartments), we have relied on BOMA International's Experience Exchange Report for income and expense data, a nationally recognized income and expense data source for commercial real estate. According to the BOMA report, HVAC, electrical, structural, plumbing, and general exterior maintenance are estimated at \$0.23/SF. Therefore, the subject's maintenance and repairs is estimated at \$0.23/SF.

Additionally, taking into account the subject's average occupancy rate near 60% (inclusive of the summer occupancy rate), while considering the increasing student housing occupancy rates projected in the Income Approach section of this report, a vacancy rate of 25% is used in this analysis. Since the management agreement doesn't allow for a management fee, unless occupancy rates equal or exceed 85%, it is unlikely that a management fee will be charged. As a result, an expense for management is excluded in this analysis.

After the preceding changes have been applied to the subject's expenses, the resulting net operating income (NOI) is \$226,753/yr. Applying the previously concluded overall rate of 7.75% for the subject's living units to the net operating income of \$226,753/yr, an indicated value of \$2,925,845 results. When this value is added to the previously concluded value of \$1,923,876 for the subject's retail space, as concluded in the prior



Income Approach, this leads to an indicated value of **\$4,850,000** (rd). This analysis is summarized on the following table.

INCOME APPROACH SUMMARY - WITH MANAGEMENT AGREEMENT										
Clearwater Hall										
Dec-07										
Rental Income										
Living Units						Retail Space			TOTAL Annual	
No.	Type (BR/BA)	Bd rms	Rent/BR/Mo	Subt/Rent/Mo	Annual	SF GLA	Rent/SF/Yr	Annual		
3	1/1	3	\$365	\$ 1,095	\$ 13,140	12,787	\$12.00	\$ 153,444		
1	2/1	2	\$365	\$ 730	\$ 8,760					
4	3/1	12	\$365	\$ 4,380	\$ 52,560					
19	4/1	76	\$365	\$ 27,740	\$ 332,880					
1	4/2	4	\$365	\$ 1,460	\$ 17,520					
4	5/2	20	\$365	\$ 7,300	\$ 87,600					
32		117		\$42,705						
Potential Rental Income								\$ 153,444		\$ 665,904
Miscellaneous Income										
Laundry Income:					\$ 3,132					
Misc./Ret. Deposits:					\$ 15,374					
Potential Gross Income								\$ 153,444	\$ 684,410	
Less Vacancy & Credit Loss @					25.0%	\$(132,742)		5.0%	\$(7,672)	\$ (140,414)
Effective Gross Income						\$ 398,224			\$ 145,772	\$ 543,996
Less Expenses						Less Expenses				
		\$/SF	\$/BR	% of EGI	Total		\$/SF	% of EGI	Total	
Real Estate Taxes		\$ 2.18	\$ 499	14.7%	\$ 58,400	Asset Mgmtl Fee	\$0.34	3.0%	\$4,373	
Personal Property Taxes		\$ 0.17	\$ 38	1.1%	\$ 4,500	Structural/Reserves	\$0.15	1.3%	\$1,918	
Insurance		\$ 0.63	\$ 145	4.3%	\$ 17,020		\$0.49	4.3%	\$6,291	
Energy (Gas & Elec)		\$ 1.00	\$ 229	6.7%	\$ 26,805					
Utilities (Water/Sewer)		\$ 0.50	\$ 115	3.4%	\$ 13,403					
Trash Removal		\$ -	\$ -	0.0%	\$ -					
Maintenance & Repairs		\$ 0.23	\$ 53	1.5%	\$ 6,165					
Elevator		\$ 0.07	\$ 16	0.5%	\$ 1,900					
Redecorating/Cleaning		\$ 0.15	\$ -	0.0%	\$ -					
Landscaping/Grounds		\$ 0.05	\$ -	0.0%	\$ -					
Professional Management		\$ -	\$ -	6.0%	\$ -					
Marketing		\$ 0.02	\$ 5	0.1%	\$ 536					
Office/Administrative		\$ 0.05	\$ 11	0.3%	\$ 1,340					
Legal/Audit/Professional		\$ 0.05	\$ 11	0.3%	\$ 1,340					
Telephone/Internet		\$ 0.39	\$ 90	2.7%	\$ 10,580					
Miscellaneous		\$ 0.03	\$ 7	0.2%	\$ 804					
Replacement Reserves		\$ 1.07	\$ 245	7.2%	\$ 28,678					
		\$ 6.60	\$ 1,466	49.1%	\$ 171,471					
Total Operating Expenses						\$ (171,471)			\$ (6,291)	\$ (177,762)
Net Operating Income						\$ 226,753			\$ 139,481	\$ 366,234
Capitalized @					7.75%	Capitalized @	7.25%			7.55%
Indicated Stabilized Value					\$ 2,925,845	Indicated Stabilized Value			\$ 1,923,876	\$ 4,849,721
Total Value Via The Income Approach (Rd)										\$ 4,850,000

Overall, most reliance has been placed on the results of the Income Approach, with secondary consideration to the Sales Comparison Approach.

Based on the preceding analysis and subject to the assumptions and limiting conditions contained within this report, we are of the opinion that the stabilized market value of the leased fee interest in the subject property with the management agreement in effect, as of October 6, 2009, the date of stabilization, will be:

**FOUR MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**(\$4,800,000)**



## VALUE AS IS – WITH MANAGEMENT AGREEMENT

As with the prior analysis that valued the subject without the management agreement, to arrive at an "as is" value, the vanilla shell and absorption discounts must be deducted from the stabilized value. This is applied as follows:

Leased Fee Value W/Management Agreement	\$4,800,000
Less Vanilla Shell Discount	\$190,000
Less Absorption Discount	- <u>\$100,000</u>
Indicated Value	<b>\$4,510,000</b>



YEAR 2007																	
SF	Rent Per Bed escalator	Annual Rent Per SF	Monthly	September-07	October-07	November-07	December-07	January-08	February-08	March-08	April-08	May-08	June-08	July-08	August-08	Total '07-'08	
Revenues: INCOME		0%															
13,336			\$ 66,680.00	\$ 5,556.67	\$ -	\$ -	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 11,336.00	\$ 11,336.00	\$ 11,336.00	\$ 11,336.00	\$ 11,336.00	\$ 66,680.00
91	32,664	365	\$ 12.20	\$ 398,590.00	\$ 33,215.00	\$ 33,149.00	\$ 33,149.00	\$ 33,149.00	\$ 33,149.00	\$ 33,149.00	\$ 33,149.00	\$ 33,148.00	\$ 33,149.00	\$ 8,000.00	\$ 8,000.00	\$ 12,000.00	\$ 328,617.00
48,000																	
Gross Income			\$ 465,260.00	\$ 38,771.67	\$ 32,425.00	\$ 33,149.00	\$ 33,149.00	\$ 33,149.00	\$ 38,149.00	\$ 38,149.00	\$ 38,149.00	\$ 44,495.00	\$ 44,495.00	\$ 19,336.00	\$ 23,336.00	\$ 392,297.00	
Vacancy		0.0%			\$ 32,425.00	\$ 33,149.00	\$ 33,149.00	\$ 33,149.00	\$ 38,149.00	\$ 38,149.00	\$ 38,149.00	\$ 44,495.00	\$ 44,495.00	\$ 19,336.00	\$ 23,336.00	\$ 392,297.00	
GROSS INCOME																	
EXPENSE																	
Real Estate Taxes		0%	\$ 61,336.00	\$ 5,111.33	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 6,967.00	\$ 6,967.00	\$ 6,967.00	\$ 6,967.00	\$ 6,967.00	\$ 6,967.00	\$ 6,967.00	\$ 61,336.00	
Personal Property Taxes		0.0010	\$ 4,500.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 4,500.00	
Insurance		0.3700	\$ 17,020.00	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 1,418.33	\$ 17,020.00	
Repairs and Maintenance		0.0300	\$ 1,360.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 1,360.00	
Elevator (1)		0.0750	\$ 3,450.00	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 287.50	\$ 3,450.00	
Janitorial (Reimbursed by LCSC)		1.0000															
Marketing		0.0250	\$ 1,150.00	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 95.83	\$ 1,150.00	
Energy		0.6000	\$ 27,600.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 27,600.00	
Water, Sewer, Garbage		0.3000	\$ 13,800.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00	\$ 13,800.00	
Cable TV (Reimbursed by LCSC)		0.0600															
Telephone/Internet		0.2300	\$ 10,500.00	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 881.67	\$ 10,500.00	
Total Expenses			\$ 3.06	\$ 140,816.00	\$ 11,734.67	\$ 8,623.00	\$ 8,623.00	\$ 8,623.00	\$ 13,250.00	\$ 13,250.00	\$ 13,250.00	\$ 13,250.00	\$ 13,250.00	\$ 13,250.00	\$ 13,250.00	\$ 140,816.00	
Reimbursable Expenses			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**Clearwater Hall Suites  
Nov-07**

**88 Rooms Occupied**

Suite#	B	C	D	E	F
204-4	\$365	\$335	\$365	\$365	N/A
205-5	\$365	\$365	\$365	\$365	\$365
206-5	\$365	\$365	\$365	\$365	\$365
207-4	\$365	\$365	\$365	\$395	N/A
210-RA	\$365	N/A	N/A	N/A	N/A
211-4	N/A	N/A	N/A	N/A	N/A
212-RD	RD/DNC	N/A	N/A	N/A	N/A
213-4	\$365	\$365	\$365	\$365	N/A
215-4	\$365	\$365	\$365	\$335	N/A
216-4	\$365	\$365	\$365	\$365	N/A
217-4	\$365	\$365	\$365	\$365	N/A
218-4	\$365	\$365	\$365	\$365	N/A
303-5	\$365	\$365	\$365	\$365	\$365
304-5	\$365	\$335	\$365	\$365	\$365
305-4	\$365	\$365	\$365	\$395	N/A
306-4	\$365	\$365	\$365	\$365	N/A
310-RA	\$365	N/A	N/A	N/A	N/A
311-4	\$365	\$365	\$365	\$365	N/A
312-3	\$365	\$365	\$365	N/A	N/A
313-4	\$365	\$365	\$365	\$365	N/A
315-4	\$365	\$365	\$365	\$335	N/A
316-3	\$365	\$365	\$365	N/A	N/A
317-4	\$365	\$365	\$365	\$365	N/A
318-4	\$365	\$365	\$365	\$365	N/A
410-RA	\$365	N/A	N/A	N/A	N/A
411-4	\$365	\$365	\$365	\$365	N/A
412-3	\$365	\$365	\$365	N/A	N/A
413-4	\$365	\$365	\$365	\$365	N/A
415-4	\$365	\$365	\$365	\$335	N/A
416-3	\$365	\$365	\$365	N/A	N/A
417-4	\$365	\$365	\$365	\$365	N/A
418-4	\$365	\$365	\$365	\$365	N/A

**FY08 payments to owners:**

\$335 = Small or Double

\$365 = Standard room

\$395 = Large single

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**KEY ORDER SUMMARY**Service Order For: **APPRAISAL****General**

**Project Name:** LEWIS CLARK STATE COLLEGE HOUSING  
**KRETS File #:** KEYW-051223-4961-1

**Due Date:** 15-Feb-2006 00:00:00  
**Fee Amt :** \$6,500.00

**Client:** KeyBank National Association  
**Intended User(s):** KeyBank National Association  
**Intended Use(s):** Support for Financing Decisions

**Level of Market Analysis:** LEVEL B  
**Interest Appraised:** FEE SIMPLE  
**Appraisal Report Format:** SELF-CONTAINED  
**Appraisal Process:** COMPLETE  
**Number of Copies:** 5

You are bound by the KRETS Master Agreement for Appraisal and Consulting Services, the General Appraisal Requirements, and the following supplemental requirements:

**No Supplemental Instructions**

**Service Comments:** Complete appraisal, self-contained report of the following valuation scenarios: \*\*\*\* 1. as is market value as of your inspection date. See "Property Comments" below for description of the "as is" condition of the subject. \*\*\*\* 2. Prospective VALUE IN USE at completion of construction and stabilization of occupancy of 117 bed (30 pods) student housing project with 13,336 SF of ground floor retail. \*\*\*\* 3. Prospective VALUE IN USE at completion noting deductions (if any) for stabilization of occupancy. \*\*\*\* The appraisal must be supported by a Level B+ market analysis addressing the existing and proposed supply and demand of competing student housing units and the likely absorption projection for the living units and retail space. \*\*\*\* Identify the likely buyer/user profile of the property and the depth of that market segment.

Other Comments:

**Values To Be Included In Appraisal Report**

**"As Is" Market Value**  
**Prospective Market Value Upon Completion of Construction**  
**Prospective Market Value Upon Stabilization of Occupancy**

**Property**

• **LEWIS CLARK ST COLLEGE HOUSING**  
**500 8TH AVE, LEWISTON, NEZ PERCE County, ID 83501 USA**

**Property Type:** Multifamily-Student Oriented Housing  
**Built In:** 2006  
**Number of Buildings:** 2  
**Building Size:** 44,736SF  
**Number of Stories:** 4  
**Number of Units:** 117  
**Number of Tenants:** 0  
**Current Occupancy:** N/A %  
**Occupant Type:** Non Owner  
**Construction Type:** N/A  
**Site Size:** 15,500 SF

**Property Comments:** The subject is currently one existing 3-story historic building with 10 pods (40 beds) and 6,336 SF of ground level retail on 5,500 SF site on the Lewis and Clark State College campus. The other portion of the subject is currently a vacant 10,000 SF site. The subject at completion of construction will have a total of 117 beds in 30 pod units with 13,336 SF of ground floor retail on a total of 15,500 SF site. The rehab budget for the historic building is \$1.7 million plus \$3.2 million construction

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budget for the new building. The project is expected to have occupancy in September 2006 with proforma rents of \$375/bed/month and retail rents of \$1.17/SF/month.

#### Additional Information Available

- Budget
- Management Contracts
- Plans, Specifications and Construction Cost
- Proforma Income and Expense Statements

Documents Provided By: **Thuy Nguyen** has the information noted in the order. Please request any other needed information from Thuy and/or the property contact noted in the order.

#### Loan Information

- Purpose of Transaction: **Construction Loan**
- No Syndication

Comments: The purpose of the appraisal is to provide information to be used in underwriting a rehab loan on the historic building and a construction loan on the new building.

#### KeyBank Contact - Address Reports To:

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#### Ordered By

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

Request for Proposal and Contract for Evaluation Services –GEAR UP Idaho

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.C.1.d

Idaho State Board of Education Governing Policies & Procedures, Section V.I.3.a

**BACKGROUND/DISCUSSION**

As part of the GEAR UP grant requirements, the program must submit annual and biennial evaluation reports to the U.S. Dept. of Education describing the progress made toward the project's overall objectives. This requires consistent collection, analysis, and reporting on the participation and outcome data that enables the U.S. Dept. of Education to verify that GEAR UP Idaho is accomplishing its proposed objectives. Continued funding throughout the grant cycle is dependent upon making progress and meeting the program objectives.

Currently, the required annual reports have been developed and submitted through a process requiring manual collection and compilation of data. General data categories include individual student demographic and academic performance data, information on types of services and programs provided, student participation in the services and programs, teacher professional development activities and participation, parent services, programs and participation, and student and parent surveys.

The State Department of Education initially engaged a contractor to provide evaluation services for GEAR UP. The proposed costs were \$430,000 per year and significantly curtailed the availability of funding for services to students in the GEAR UP schools. The contractor was released prior to the start of services. The GEAR UP grant currently has \$173,300 of federal funding set aside per year for the purposes of a contract for evaluation services.

**IMPACT**

On a national level, the evaluation of GEAR UP programs has led to an expansion in the number of web-based data collection and evaluation providers. Costs range from \$75,000 to over \$250,000 per year. Total contract costs for GEAR UP Idaho for the remainder of the grant cycle (4 years) may reach \$1,000,000.

**STAFF COMMENTS AND RECOMMENDATIONS**

Currently data is housed in each of the 38 schools with a GEAR UP Idaho cohort. Manual data retrieval and paper reporting present significant expenditure of staff time in basic data collection, quality review, analysis, and reporting. As the final cohort begins classes this fall, this workload will increase, at a minimum, by one third.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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Moving to an electronic data collection, analysis, and reporting system will provide significant savings in staff time at the schools and the Board office. The development of a web-based evaluation system will also provide near real-time tracking of student progress, services and programs, costs, and value of in-kind matching donations.

Based upon the level of data, analysis, and reporting requirements for GEAR UP and other similar grants in terms of size and budget, the GEAR UP Project Manager has set aside a budget of \$173,300 per year for evaluation services.

**BOARD ACTION**

A motion to direct the GEAR UP Staff, working with the Executive Director and Division of Purchasing, to develop and release a request for proposal leading to the award of a contract for evaluation services not to exceed \$173,300 per year.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

Family Medicine Residency Programs FY 2010 Millennium Fund budget request for Clean Start project

**REFERENCE**

August 2008

Board approval of FY 2010 line items for agencies and institutions

**APPLICABLE STATUTE, RULE OR POLICY**

Title 67, Chapter 18, Idaho Code

**BACKGROUND / DISCUSSION**

FMR Boise and ISU FMR request the Board to support a proposal to the Millennium Fund committee for advanced maternity care and perinatal training. The two residency programs are increasingly placing a new focus on advanced obstetric and newborn care training for family medicine residents because the residents are finding that they are the major obstetric and newborn clinicians in their chosen communities. A major component of that training is on the prevention of diseases caused by smoking and substance abuse - diseases that are disasters both to the pregnant woman and to the developing fetus and newborn. Just as the Millennium Committee jump-started the rural training tracks in FY 2008 and the prevention of substance abuse in rural populations in general, this new "Clean Start" project for FY 2010 would jump-start the focus at both residencies on advanced maternity care and perinatal training.

Grant applications are due to the Joint Millennium Fund Committee by close of business day Friday, October 10, 2008. The Committee will hold a meeting in Boise on October 30, 2008. Funding decisions by the Committee will be made by April 2009.

**IMPACT**

According to the Millennium Fund application guidelines, the Committee will only consider applications directly related to one or more of the following:

1. tobacco cessation or prevention
2. substance abuse cessation or prevention
3. tobacco or substance abuse related disease treatment

The Clean Start project is targeted to training on the prevention of diseases caused by smoking and substance abuse - diseases that are disasters both to pregnant women, to developing fetuses and newborns. The Clean Start project also has a training component specifically aimed at teaching residents how to recognize and treat the obstetrical and newborn diseases caused by smoking and substance abuse.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**ATTACHMENTS**

Attachment 1 – Millennium Fund Application Concept Paper

Page 3

**STAFF AND COMMENTS AND RECOMMENDATIONS**

The grant will allow the expansion of an existing nutritionist's duties into the prenatal period and subsequent to the grant a prenatal charge component will be allocated to cover her costs. Case management will revert to hospital social services and will not be as intensive or as effective as conceptualize for the grant period.

The Clean Start project will help fund training in substance abuse prevention and cessation and in tobacco and substance abuse related disease treatment. The request is for \$810,000 from the Millennium Fund.

Staff recommends approval.

**BOARD ACTION**

A motion to approve the request by Family Medicine Residency Boise and Idaho State University Family Medicine Residency to apply for a Millennium Fund grant for the Clean Start project in the amount of \$810,000.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

**Millennium Fund Application Concept Paper**

**DRAFT** for discussion purposes  
September 10, 2008

**Joint Applicants:** Family Medicine Residency of Idaho Inc. (FMRI) and Idaho State University Family Medicine Residency (ISU FMR)

**Title:** High-Risk Care and Therapeutic Lifestyle Interventions for a Healthy Baby  
“The Clean Start Project.”

**Program Priority:** Tobacco or Substance Abuse Related Disease Treatment

**Total dollar request estimated: \$810,000** (details to be provided upon approval of concept)

FMRI Request:	\$500,000
ISU FMR Request:	\$310,000

Project is scalable depending upon available funding

**Fiscal Year:** 2010

**SECTION 1:**

**Introduction:** Family physicians care for pregnant women and their infants throughout Idaho, particularly in isolated rural areas. Many pregnancies are impacted by smoking, drug use and abuse, poverty, unhealthy diets, pre-existing chronic diseases, and poor lifestyle choices that adversely affect maternal and neonatal outcomes. These problems are compounded by poor access to physicians trained in the care of high-risk pregnancies. Treating undesirable outcomes such as developmental delay and prematurity after the fact is less successful, and more expensive, than implementing prevention strategies. This proposal is designed to pilot strategies for improving outcomes in this patient population at Idaho's two family medicine programs. Because the programs are unique this paper presents both proposals below. The shared overarching goals of this request are as follows:

**Goal 1:** To pilot at the two Idaho family medicine residency's new approaches to improving outcomes of high-risk pregnancies by developing clean-start interventions at both programs.

**Goal 2:** To encourage residents to incorporate clean-start approaches into their practices upon graduation by incorporating successful strategies into the ongoing curriculum of both programs.

**Goal 3:** To provide information to the Governor, Legislature, and State Board of Education on the most effective approaches which should be incorporated into basic graduate medical educational programs for successful perinatal health outcomes.

The two requests included in this proposal are outlined in more detail below.

**SECTION 2:**

Family Medicine Residency of Idaho (FMRI) Request:

**GOALS**

The goals of this project from FMRI will be the following:

1. To produce healthy outcomes in high risk obstetrical patients and their newborn babies in the following areas:
  - a. OB patients that screen positive for the following:
    - i. Elicit drug and substance abuse.
    - ii. Tobacco use and abuse.
    - iii. Alcohol use and abuse.
  - b. OB patients that are on therapeutic medications for mental illness, diabetes, and hypertension amongst others for their potential for causing birth defects.
  - c. OB patients with unhealthy lifestyles that need education and coaching in the areas of:
    - i. Diet.
    - ii. Nutrition.
    - iii. Exercise.
2. Outstanding family medicine education in the areas of screening, recognition, intervention, and the management of the following:
  - a. Elicit drug and substance abuse.
  - b. Therapeutic drug use that may cause birth defects.
  - c. Healthy lifestyle that will maximize healthy mothers and babies.

**METHODS**

FMRI will achieve the above goals by providing oversight to patient care and resident education using the following:

1. FMRI obstetrical faculty includes doctors Marietta Thompson and Cyndi Hayes.
2. FMRI family medicine faculty, to include doctors Elizabeth Rulon and Jennifer Petrie.
3. FMRI certified nurse midwife – Sarah Cox.
4. FMRI pediatric faculty, to include doctors Perry Brown and Susan Kim.
5. FMRI faculty pharmacologist – Dr. Roger Hefflinger.
6. FMRI faculty behavioral health doctors Alex Reed and Jeralyn Jones.
7. Perinatologists – Doctors Clarence Blea, Stacy Seyb, Richard Lee, and Mike Kasulka.

In addition to this grant, FMRI will develop an Obstetrical Fellowship which will be a permanent program of one year in training that will provide advanced obstetrical training to Family Medicine Residency of Idaho residents after the residency program for a one year period of time. FMRI will also obtain a nutritionist to help with many of the items mentioned above as well as a case manager, which will either be a certified nurse midwife or a registered nurse that will provide active management of this patient population in conjunction with the physicians mentioned.

FMRI is successfully utilizing a group visit model, where groups of eight to ten obstetrical patients go through their pregnancy together under the supervision of our residency teams that maximize healthy maternal and fetal outcomes. It is envisioned that we will utilize similar group model formats for these high risk patients in which care in all the above areas will be rendered, with the power of patients teaching patients and reinforcing positive, health behaviors and healthy choices will be emphasized.

All of these items will be integrated and coordinated through our health information technology of our Centricity Electronic Medical Record to provide screening tools, prevention templates, and intervention and management tools at the point of service with this patient population. We will also utilize the therapeutic lifestyle template that ISU's family medicine program uses.



**OUTCOMES –**

The major outcomes of this Clean Start Millennium Grant for FMRI will be the following:

1. All obstetrical patients will be screened and all high risk obstetrical patients with illicit drug and substance abuse (tobacco abuse, alcohol abuse, and therapeutic medicine use) that could be teratogenic to their newborn babies will be identified.
2. These patients will be managed to provide maximized health outcome to the mothers and their newborn children.
3. Outstanding ongoing, permanent education will be conducted to all 33 of the Family Medicine Residency of Idaho family physician residents to imprint this style of care for their future practices.
4. A permanent obstetrical fellowship program will be initiated that will be a permanent, ongoing program from this project.

Estimated Budget: \$500,000 (detail being developed)

**SECTION 3:**

Idaho State University Family Medicine Residency (ISU FMR) Request:

**Goal 1: Enhancement of High risk Obstetrical training to Family Medicine residents.** Both of Idaho's Family Medicine Residencies provide exemplary obstetrical training to their resident physicians. Both Residencies care for a vulnerable and at-risk patient population. The ISU Family Medicine Residency (ISU FMR) cares for a large number of Native Americans, Hispanics and rural poor. Each resident delivers about 180 patients over three years and the residency cares for about 1,000 deliveries per year. Training family physicians to provide high-risk maternity care requires a unique level of supervision. A curriculum will be taught on the recognition of and interventions for the growth retarded fetus of the smoking mother, the abrupted placenta of the cocaine addict and the hypertensive crisis of the amphetamine addict. Resident training in high risk obstetrical management will be maximized by increased access to the Residency's obstetrical coordinator, Donald Dyer, MD. Perinatology consultation and training will be provided by the perinatologist from the University of Utah, Michael Varner, MD. An obstetrically active family physician will be hired part time to role model exemplary care, consultative interactions and preventive management. The case manager described above will identify the high risk patients.

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**OCTOBER 9-10, 2008**

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**SUBJECT**

FY 2010 Budget Requests – College of Western Idaho Occupancy Costs

**REFERENCE**

August , 2008                      Board approve Line Items for agencies and institutions

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.B.1.  
Title 67, Chapter 35, Idaho Code

**BACKGROUND/DISCUSSION**

At the time of the August Board meeting, the information necessary for the College of Western Idaho (CWI) occupancy costs was not available. CWI requests Board approval to include occupancy costs as its only line item in the FY 2010 budget request.

**IMPACT**

CWI is requesting occupancy costs for the West Academic Building which is being transferred from Boise State University. This facility has a planned occupancy date of January 1, 2009 and occupancy costs estimated at \$476,800. CWI is also requesting occupancy costs for the Canyon County Center which has a planned occupancy date of July 1, 2009 and costs estimated at \$499,500.

Neither facility has been provided state general funds for occupancy costs in the past.

**ATTACHMENTS**

Attachment 1 – FY 2010 Occupancy Costs Worksheet

Page 2

**STAFF COMMENTS AND RECOMMENDATIONS**

Including occupancy costs for these two facilities for CWI will be consistent with approving occupancy costs for the other higher education institutions.

Staff recommends approval.

**BOARD ACTION**

A motion to approve the Line Item for occupancy costs for the College of Western Idaho in the amount of \$976,300 and to forward the request to the Division of Financial Management and Legislative Services Office.

Moved by\_\_\_\_\_ Seconded by\_\_\_\_\_ Carried Yes\_\_\_\_\_ No\_\_\_\_\_

## STATE BOARD OF EDUCATION

## FY 2010 Budget Request

## Colleges &amp; Universities/Agencies

## Calculation of Occupancy Costs

		% of			(1)	(2)				(3)	(4)		(5)			Prior Year	Revised
		Projected Date	Non-Aux.	Gross	Non-Aux.		Custodial Costs				Utility	Maintenance Costs			Total	% qtrs	
Institution/Project		of Occupancy	Education	Sq Footage	Sq Footage	FTE	Sal & Ben	Supplies	Total	Estimate	Repl Value	Cost@1.5%	Other	Occ Cost	used in FY10	Funding	FY10
BOISE STATE UNIVERSITY																	
	Park Center	Sept. 2008	100%	83,801	83,801	3.22	107,100	8,400	115,500	146,700	16,760,200	251,400	77,900	591,500	100%		591,500
	Norco Building (floors 3 and 4)	July-09	48%	81,300	39,017	1.50	49,900	3,900	53,800	68,300	8,661,774	62,400	37,000	221,500	100%		221,500
	Norco Building classroom 1st floor	July-09	2%	81,300	1,374	0.05	1,700	100	1,800	2,400	305,028	100	1,300	5,600	100%		5,600
	Capitol Village University Adv.	March-06	100%	8,954	8,954	0.34	11,300	900	12,200	15,700	1,790,800	26,900	8,300	63,100	100%		63,100
	Non Auxiliary Space in Parking Deck	Oct. 2007	50%	10,346	5,173	0.20	6,600	500	7,100	9,100	1,034,500	7,800	4,800	28,800	100%		28,800
	Capitol Village Emeritus Guild	March-09	100%	2,111	2,111	0.08	2,700	200	2,900	3,700	422,000	6,300	2,000	14,900	100%		14,900
	Capitol Village Adv. Expansion	March-09	100%	1,512	1,512	0.06	2,000	200	2,200	2,600	302,400	4,500	1,400	10,700	100%		10,700
	Library - Starbucks (auxiliary) (remove funding)		100%	-1,806	-1,806	-0.07	-2,300	-200	-2,500	-3,200	-361,200	-5,400	(1,700)	-12,800	100%		(12,800)
** Park Center Space utilization is pending. It will need to be reviewed, with potential changes this schedule. What is being requested is the maximum amount, and this may be reduced depending on information not yet available.																	
IDAHO STATE UNIVERSITY																	
	Rendezvous Center (Acad Side)	June-07	100%	101,920	101,920	3.92	130,300	10,200	140,500	178,400	15,000,000	225,000	90,500	634,400	100%	300,000	334,400
	Meridian Building	July-09	100%	90,000	90,000	3.46	115,000	9,000	124,000	157,500	12,960,000	194,400	79,700	555,600	100%		555,600
	CAES	July-08	33%	55,000	18,333	0.71	23,600	1,800	25,400	32,100	15,400,000	77,000	26,400	160,900	100%		160,900
						8.09	268,900	21,000	289,900	368,000		496,400	196,600	1,350,900		0	1,050,900
UNIVERSITY OF IDAHO																	
	Alumni Residence Center (A)	January-06	100%	28,667	28,667	1.10	36,500	2,900	39,400	50,200	6,905,905	103,600	27,600	220,800	100%		220,800
	Vandal Athletic Center (B)	January-04	14%	35,236	5,000	0.19	6,300	500	6,800	8,800	8,175,148	17,400	10,400	43,400	100%		43,400
	Living Learning Center @	May-04	5%	202,616	10,180	0.39	12,900	1,000	13,900	17,800	37,800,000	28,500	38,100	98,300	100%		98,300
	UI Research Park Post Falls	July-02	38%	30,580	11,700	0.45	14,900	1,200	16,100	20,500	5,321,583	30,500	13,300	80,400	100%		80,400
	Professional Golf Mgmt Program Space	July-04	51%	3,642	1,860	0.07	2,300	200	2,500	3,300	718,835	5,500	2,000	13,300	100%		13,300
	Teaching and Learning Center	January-05	100%	27,228	27,228	1.05	34,900	2,700	37,600	47,600	4,475,052	67,100	24,500	176,800	100%		176,800
	Collaborative Center for Applied Fish Stu	September-06	50%	13,525	6,762	0.26	8,600	700	9,300	11,800	3,259,123	24,400	7,800	53,300	100%		53,300
	Idaho Water Center	Phased Aug 04 to May 08	30%	225,227	67,500	2.60	86,300	6,800	93,100	118,100	54,764,643	246,200	95,800	553,200	100%	375,000	178,200
	Demolition 615/617 W. 6th St.	October-08	50%	-3,000	-1,500	-0.06	-2,000	-200	-2,200	-2,600	-157,928	-1,200	(1,300)	-7,300	100%		(7,300)
						6.05	200,700	15,800	216,500	275,500		522,000	218,200	1,232,200		0	857,200
LEWIS-CLARK STATE COLLEGE																	
	Nursing & Health Science Faculty	July-09	100%	60,000	60,000	2.31	77,200	6,000	83,200	105,000	16,000,000	240,000	59,000	487,200	100%		487,200
College of Southern Idaho																	
	Health Science & Human Services	January-10	100%	72,400	72,400	2.78	87,300	7,200	94,500	126,700	18,000,000	270,000	70,100	561,300	50%		280,700
College of Western Idaho																	
	BSU West Academic Bldg transferred to CWI	January-09	100%	65,000	62,600	2.41	75,700	6,300	82,000	109,600	15,000,000	225,000	60,200	476,800	100%		476,800
	Canyon County Center	July-09	100%	77,000	77,000	2.96	92,900	7,700	100,600	134,800	12,960,000	194,400	69,700	499,500	100%		499,500
						5.37	168,600	14,000	182,600	244,400		419,400	129,900	976,300		0	976,300

**STATE DEPARTMENT OF EDUCATION  
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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>1</b>	<b>SUPERINTENDENTS UPDATE</b>	Information Item
<b>2</b>	<b>MIDDLE SCHOOL TASK FORCE UPDATE</b>	Information Item
<b>3</b>	<b>PRESENTATION OF THE FY 2010 PUBLIC SCHOOL BUDGET REQUEST</b>	Information Item
<b>4</b>	<b>IDAHO COUNCIL FOR TECHNOLOGY IN LEARNING “CONNECTIONS 2007: A STATEWIDE K-20 PLAN FOR TECHNOLOGY IN IDAHO PUBLIC SCHOOLS AND HIGHER EDUCATION INSTITUTIONS” REVISED 2008</b>	Motion to approve
<b>5</b>	<b>ELEMENTARY SCHOOLS WITH LESS THAN 10 AVERAGE DAILY ATTENDANCE</b>	Information Item
<b>6</b>	<b>ANNUAL REPORT - HARDSHIP STATUS FOR ALBION ELEMENTARY SCHOOL</b>	Information Item

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**STATE DEPARTMENT OF EDUCATION  
OCTOBER 9-10, 2008**

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**SUBJECT**

Superintendent of Public Instruction Update to the State Board of Education

**APPLICABLE STATUTE, RULE, OR POLICY**

N/A

**BACKGROUND**

N/A

**DISCUSSION**

N/A

**IMPACT**

N/A

**STAFF COMMENTS AND RECOMMENDATIONS**

N/A

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**STATE DEPARTMENT OF EDUCATION  
OCTOBER 9-10, 2008**

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**SUBJECT**

Middle School Task Force Update

**BACKGROUND/DISCUSSION**

The State Department of Education and State Board of Education created the Middle School Task Force in May 2007 with the purpose of improving rigor, relevance and relationships in the middle grades, identifying pockets of success throughout Idaho to develop best practices for all middle schools, and ensuring every Idaho student is prepared to be successful in high school and beyond. Regional informational meetings were held during May through July of this year, and an update on the task force's progress was also given at the annual superintendent's meeting.

The Department of Education plans to conduct negotiated rulemaking regarding a middle level credit system to be implemented in the 2010-2011 school year. The formal rulemaking process will begin after the 2009 legislative session. It would require implementation of a credit system no later than the 7th grade. A school district shall require a minimum of 80% of credits attained or complete an alternate route in order to move on to the next grade. Students will not be allowed to lose a full year of credit in one academic area.

The Department is also working toward the development of a web-based manual that will help guide middle level administrators, teachers and stakeholders through new requirements, recommendations, best practices and resources as well as identifying contacts currently utilizing those best practices and resources in Idaho school districts.

**ATTACHMENTS**

Attachment 1 – Summary handout  
Attachment 2 – Presentation slides

Page 3  
Page 5

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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# IDAHO'S MIDDLE SCHOOL TASK FORCE

*Rigor. Relevance. Relationships. Responsibility.*

## ABOUT THE MIDDLE SCHOOL TASK FORCE:

The State Department of Education and State Board of Education created the Middle School Task Force in May 2007 with the purpose of improving rigor, relevance and relationships in the middle grades, identifying pockets of success throughout Idaho to develop best practices for all middle schools, and ensuring every Idaho student is prepared to be successful in high school and beyond.

## FOCUS OF THE MIDDLE SCHOOL TASK FORCE:

The Task Force has focused on five key areas: Student accountability, middle level curriculum, academic intervention, leadership among staff at the middle level, and student transitions between the middle and high school grades.

## TASK FORCE RECOMMENDATIONS:

### Student Accountability:

Require implementation of a credit system no later than 7th grade. A school district or charter school shall require students to attain a minimum of 80 percent of credits or complete an alternate route in order to move on to the next grade. Students will not be allowed to lose a full year of credit in one academic area. Attendance is a required factor in the credit system.

### Middle Level Curriculum:

Offer professional development for teachers and provide school districts and charter schools with the technical assistance necessary to ensure curriculum is relevant, challenging, integrative, and exploratory. School districts and charter schools will still have considerable flexibility in curriculum decisions.

### Academic Intervention:

Require a structured mechanism for students to recover credits so they can meet all credit requirements, and develop best practices for school districts and charter schools on how to maximize resources and provide meaningful intervention programs.

### Leadership Among Staff:

Create a teacher certification and/or endorsement for middle level educators and provide professional development, learning and instructional leadership opportunities for school administrators at the middle level.

### Transition to High School:

Develop best practices for a systematic approach for student transition from middle school to high school based on successful programs in middle schools across the state.

### Parent Involvement:

Develop best practices for ways in which parents can become more involved when their students reach the middle grades.

### **FOR MORE INFORMATION, CONTACT:**

Rob Sauer, Deputy Superintendent for Innovation and Choice  
(208) 332-6934  
RCSauer@sde.idaho.gov

### **TASK FORCE:**

The task force includes key stakeholders – superintendents, high school and middle school principals, school board trustees, teachers, counselors, legislators, parents, business representatives and representatives from the Department, State Board of Education and Professional-Technical Education.

### **MIDDLE SCHOOL TASK FORCE MEMBERS:**

1. Tom Luna, Superintendent of Public Instruction
2. Sue Thilo, Member of the State Board of Education
3. Hazel Bauman, Assistant Superintendent of Coeur d'Alene School District
4. Randy Jensen, Principal of William Thomas Middle School, American Falls School District
5. Georgeanne Griffith, Principal of Timberlake Junior High, Lakeland School District
6. Scott Miller, Principal of Hillcrest High School, Bonneville School District
7. Chris Avila, Math Teacher at Jerome Middle School, Jerome School District
8. Thel Pearson, Counselor in Midvale School District
9. Susan Bench, Idaho PTA President-Elect, Blackfoot
10. Jennifer McEntee, Parent representative, Boise
11. Bill Young, Business representative, Boise
12. Maria Nate, Parent representative, Rexburg
13. Annette Winchester, School Board trustee, Bonneville School District
14. Rep. Liz Chavez, Legislative representative, Lewiston
15. Sen. Russ Fulcher, Legislative representative, Meridian
16. Rob Sauer, Department staff, Deputy Superintendent of Innovation and Choice
17. Allison McClintick, State Board staff, K-12 and Educator Policy Manager
18. Nancy Walker, Professional-Technical Education staff
19. Jennifer Cornell, West Middle School, Nampa, Idaho Middle Level Association
20. Bev Bradford, Executive Director, Idaho Middle Level Association
21. Sherri Wood, President, Idaho Education Association





# Middle School Task Force

Progress as of May 2008

# Purpose

- Improve rigor, relevance, relationships and responsibility in the middle grades,
- Identify pockets of success throughout Idaho and share those success stories with other schools across the state, and
- Ensure that every student is prepared to be successful in high school and beyond.



# Background

- The Middle School Task Force was created in May 2007 as a result of the State Board of Education's High School Redesign efforts and recommendation for a committee to examine middle school issues.



# Focus

- The task force has focused their work in five key areas: student accountability, middle level curriculum, academic intervention, leadership among staff at the middle level and student transitions between the middle and high school.





# Student Accountability

- Increased accountability to pass classes at the middle level would benefit students.
- Introduce students to the concept of a credit system before entering high school.



# Student Accountability

## Recommendation

- Require implementation of a credit system no later than the 7th grade
- A school district shall require a minimum of 80% of credits attained or complete an alternate route in order to move on to the next grade. Students will not be allowed to lose a full year of credit in one academic area.



# Student Accountability

- **Increased accountability in the area of student attendance would benefit students.**

## Recommendation

- Required attendance is a factor in the credit system.



# Transitions

- **Transition from middle to high school is difficult for students**

## Recommendation

- Best Practices for a systematic approach for student transition from middle to high school.
  - *Early Orientation*
  - *Summer Bridge Program*
  - *Ninth-Grade Academy*
  - *Catch-up Courses*
  - *Career Exploratory Courses*
  - *Guidance, Advisement and Support*
  - *No Zero Policy/Extra Help/Credit Recovery*



# Curriculum

- A richer middle level curriculum would benefit students and increase preparation for high school core curriculum requirements.



# Curriculum

## Recommendation

- Offerings of professional development for teachers will connect teaching to curriculum.
- Districts ensure that curriculum is relevant, challenging, integrative, and exploratory.
- Any potential revisions will still allow districts to maintain flexibility in meeting requirements.



# Intervention

- Two aspects of intervention are being examined to ensure students are meeting academic expectations and proficiency.



# Intervention

- **Students might not meet accountability requirements for passing classes.**

## Recommendation

- Require structured mechanism for credit recovery to meet the requirements.





# Intervention

- **Continue to improve in the identification of students who may not have the required skills to advance in their studies .**

## Recommendation

- The focus will be on the individual student's strengths and weakness and meeting those identified needs.
- Best Practices to maximize resources currently available
  - Response to Intervention (RTI)
  - Sheltered Instruction Observation Protocol (SIOP)
  - The Power of I (A,B,C, Not Yet)
  - Apangea Learning Math



# Leadership

- An increase in courageous and collaborative leadership at the middle level and better support and training for middle level educators would benefit all members of the middle level community.



# Leadership

## Recommendation

- Certification and/or endorsement for the middle level.
  - *The task force is working with the division of Certification and examining the potential for middle level certification and/or re-certification and offering post-secondary courses focused on teaching at the middle level.*



# Leadership

- **Continuous cultivation of leadership and professional relationships will benefit school staff.**

## Recommendation

- Continuing professional development, learning and instructional leadership for principals and superintendents.
- Principal Academy of Leadership (PAL's)
- Small learning communities (teaming) to increase collaboration and support among teachers



# Leadership

- Strengthening positive relationships and increasing the amount of guidance and support for all middle school students helps improve the individual's success.
- An adult advocate for every student contributes to a successful school. This is a principle of the National Middle School Association.



# Leadership

## Recommendation

Develop statewide standards/best practices for advisory in recognition of the use of instructional time and financial investment. These could include:

- Advocate/Advisor regularly reviews individual students academic progress, student learning plan and develops a connection with those students
- Set a recommended class size for advisory
- Administrator/principals are involved in structuring and guiding advisory program
- At least three times per week for a minimum of 20 minutes



# Parent Involvement

**An increase in school-initiated family and community partnerships is beneficial for a thriving middle school.**

## Recommendation

Develop best-practices for parental involvement

- Written expectations for parent involvement
- Develop and/or utilize parent organizations
- Increase communication at the transition grades (5th and 8/9) and through websites
- Recognize and encourage parents as leaders in the school
- Student Led Conferences with teachers and parent/guardian



# Best Practices

- The State Department of Education will develop a bank of best practices for the middle level including
  - Curriculum
  - Intervention
  - Transitions
  - Leadership development
  - Teaming strategies for teachers
  - Parent involvement





# Funding

- We recognize some of the requirements that are recommended by this task force will require funding.
- *We are asking for your feedback on how much it will cost your district to implement some of these proposed requirements and the item with greatest need for funds.*



# References

- National Middle School Association
- Making Middle Grades Work
- Breaking Ranks in the Middle
- Principal Academy of Leadership



# Thank you

## to everyone who has shared their successes, ideas and expertise:

- Buhl High School
- Caldwell School District
- Christina Linder, SDE Director of Certification
- Christi Stoll, Career Information Systems
- Cindy Johnstone, Idaho Math Initiative
- Homedale Middle School
- Idaho Middle School Association
- Idaho Parent Teacher Association
- Jim Johnson, consultant, SREB
- Kristi Enger, Idaho Department of Professional Technical Education
- Kuna Middle School
- Les Bois Junior High
- Meridian Academy
- Meridian Middle School
- Moscow Junior High School
- Post Falls School District
- Robert Stuart Junior High School
- Northwest Nazarene University
- St. Maries School District
- Shelley School District
- Wendell Middle School
- Wood River Middle School



# What's Next

- The Middle School Task Force will finalize their work by fall 2008 and make recommendations to the Idaho Legislature, State Board of Education, State Department of Education and school districts by January 2009.



# Task Force Members

- Tom Luna, Superintendent of Public Instruction
- Sue Thilo, Member of the State Board of Education
- Hazel Bauman, Assistant Superintendent of Coeur d'Alene School District
- Randy Jensen, Principal of William Thomas Middle School, American Falls School District
- Georgeanne Griffith, Principal of Timberlake Junior High, Lakeland School District
- Scott Miller, Principal of Hillcrest High School, Bonneville School District
- Chris Avila, Math Teacher at Jerome Middle School, Jerome School District
- Thel Pearson, Counselor in Midvale School District
- Susan Bench, Idaho PTA President-Elect, Blackfoot
- Jennifer McEntee, Parent representative, Boise
- Bill Young, Business representative, Boise
- Maria Nate, Parent representative, Rexburg
- Annette Winchester, School Board trustee, Bonneville School District
- Rep. Liz Chavez, Legislative representative, Lewiston
- Sen. Russ Fulcher, Legislative representative, Meridian
- Allison McClintick, State Board staff, K-12 and Educator Policy Manager
- Nancy Walker, Professional-Technical Education staff
- Jennifer Cornell, West Middle School - Nampa, Idaho Middle Level Association
- Bev Bradford, Executive Director, Idaho Middle Level Association
- Sherri Wood, President, Idaho Education Association
- Rob Sauer, Department staff, Deputy Superintendent of Innovation and Choice



# Contact us

If you have questions, comments or would like to share your middle level success stories...

Rob Sauer, SDE, Deputy Superintendent

[rcsauer@sde.idaho.gov](mailto:rcsauer@sde.idaho.gov)

208-332-6902 or 1-800-432-4601



**STATE DEPARTMENT OF EDUCATION  
OCTOBER 9-10, 2008**

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**SUBJECT**

Presentation of the FY 2010 Public School Budget request

**BACKGROUND/DISCUSSION**

In July, Superintendent Luna invited the Chairmen of the Legislative Education Committees, and representatives of the Idaho Association of School Administrators (IASA), Idaho Association of Commerce and Industry (IACI), Idaho Business Coalition for Education Excellence (IBCEE), Idaho Digital Learning Academy (IDLA), Idaho Education Association (IEA), Idaho School Boards Association (ISBA), Parent Teachers Association (PTA), Idaho Rural Schools Association (IRSA), Idaho School District Council, Northwest Professional Educators (NPE), Office of the State Board of Education (OSBE), Office of the Governor / Division of Financial Management, and Legislative Services, to meet and make specific budget recommendations. Superintendent Luna took those recommendations into consideration when preparing the FY 2010 Public Schools Budget request.

**IMPACT**

If approved by the Legislature, this request will require a \$77.3 million, or 5.4% increase in state general funds.

**ATTACHMENTS**

Attachment 1 – FY 2010 Public School Budget request

Page 3

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**STATE DEPARTMENT OF EDUCATION  
OCTOBER 9-10, 2008**

Public School Support Program  
Distribution Factor

	2008-2009 Appropriation	2009-2010 Request
<b>1 APPROPRIATIONS / REQUEST</b>		
a. General Fund	\$1,418,542,700	\$1,495,812,100
b. Endowment / Lands, Lottery Dividend, Misc. Revenues	\$55,405,700	\$56,825,900
c. Cigarette and Lottery Taxes	7,000,000	7,000,000
<b>TOTAL DEDICATED REVENUES</b>	<b>\$62,405,700</b>	<b>\$63,825,900</b>
<b>TOTAL STATE REVENUES</b>	<b>\$1,480,948,400</b>	<b>\$1,559,638,000</b>
d. Federal Funds	\$215,000,000	\$215,000,000
<b>TOTAL REVENUES</b>	<b>\$1,695,948,400</b>	<b>\$1,774,638,000</b>
<b>2 PROGRAM DISTRIBUTION</b>		
a. Transportation	\$72,277,700	\$78,201,600
b. Border Contracts	1,100,000	1,100,000
c. Exceptional Contracts and Tuition Equivalents	5,884,300	5,884,300
d. Program Adjustments	550,000	550,000
e. Salary-based Apportionment	802,743,400	843,083,600
Salary-based Apportionment (Super Classified)	0	5,510,900
f. Teacher Incentive Award (Natl Bd Cert)	219,600	219,600
g. State Paid Employee Benefits	144,314,800	151,595,700
State Paid Employee Benefits (Super Classified)	0	990,700
h. Early Retirement Payout	4,000,000	4,000,000
i. Substance Abuse	7,000,000	7,000,000
j. Bond Levy Equalization Support Program	16,500,000	17,900,000
k. Idaho Digital Learning Academy	3,129,500	5,200,000
l. School Facilities Funding (lottery)	17,250,000	18,375,000
m. School Facilities Maintenance Match	3,000,000	2,450,000
n. Agriculture Replacement Phase-out	2,262,800	1,508,500
o. Classroom Supplies	5,379,500	5,712,000
p. Textbook Allowance	9,950,000	9,950,000
q. Remediation	5,000,000	5,000,000
r. Dual Credit Class Development	50,000	3,500,000
s. Gifted and Talented (Advanced Opportunity Teacher Training)	1,000,000	2,000,000
t. Math Initiative	3,972,500	5,280,000
u. Safe School Study	100,000	50,000
v. Rural School Initiative	50,000	0
w. Technology Grants	9,150,000	9,150,000
x. Idaho Reading Initiative	2,800,000	2,800,000
y. Limited English Proficient (LEP)	6,040,000	6,040,000
z. Teacher Evaluation Task Force	50,000	0
aa. Federal Funds for Local School Districts	215,000,000	215,000,000
<b>TOTAL DISTRIBUTIONS</b>	<b>\$1,338,774,100</b>	<b>\$1,408,051,900</b>
<b>3 Education Stabilization Funds</b>	<b>\$0</b>	<b>\$0</b>
<b>4 NET STATE FUNDING AVAILABLE</b>	<b>\$357,174,300</b>	<b>\$366,586,100</b>
<b>5 SUPPORT UNITS</b>	<b>13,900.0</b>	<b>14,125.0</b>
<b>6 DISTRIBUTION FACTOR</b>	<b>\$25,696.00</b>	<b>\$25,953.</b>
(includes \$300 for Safe Environment Provisions)		

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**STATE DEPARTMENT OF EDUCATION  
OCTOBER 9-10, 2008**

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**SUBJECT**

Approval of "Connections 2007: A Statewide K-20 Plan for Technology in Idaho Public Schools and Higher Education Institutions" Revised 2008

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho Educational Technology Initiative, Section 33-4805, Idaho Code

**BACKGROUND/DISCUSSION**

The statutory requirements of the Idaho Education Technology Initiative of 1994, states that the State Board of Education should annually review and approve the statewide technology plan developed by the Idaho Council for Technology in Learning (ICTL).

This plan, "Connections 2007: A Statewide K-20 Plan for Technology in Idaho Public Schools and Higher Education Institutions," represents the combined efforts of the Higher Education Information Technology Committee (HEITC) and the Public Education Information Technology Committee (PEITC). To date, this plan includes high level goals and objectives with the intent that work will still continue to identify detailed action items and performance measures. It is assumed that because this plan must be approved annually by the Board, that revisions and modifications will be an on-going effort and that this current draft represents the framework for this effort. No substantial changes have been made since the plan was approved by the Board in October 2007.

**ATTACHMENTS**

Attachment 1 – Connections 2007: A Statewide K-20 Plan for Technology in Idaho Public Schools and Higher Education Institutions Revised 2008  
Page 3

**STAFF COMMENTS AND RECOMMENDATIONS**

The ICTL staff recommends the approval of the K-20 Plan.

**BOARD ACTION**

A motion to approve "Connections 2007: A Statewide K-20 Plan for Technology in Idaho Public Schools and Higher Education Institutions" Revised 2008 as the statewide technology plan.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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# Connections 2007:

A Statewide K-20 Plan for Technology in Idaho  
Public Schools and Higher Education Institutions

Rev. 2008

## Vision:

Life long learners are motivated and empowered to achieve their K20 educational goals supported by:

1. use of current and emerging technologies
2. equitable, affordable and convenient access to global learning resources, opportunities and programs customized for or by the individual
3. a collaborative, seamless and effective state-wide infrastructure

## Mission:

The Idaho Council for Technology in Learning develops plans and makes recommendations on K20 educational technology and telecommunications plans, policies, programs and activities for all educational segments resulting in an actionable plan for the State Board of Education towards an improved, thorough and seamless public education system based upon the importance of applying technology to meet the learner's need.

## Executive Summary

The Idaho Council for Technology in Learning, the Idaho State Board of Education and the Idaho State Department of Education present this plan, **Connections 2007: A Statewide K-20 Plan for Educational Technology**, to the citizens of Idaho. This plan presents the vision, six goals and a framework for planning, implementing and integrating technology into Idaho's educational system.

Following the vision and goals are *Objectives* and *Action Strategies*. The objectives provide a method to help achieve the goals, and the action strategies provide methods for achieving the objectives.

Additional support material (including a glossary of terms) can be found in the appendices.

Technology planning is critical to the success of ICTL and for the successful integration of technology into everyday lives. As the world moves toward a more information-based, technology-oriented society, Idaho is poised to take a leadership role in educational technology and its use in the teaching and learning process.



## The Goals

- **Literacy** – Cultivate an environment that allows for the acquisition of 21<sup>st</sup> Century Skills, which will enable an individual to succeed and function effectively in an increasingly technological and information-based world.
- **Collaboration** – Engage and facilitate in cooperative efforts among educational segments that report to the State Board of Education, as well as libraries, businesses, professional organizations and community members to assist in implementing the mission and vision of the ICTL.
- **Access** – Champion efforts to provide equitable, sufficient and sustainable access to digital content that is customizable for and by the individual.
- **Integration** – Incorporate technology-based resources for the improvement of the quality and effectiveness of instruction and learning for all learners as well as for the increased efficiency in the administration and management of educational segments and data systems.
- **Evaluation/Assessment** – Engage in annual systematic inquiry to determine recommended technology-based resources, products, projects, programs, practices, priorities or needs that include the publication of the standards and criteria used to evaluate such programs.
- **Leadership** – Distinguish the ICTL as the recognized source for education technology that recommend and communicates policies, standards, guidelines, best practices, and priorities for teaching and learning.

# Literacy

Cultivate an environment that allows for the acquisition of 21<sup>st</sup> Century Skills, which will enable an individual to succeed and function effectively in an increasingly technological and information-based world.

**Objective 1:** Increase teacher technology literacy among Idaho's K-12 and Higher Education organizations that, as a result, improves the quality, effectiveness and relevance of instruction and learning by integrating technology with curriculum

**Objective 2:** Encourage the use of technology to create a framework of student centered learning.

**Action Strategy:**

Ensure that by the 8<sup>th</sup> grade, all students are proficient, as outlined by the 8<sup>th</sup> grade technology standard, in the use of information and communication technologies, such as computers, networking and other digital and non-digital computing technologies, as well as audio, video and other media tools.

**Objective 3:** Enable administrators to understand and competently use technology to fulfill their leadership duties in enhancing learning and school/district operations.

## Collaboration

Engage and facilitate in cooperative efforts among educational segments that report to the State Board of Education, as well as libraries, businesses, professional organizations and community members to assist in implementing the mission and vision of the ICTL.

- Objective 1:** (OPE Recommendation) Consult with ITRMC to recommend “Educational” standards and policies to the State Board of Education and ITRMC
- Objective 2:** (OPE Recommendation) Consult with appropriate educational segments and other professional education associations to identify standards and planning guidance for adequate district staffing and technical support
- Objective 3:** Ensure that appropriate educational segments as well as professional education associations and businesses are included in planning educational technology activities
- Objective 4:** Encourage and or endorse state-wide technology events, programs, or environments where educational segments as well as other professional education associations and businesses can converge for the improvement of instructional technology purposes
- Objective 5:** Establish common data flow systems among higher education institutions
- Objective 6:** Research technologies that can be adapted for use in Idaho education

## **Access**

Champion efforts that provide equitable, sufficient and sustainable access to digital content that is customizable for and by the individual.

**Objective 1:** Recommend a plan for a K-20 educational network

**Objective 2:** Improve the ability to identify, access and participate in learning resources and/or systems that are customizable for and by the individual

**Objective 3:** Work to enable access by all students and teachers to 21<sup>st</sup> Century tools

**Action Item:**

Alleviate the pressure put on computer labs during ISAT testing

# Integration

Incorporate technology-based resources for the improvement of the quality and effectiveness of instruction and learning for all learners as well as for the increased efficiency in the administration and management of educational segments and data systems.

- Objective 1:** Recognize the role that the technology coordinator plays in integrating technology by empowering the position with the appropriate authority, skills, insights and abilities to assist local administrators in improving student achievement
- Objective 2:** Establish a plan for an integrated K20 data flow system that improves data collection, management, storage, and reporting
- Objective 3:** Re-evaluate the standards and criteria for the public school technology grant program to ensure that some funds are used for integration efforts
- Objective 4:** Increase the breadth and depth of digital content for electronic delivery on demand to include all areas of educational and cultural resources, both formal and informal
- Objective 5:** Identify challenges that K-12 and Higher Educational organizations face that hinder or prevent the integration of technology

## **Evaluation/Assessment**

Engage in annual systematic inquiry to determine recommended technology-based resources, products, projects, programs, practices, priorities or needs that include the publication of the standards and criteria used to evaluate such programs.

- Objective 1:** (OPE Recommendation) Identify, evaluate, and recommend exemplary education and technology programs, practices, and products
- Objective 2:** (OPE Recommendation) Improve the quality of technology information maintained and reported to the Legislature
- Objective 3:** (OPE Recommendation) Develop a technology assessment tool that indicates levels of progress for planning and policy, finance, equipment and infrastructure, digital content, maintenance and support, professional development, and technology integration
- Objective 4:** Identify and recommend educational technology priorities and needs
- Objective 5:** Identify and communicate the impact that technology has on education to all K-20 stakeholders, the State Board of Education, and the Legislature

## Leadership

Distinguish the ICTL as the recognized source for education technology that recommends and communicates policies, standards, guidelines, best practices, and priorities for teaching and learning.

**Objective 1:** (OPE Recommendation) Prepare for an annual recommendation to the SBOE for approval of state-wide Tech Plan

**Objective 2:** (OPE Recommendation) Develop a standard ratio of computers-to-district technology support measured by full-time equivalent employees

**Objective 3:** (OPE Recommendation) Distribute public school technology grants

**Objective 4:** Recommend priorities for the expenditure of ICTL administrative resources toward technology within education

**Objective 5:** Identify the resources necessary for the ICTL to meet the directives and needs associated with its mission and role

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**STATE DEPARTMENT OF EDUCATION  
OCTOBER 9-10, 2008**

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**SUBJECT**

Approval to operate an elementary school with less than ten (10) pupils in average daily attendance.

**APPLICABLE STATUTE, RULE, OR POLICY**

Section 33-1003 (2)(f), Idaho Code

**BACKGROUND/DISCUSSION**

Section 33-1003 (2)(f), Idaho Code, states that *“Any elementary school having less than ten (10) pupils in average daily attendance shall not be allowed to participate in the state or county support program unless the school has been approved for operation by the state board of education.”* At the November 1999 meeting, the State Board of Education delegated authority to the State Superintendent of Public Instruction to approve elementary schools to operate with less than ten (10) average daily attendance. A report listing the elementary schools that have requested to operate with less than ten (10) average daily attendance and whether approval was granted is to be provided to the State Board of Education at the October meeting. All of the eleven school districts that requested approval to operate an elementary school during the 2008-2009 school year with less than ten (10) pupils in average daily attendance were approved for the 2007-2008 school year. Superintendent Luna approved all of the requests to operate an elementary school during the 2008-2009 school year with less than ten (10) pupils in average daily attendance (see attachment).

**IMPACT**

There is no impact on the distribution of the FY 2008 Public School appropriation.

**ATTACHMENTS**

Attachment 1 – List of approved districts / schools.

Page 3

**BOARD ACTION**

This item is for informational purposes only. Any action will be at the Board's discretion.

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**STATE DEPARTMENT OF EDUCATION  
OCTOBER 9-10, 2008**

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**Elementary Schools Approved to Operate with Less Than 10 ADA  
School Year 2008-2009**

School District	School	Estimated Enrollment	Requested Approval Last Year?
Garden Valley School District # 071	Lowman Elementary	7	YES
Cassia County Joint School District # 151	Almo Elementary	9	YES
Challis Joint School District # 181	Clayton Elementary	7 to 8	YES
Challis Joint School District # 181	Patterson Elementary	< 10	YES
Prairie Elementary School District # 191	Prairie Elementary - Junior High	< 10	YES
Mountain Home School District # 193	Pine Elementary - Junior High	< 10	YES
South Lemhi School District # 292	Tendoy Elementary	< 10	YES
Oneida School District # 351	Stone Elementary	10	YES
Pleasant Valley School District # 364	Pleasant Valley Elementary - Junior High	< 10	YES
Arbon Elementary School District # 383	Arbon Elementary	10	YES
Three Creek School District # 416	Three Creek Elementary - Junior High	4	YES

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**STATE DEPARTMENT OF EDUCATION  
OCTOBER 9-10, 2008**

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**SUBJECT**

Annual Report - Hardship Elementary School - Cassia County School District # 151, Albion Elementary School.

**APPLICABLE STATUTE, RULE, OR POLICY**

Section 33-1003 (2)(b), Idaho Code

**BACKGROUND/DISCUSSION**

At the October 1999 meeting, the State Board of Education approved the request by Cassia County School District #151 for Albion Elementary School to be designated as a hardship elementary school for one year, and required an annual report. However, the 2000 Legislature amended 33-1003 (2)(b) by adding, "An elementary school operating as a previously approved hardship elementary school shall continue to be considered as a separate attendance unit, unless the hardship status of the elementary school is rescinded by the state board of education." Therefore, no action is required unless the State Board of Education chooses to rescind the hardship status. Conditions supporting the October 1999 decision approve the Albion Elementary School as a Hardship Elementary School have not changed.

**IMPACT**

Cassia County School District #151 would have received \$80,936.72 less in FY 2008 if Albion Elementary School was not considered a separate school.

**ATTACHMENTS**

Attachment 1 – Letter from Gaylen Smyer to Tom Luna (8/4/2008)      Page 3  
Attachment 2 – Letter from Jerry Doggett to Marilyn Howard (9/29/1999)      Page 5

**BOARD ACTION**

This item is for informational purposes only. No action is required unless the State Board of Education chooses to rescind the hardship status of Albion Elementary School.

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## CASSIA JT. SCHOOL DISTRICT NO. 151

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237 EAST 19<sup>TH</sup> STREET • BURLEY, ID 83318-2444 • (208) 878-6600 • FAX (208) 878-4231

Deborah Critchfield  
*Board Chairman*

Mike Matthews  
*Board Vice-Chairman*

Linda Petersen  
*Board Member*

Dee L. Jones  
*Board Member*

Steve Lynch  
*Board Member*

---

Gaylen Smyer  
*Superintendent*

Pam Wade  
*Business Manager*

August 4, 2008

Superintendent Tom Luna  
Idaho State Department of Education  
P. O. Box 83720  
Boise, ID 83720-0027

Re: Albion Elementary School

Dear Superintendent Luna:

Since October 1999 the State Board of Education has granted Albion Elementary School a hardship status. As noted in the minutes of the State Board of Education this status was granted for one year and identified the State Superintendent as the person responsible to present this request annually to the Board through the State Board of Education agenda.

Please accept this letter as a request for a hardship status for Albion Elementary School.

Thank you for your support of the children in Idaho. Please contact me if you need further information.

Sincerely,

Gaylen Smyer  
Superintendent

GS:hlg

PC: Tim Hill

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## CASSIA COUNTY SCHOOL DISTRICT 151

O. GERALD DOGGETT, SUPERINTENDENT

237 EAST 19TH STREET • BURLEY, ID 83318-2444 • (208) 678-6600 • FAX (208) 678-4231

September 29, 1999

Dr. Marilyn Howard  
State Superintendent  
State Department of Education  
P. O. Box 83720  
Boise, Idaho 83720-0027

Dear Dr. Howard:

The Cassia County School District 151 is respectfully requesting the Albion Elementary School be designated a Hardship Elementary School Status under Idaho Code 33-1003, 2.b., special applications of educational support program.

In addition, Idaho Code 33-1001 states that: Upon application of the Board of Trustees of a school district, the State Board of Education is empowered to determine that a given elementary school not otherwise qualifying are entitled to be counted as a separate elementary school.... When in the discretion of the State Board of Education, special conditions exist warranting the retention of the school as a separate attendance unit and the retention results in a substantial increase in cost per pupil in average daily attendance of the district's elementary grade school pupils (33-1003, 2b., Idaho Code).

The Cassia County School District believes Albion Elementary School meets the criteria of a "hardship elementary school" for the following reason:

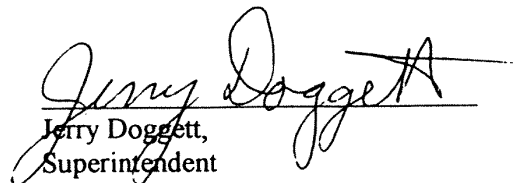
1. *"not otherwise qualifying"*:
  - a. Albion Elementary School does not meet the 10 mile standard required for designation as a "separate elementary school". However the 10 mile standard is substantially met (9.2) miles) and hazardous conditions on the "all-weather highway" are frequently encountered on a two mile mountain pass section of road involving a five percent (5%) grade, ice, blowing snow and a precipitous ravine immediately adjacent to the west side of the road. Severe winter weather conditions from the foot of the Albion grade into the Albion valley are frequently magnified by strong westerly winds resulting from mountain wave activity. These mountain waves are reinforced winds produced by winds moving across the Snake River Plain and over the Albion Mountain foothills. The foothills are oriented approximately perpendicular to winter prevailing winds.

AN EQUAL OPPORTUNITY EMPLOYER

- b. A request for "hardship elementary school" status based on age (grades K – 5), health or safety of Albion elementary students transiting the Albion grade is not unlike the rationale for legislative guidance in 33-1501, Idaho Code, which provides public school boards of trustees with the authority to waive the minimum 1.5 mile distance for bussing students based on considerations of "age or health or safety of the pupil."
2. *"special conditions....warranting retention..."*
- a. Historically (since 1973) Albion has been designated as a remote elementary school. Along that line of thought and planning by the District the Albion community has been built around their school. The citizens don't understand ADA, hardship designation, or Idaho Code. All they know is in that tiny, isolated mountain-top community, the closing of their school isn't just an end to educating their kids in their community, it is an end to a way of life. We hasten to point out that the District is not requesting additional funding, only to reinstate the funding which the State Board approved in 1973. Although 26 years have passed the same conditions still exist.
3. *"...substantial increase in cost per pupil..."*
- b. In a comparative study between two elementary schools in Burley the annual cost of an FTE student in approximately \$2,638. In Albion Elementary that same cost is \$4,348. This does not include bussing nor maintenance which is a very nebulous and always changing dollar amount. Included in this average is salaries, benefits, utilities, equipment, supplies and text books. In addition, each time a utility company, such as telephone or electric or heating has to make a trip the expense is greater....in addition to our own maintenance crews.
  - c. If the Albion Elementary loses its special funding designation ( which it had since 1973) the Cassia Co. School District will lose \$88,000 per year (as per the State Department of Education finance department).

We thank you for your consideration.

Sincerely,

  
Jerry Doggett,  
Superintendent

OJD:kp