

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

| TAB | DESCRIPTION | ACTION |
|-------------------------------|---|--------------------|
| 1 | AMENDMENT TO BOARD POLICY Section V.T., Tuition Waivers, 2nd Reading | Motion to approve |
| 2 | TUITION WAIVER REPORTS | Information item |
| FY 2010 APPROPRIATIONS | | |
| 3 | a. Information - Institutions & Agencies b. College & Universities c. Community Colleges d. Professional-Technical Education e. Promise A Scholarship f. Promise B Scholarship g. Opportunity Scholarship | Motions to approve |
| 4 | STUDENT HEALTH INSURANCE PLAN CONSORTIUM | Information item |
| 5 | BOISE STATE UNIVERSITY Planning and Design - College of Business and Economics (COBE) Building | Motion to approve |
| 6 | BOISE STATE UNIVERSITY Naming/Memorializing Buildings and Facilities - Ron & Linda Yanke Family Research Park | Motion to approve |
| 7 | BOISE STATE UNIVERSITY Design & Proceed with Improvements - Ron & Linda Yanke Family Research Park | Motion to approve |
| 8 | BOISE STATE UNIVERSITY Construction of Aquatics Addition - Student Recreation Center | Motion to approve |
| 9 | BOISE STATE UNIVERSITY Planning, Design & Construction of Phase Two - Lincoln Parking Structure | Motion to approve |

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

| TAB | DESCRIPTION | ACTION |
|------------|--|-------------------|
| 10 | UNIVERSITY of IDAHO Student Health Insurance Program (SHIP) Contract | Motion to approve |
| 11 | LEWS-CLARK STATE COLLEGE Termination of Management Agreement – College Place Residence Hall | Motion to approve |
| 12 | LEWS-CLARK STATE COLLEGE Naming/Memorializing Buildings and Facilities – Sacajawea Hall | Motion to approve |
| 13 | LEWS-CLARK STATE COLLEGE Property Sale – 512 6 th Avenue House | Motion to approve |

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

SUBJECT

Second Reading Board Policy V.T. Fee/Tuition Waivers

REFERENCE

February 2009

Board approved first reading

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.T.

BACKGROUND / DISCUSSION

In February, the Board approved the first reading to amend Board Policy V.T. regarding tuition and fee waivers.

IMPACT

The proposed policy revisions consolidate the 1% Disadvantaged and Deserving and 2% High Technology waivers with all other waivers, except for the National Student Exchange Program and Western Interstate Commission for Higher Education (WICHE), under one category labeled "Waivers to Meet Other Strategic Objectives" not to exceed 6% of student FTE. This will provide the institutions more discretion on which students are targeted based on strategic goals. Attachment 2 shows the proposed Fee/Tuition Waiver Report under the revised policy.

The revised policy also clarifies that students provided waivers under the Western Interstate Commission for Higher Education, Western Undergraduate Exchange (WUE) can be counted in the enrollment workload adjustment calculation (so long as the WUE waivers do not exceed the limits approved for an institution by the Board).

ATTACHMENTS

| | |
|---|--------|
| Attachment 1 – Revised Policy – 2 nd Reading | Page 3 |
| Attachment 2 – Revised Fee and Tuition Waivers Report FY 2008 | Page 5 |
| Attachment 3 – Revised Policy – redline version | Page 7 |

STAFF COMMENTS AND RECOMMENDATIONS

The revised policy will assist the Board in maintaining its level of oversight over fee and tuition waivers while providing more autonomy in the use of the waivers to the institutions. There were no changes from the first reading.

In the Fee and Tuition Waivers Report (Attachment 2), lines 5-6 shows the limits on nonresident intercollegiate athletics waivers compared to those provided by each institution. Lines 8 through 16 consolidate all waivers subject to the 6% limit and lines 16 through 19 calculate the equivalent FTE to show whether an institution is above or below the limit. The remaining lines in the report include exchange programs and other waivers and discounts.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

BOARD ACTION

A motion to approve the second reading of Board Policy V.T. – Fee/Tuition Waivers as submitted.

Moved _____ Seconded _____ Carried Yes _____ No _____

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS
Subsection: T. Fee/Tuition Waivers

April 2009

T. Fee/Tuition Waivers

1. Purpose and Authority for Fee/Tuition Waivers

a. Definition

A fee/tuition waiver shall mean a reduction of some or all of the approved fees/tuition specified in Section V, Subsection R, attributable to a particular student as the cost for attending an Idaho institution of higher education.

b. Purpose

The purpose in authorizing fee/tuition waivers includes but is not limited to the achievement of the following strategic objectives:

- (i) The enhancement of education opportunities for Idaho residents;
- (ii) To promote mutually beneficial cooperation and development of Idaho communities and nearby communities in neighboring states;
- (iii) To contribute to the quality of educational programs; and
- (iv) To assist in maintaining the cost effectiveness of auxiliary operations in Idaho institutions of higher education.

c. Authority

An institution shall not waive any of the applicable fees/tuition specified in Section V, Subsection R., unless specifically authorized in this subsection. Special fees are not defined as a fee waiver.

2. Waiver of Nonresident Fees/Tuition

Nonresident fees/tuition may be waived for the following categories:

a. Graduate/Instructional Assistants

Waivers are authorized for students employed as graduate assistants appointed pursuant to Section III, Subsection P.11.c.

b. Students Participating in Intercollegiate Athletics

For the purpose of improving competitiveness in intercollegiate athletics, the universities are authorized up to two hundred twenty-five (225) waivers per semester and, Lewis-Clark State College is authorized up to one hundred ten (110) waivers per semester. The institutions are authorized to grant additional waivers, not to exceed ten percent (10%) of the above waivers, to be used exclusively for post-eligibility students.

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: T. Fee/Tuition Waivers

April 2009

c. Waivers to Meet Other Strategic Objectives

The chief executive officer of each institution is authorized to waive nonresident fees/tuition for students, not to exceed the equivalent of six percent (6%) of the institution's total full-time equivalent enrollment. The criteria to be followed in granting such nonresident waivers shall be as follows:

- (i) A waiver may be granted to place a nonresident student in an institutional program only when there is sufficient capacity in the program to meet the needs of Idaho resident students; and
- (ii) A waiver may be granted only when its use is fiscally responsible to place a nonresident student in an institutional program in order to meet a strategic state and/or institutional need, as identified by the chief executive officer of the institution.

d. National Student Exchange Program - Domestic

Waivers are authorized for nonresident students participating in this program.

e. Western Interstate Commission for Higher Education

Waivers are authorized for nonresident students participating in the Western Interstate Commission for Higher Education Professional Student Exchange Program and the Graduate Student Exchange Program. An institution may include a participating nonresident student in its enrollment workload adjustment calculation, provided the figure does not exceed the maximum approved for an institution by the Board.

**Idaho College and Universities
Fee and Tuition Waivers - New Policy
Fiscal Year 2008**

| | <u>Policy Section</u> | <u>BSU</u> | <u>ISU</u> | <u>UI</u> | <u>LCSC</u> | <u>Total</u> |
|----|---|--------------------|--------------------|---------------------|--------------------|---------------------|
| 1 | <u>Board Policy Tuition Waivers, Policy Section V.T.</u> | | | | | |
| 2 | Nonresident Graduate/Instructional Assistants | \$596,264 | \$1,493,648 | \$3,438,925 | \$0 | \$5,528,837 |
| 3 | Nonresident Intercollegiate Athletics | \$1,516,367 | \$1,081,878 | \$1,743,962 | \$688,692 | \$5,030,899 |
| 4 | Nonresident Fee | \$8,167 | \$8,684 | \$10,080 | \$7,290 | 8,555 |
| 5 | Equivalent FTE | 186 | 125 | 173 | 94 | 588 |
| 6 | Policy | 225 | 225 | 225 | 110 | 785 |
| 7 | | | | | | |
| 8 | Waivers Subject to 6% Limitation | | | | | |
| 9 | Nonresident Disadvantaged or Deserving | \$790,417 | \$683,865 | \$910,097 | \$162,790 | \$2,547,169 |
| 10 | Nonresident High Technology | \$1,886,808 | \$1,263,522 | \$1,739,516 | \$167,622 | \$5,057,468 |
| 11 | Washington Reciprocal Tuition Waivers | \$65,344 | \$47,762 | \$433,500 | \$114,750 | \$661,356 |
| 12 | Utah State University | \$0 | \$974,779 | \$0 | \$0 | \$974,779 |
| 13 | Mines Tuition Waivers - Engineering | \$0 | \$0 | \$204,120 | \$0 | \$204,120 |
| 14 | Mines Tuition Waivers - Science | \$0 | \$0 | \$115,920 | \$0 | \$115,920 |
| 15 | Oregon Tuition Waivers | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16 | Total Waivers Subject to 6% Limitation | \$2,742,569 | \$2,969,928 | \$3,403,153 | \$445,162 | \$9,560,812 |
| 17 | Student FTE | 14,315 | 9,451 | 10,078 | 2,639 | 36,483 |
| 18 | Nonresident Fee | \$8,167 | \$8,684 | \$10,080 | \$7,290 | 8,555 |
| 19 | Equivalent FTE Waivers subject to 6% Limitation | 2.3% | 3.6% | 3.4% | 2.3% | 3.1% |
| 20 | | | | | | |
| 21 | <u>Other Board Policy Exchange Programs</u> | | | | | |
| 22 | Exchange Student Waivers (1) | \$159,276 | \$0 | \$432,762 | \$0 | \$592,038 |
| 23 | WICHE | \$0 | \$21,710 | \$0 | \$0 | \$21,710 |
| 24 | Western Undergraduate Exchange (2) | \$2,036,385 | \$612,738 | \$9,866,821 | \$231,596 | \$12,747,540 |
| 25 | Total Other Board Policy Exchange Programs | \$2,195,661 | \$634,448 | \$10,299,583 | \$231,596 | \$13,361,288 |
| 26 | | | | | | |
| 27 | Total Board Policy Tuition Waivers | \$7,050,861 | \$6,179,902 | \$18,885,623 | \$1,365,450 | \$33,481,836 |
| 28 | Other Waivers and Discounts | | | | | |
| 29 | Staff Fees | \$1,033,418 | \$740,434 | \$418,293 | \$157,308 | \$2,349,453 |
| 30 | Staff Spouse Fees | \$331,447 | \$472,149 | \$218,228 | \$46,084 | \$1,067,908 |
| 31 | Senior Citizen Fees | \$190,212 | \$205,062 | \$90,120 | \$48,889 | \$534,283 |
| 32 | In-Service Teacher Education Fee | \$640,568 | \$785,388 | \$467,486 | \$55,221 | \$1,948,663 |
| 33 | EDA-Nez Perce Tribe | \$0 | \$0 | \$0 | \$64,078 | \$64,078 |
| 34 | Total Other Waivers and Discounts | \$2,195,645 | \$2,203,033 | \$1,194,127 | \$371,580 | \$5,964,385 |
| 35 | Total FY07 Waivers and Discounts | \$9,246,506 | \$8,382,935 | \$20,079,750 | \$1,737,030 | \$39,446,221 |
| 36 | FY08 Gross Student Fees | 97,675,640 | 70,628,257 | 88,790,765 | 15,668,457 | 272,763,119 |
| 37 | Percentage of Total Gross Student Fees Waived or Discounted | 9.47% | 11.87% | 22.61% | 11.09% | 14.46% |

Note: Graduate/Instructional Assistant waivers can vary among institutions due to the difference in their respective missions.

(1) Includes only waivers for incoming exchange students.

(2) WUE is accounted for as a rate and not a waiver. The waived amount is the difference in the out-of-state rate minus the WUE rate.

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Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
 SECTION: V. FINANCIAL AFFAIRS
 Subsection: T. Fee/Tuition Waivers

April ~~2002~~2009

T. Fee/Tuition Waivers

1. Purpose and Authority for Fee/Tuition Waivers

a. Definition

A fee/tuition waiver shall mean a reduction of some or all of the approved fees/tuition specified in Section V, Subsection R, attributable to a particular student as the cost for attending an Idaho institution of higher education.

b. Purpose

The purpose in authorizing fee/tuition waivers includes but is not limited to the achievement of the following strategic objectives:

- (i) The enhancement of education opportunities for Idaho residents;
- (ii) To promote mutually beneficial cooperation and development of Idaho communities and nearby communities in neighboring states;
- (iii) To contribute to the quality of educational programs; and
- (iv) To assist in maintaining the cost effectiveness of auxiliary operations in Idaho institutions of higher education.

c. Authority

An institution shall not waive any of the applicable fees/tuition specified in Section V, Subsection R., unless specifically authorized in this subsection. Special fees are not defined as a fee waiver.

2. Waiver of Nonresident Fees/Tuition

Nonresident fees/tuition may be waived for the following categories:

a. Graduate/Instructional Assistants

Waivers are authorized for students employed as graduate assistants appointed pursuant to Section III, Subsection P.11.c.

b. Students Participating in Intercollegiate Athletics

For the purpose of improving competitiveness in intercollegiate athletics, the universities are authorized up to two hundred twenty-five (225) waivers per semester and, Lewis-Clark State College is authorized up to one hundred ten (110) waivers per semester. The institutions are authorized to grant additional waivers, not to exceed ten percent (10%) of the above waivers, to be used exclusively for post-eligibility students.

c. ~~Disadvantaged or Deserving Students~~ Waivers to Meet Other Strategic Objectives of nonresident tuition—Other

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: T. Fee/Tuition Waivers

April ~~2002~~2009

~~(1)~~ The chief executive officer of each institution is authorized to waive nonresident fees/tuition for ~~disadvantaged or deserving~~ students, not to exceed the equivalent of one six percent (6~~1~~%) of the institution's total full-time equivalent enrollment. The criteria to be followed in granting such nonresident waivers shall be as follows:

- (i) A waiver may be granted to place a nonresident student in an institutional program only when there is sufficient capacity in the program to meet the needs of Idaho resident students; and
- ~~(i)~~(ii) A waiver may be granted only when its use is fiscally responsible to place a nonresident student in an institutional program in order to meet a strategic state and/or institutional need, as identified by the chief executive officer of the institution.

~~In addition, in order to meet the workforce demands in the fields of engineering, information technology, and related high technology disciplines, the chief executive officer of each institution is authorized to waive nonresident tuition for students enrolled in these areas (if space is available) not to exceed two percent (2%) of the institution's full-time equivalent enrollment. Students eligible to receive the waiver must select engineering, information technology, or related high technology disciplines as their primary field of study. Information technology encompasses scientific and mathematical study of design and building computers and their applications; design and development of operational electronic data storage and processing systems; study and development of electronic systems for transmitting information via networks; analysis and the development of economic and public policy issues; and applying methods and procedures used in the design and writing of computer programs including the problem-solving of information network systems.~~

~~Any changes to the existing Board-approved list of primary fields of study must be submitted to the Board for their approval.~~

~~d. Reciprocity with the State of Washington~~

~~Based on a limit approved by the Board, waivers may be allocated on an annual basis by the executive director to the college and universities in postsecondary education programs for Washington residents. An equal number of opportunities shall be afforded to Idaho residents in Washington postsecondary institutions.~~

~~e. Reciprocity with Utah State University~~

~~Based on a limit approved by the Board, Idaho State University is authorized to waive nonresident tuition for residents of the state of Utah when an equal amount of waivers are made available to Idaho residents at Utah State University.~~

~~f. College of Mines~~

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
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Subsection: T. Fee/Tuition Waivers

April ~~2002~~2009

~~Based on a limit approved by the Board, the College of Mines at the University of Idaho is authorized waivers to encourage enrollment in mining, metallurgy, and geology.~~

~~g. Reciprocity with the State of Oregon~~

~~Based on a limit approved by the Board, waivers are authorized for undergraduate students who are residents of the state of Oregon and who are majoring in mining engineering, metallurgical engineering, or geological engineering at the University of Idaho. The number of waivers to be awarded annually shall be limited by the number of waivers provided to Idaho residents in Oregon institutions of higher education.~~

~~hd. Domestic- National Student Exchange Program - Domestic~~

Waivers are authorized for nonresident students participating in this program.

~~ie. Western Interstate Commission for Higher Education~~

Waivers are authorized for nonresident students participating in the Western Interstate Commission for Higher Education Professional Student Exchange Program and the Graduate Student Exchange Program. An institution may include a participating nonresident student in its enrollment workload adjustment calculation, provided the figure does not exceed the maximum approved for an institution by the Board.

~~3. Reporting Requirements~~

~~Each institution shall submit an annual report on fee/tuition waivers on a date and in a format determined by the executive director of the Board.~~

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

SUBJECT

2008 Fee and Tuition Waivers Report

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.R., and V.T.

REFERENCE

| | |
|---------------------|---|
| November 1998 | Presidents recommended a change in the Board's fee waiver policy from 1% to 3% of institution FTE to increase the number of nonresident tuition waivers for disadvantaged or deserving students. |
| October 21-22, 1999 | Board approved policy change after the institutions identified the primary fields of study for which tuition waivers can be awarded. Policy requires institutions submit an annual report identifying the use of waivers by discipline and class level by state of residency. |
| February 26, 2009 | Board approved first reading of policy change to consolidate the 1% and 2% waivers with all non-exchange waivers under a 6% student FTE limit. |

BACKGROUND/ DISCUSSION

Current Board policy requires that each institution submit an annual report on fee waivers on a date and in a format determined by the Executive Director of the Board. This report is submitted annually at the regular April Board meeting.

The Fee and Tuition Waivers Report (Attachment 1) displays information under the existing policy. The report shows the dollar amount for the waivers covered under Board Policy, Section V.T. as well as other waivers and discounts, including the Western Undergraduate Exchange Program covered in Board Policy, Section V.R.3.vii. The chart also shows state-to-state (Washington, Utah, Oregon) reciprocal agreement waivers that have been in place for many years.

The report lists the name of the waiver or discount, the policy section, and the annual dollar amount for each institution. At the bottom of the report the gross amount of student fees and percentage of fees waived or discounted for each institution is listed.

IMPACT

Nonresident waivers have attracted students to Idaho's institutions in areas of study that have been identified as potential state workforce shortages. Many of these students might not have enrolled in Idaho institutions if it were not for these waivers. In addition, institutions have been able to use the waivers to shape their

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

student enrollment profiles for diversity and other purposes. The goal is for these students to find suitable employment in Idaho upon graduation.

ATTACHMENTS

Attachment 1 – 2008 Fee and Tuition Waivers Report

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

The nonresident waivers are used mostly to recruit students from outside of Idaho. Employee fee discounts have been used to recruit faculty as a fringe benefit to themselves and their spouses. Institutional representatives may wish to comment regarding the waivers and if/how they are fulfilling the original intent.

BOARD ACTION

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

**Idaho College and Universities
Fee and Tuition Waivers - Current
Fiscal Year 2008**

| | <u>Policy Section</u> | <u>BSU</u> | <u>ISU</u> | <u>UI</u> | <u>LCSC</u> | <u>Total</u> | |
|----|---|------------------|------------------|------------------|-------------------|------------------|-------------------|
| 1 | <u>Board Policy Tuition Waivers, Policy Section V.T.</u> | | | | | | |
| 2 | Nonresident Graduate/Instructional Assistants | SBOE V.T.2.a | 596,264 | 1,493,648 | 3,438,925 | 0 | 5,528,837 |
| 3 | Nonresident Intercollegiate Athletics | SBOE V.T.2.b | 1,516,367 | 1,081,878 | 1,743,962 | 688,692 | 5,030,899 |
| 4 | Nonresident Disadvantaged or Deserving: 1% of FTE | SBOE V.T.2.c (1) | 790,417 | 683,865 | 910,097 | 162,790 | 2,547,169 |
| 5 | | Student FTE | 14,315 | 9,451 | 10,078 | 2,639 | 36,483 |
| 6 | | Nonresident Fee | \$8,167 | \$8,684 | \$10,080 | \$7,290 | 8,555 |
| 7 | | Equivalent FTE | 0.7% | 0.8% | 0.9% | 0.8% | 0.8% |
| 8 | Nonresident High Technology: 2% of FTE | SBOE V.T.2.c (2) | 1,886,808 | 1,263,522 | 1,739,516 | 167,622 | 5,057,468 |
| 9 | | Student FTE | 14,315 | 9,451 | 10,078 | 2,639 | 36,483 |
| 10 | | Nonresident Fee | \$8,167 | \$8,684 | \$10,080 | \$7,290 | 8,555 |
| 11 | | Equivalent FTE | 1.6% | 1.5% | 1.7% | 0.9% | 1.6% |
| 12 | <u>Board Policy Tuition Waivers</u> | | | | | | |
| 13 | Washington Reciprocal Tuition Waivers | SBOE V.T.2.d | 65,344 | 47,762 | 433,500 | 114,750 | 661,356 |
| 14 | Utah State University | SBOE V.T.2.e | 0 | 974,779 | 0 | 0 | 974,779 |
| 15 | Mines Tuition Waivers - Engineering | SBOE V.T.2.f | 0 | 0 | 204,120 | 0 | 204,120 |
| 16 | Mines Tuition Waivers - Science | SBOE V.T.2.f | 0 | 0 | 115,920 | 0 | 115,920 |
| 17 | Oregon Tuition Waivers | SBOE V.T.2.g | 0 | 0 | 0 | 0 | 0 |
| | Total Board Policy Waivers | | 65,344 | 1,022,541 | 753,540 | 114,750 | 1,956,175 |
| | <u>Other Board Policy Exchange Programs</u> | | | | | | |
| 18 | Exchange Student Waivers (1) | SBOE V.T.2.h | 159,276 | 0 | 432,762 | 0 | 592,038 |
| 19 | WICHE | SBOE V.T.2.i | 0 | 21,710 | 0 | 0 | 21,710 |
| | Western Undergraduate Exchange (2) | SBOE V.R.3.a.7 | 2,036,385 | 612,738 | 9,866,821 | 231,596 | 12,747,540 |
| 20 | Total Other Board Policy Exchange Programs | | 2,195,661 | 634,448 | 10,299,583 | 231,596 | 13,361,288 |
| 21 | | | | | | | |
| 22 | Total Board Policy Tuition Waivers | | 7,050,861 | 6,179,902 | 18,885,623 | 1,365,450 | 33,481,836 |
| 23 | | | | | | | |
| 24 | Other Waivers and Discounts | | | | | | |
| 25 | Staff Fees | SBOE V.R.3.a.8 | 1,033,418 | 740,434 | 418,293 | 157,308 | 2,349,453 |
| 26 | Staff Spouse Fees | SBOE V.R.3.a.8 | 331,447 | 472,149 | 218,228 | 46,084 | 1,067,908 |
| 27 | Senior Citizen Fees | SBOE V.R.3.a.9 | 190,212 | 205,062 | 90,120 | 48,889 | 534,283 |
| 28 | In-Service Teacher Education Fee | SBOE V.R.3.a.10 | 640,568 | 785,388 | 467,486 | 55,221 | 1,948,663 |
| 29 | EDA-Nez Perce Tribe | | 0 | 0 | 0 | 64,078 | 64,078 |
| 30 | Total Other Waivers and Discounts | | 2,195,645 | 2,203,033 | 1,194,127 | 371,580 | 5,964,385 |
| 31 | Total FY07 Waivers and Discounts | | 9,246,506 | 8,382,935 | 20,079,750 | 1,737,030 | 39,446,221 |
| 32 | FY08 Gross Student Fees | | 97,675,640 | 70,628,257 | 88,790,765 | 15,668,457 | 272,763,119 |
| 33 | Percentage of Total Gross Student Fees Waived or Discounted | | 9.47% | 11.87% | 22.61% | 11.09% | 14.46% |

Note: Graduate/Instructional Assistant waivers can vary among institutions due to the difference in their respective missions.

(1) Includes only waivers for incoming exchange students.

(2) WUE is accounted for as a rate and not a waiver. The waived amount is the difference in the out-of-state rate minus the WUE rate.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

SUBJECT

FY 2010 Appropriation Information – Institutions and Agencies of the State Board of Education

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.
Various Legislative Appropriation Bills (1a page 5)

BACKGROUND/ DISCUSSION

The 2009 legislature has drafted appropriation bills for the agencies and institutions of the Board. The amounts contained in legislative appropriations include a 4% ongoing base reduction from FY 2009, a 3% ongoing base reduction for FY 2010, and a 5% reduction in personnel costs. Included for the College and Universities, Community Colleges, and Professional-Technical Education are stimulus funds from the federal American Recovery and Reinvestment Act.

The table on page 5 lists the FY 2010 appropriation bills related to the State Board of Education. At the time of agenda preparation, all of the bills had been approved by the Joint Finance Appropriations Committee (JFAC) but have not passed both houses of the legislature. JFAC passed an action to approve an omnibus appropriation bill that would restore 2% of the 5% to the agencies not receiving stimulus funds. This would result in leaving the 5% reduction to the discretion of the colleges and universities, Professional Technical Education, and secondary education without an across the board personnel cut. All other agencies under the Board would have the 5% reduced to 3% and would also include those cuts be at the discretion of the agency – not across the board.

Once this issue is resolved, the appropriations for the agencies and institutions may need to be revised. Accordingly, the motions include a provision for the Board to delegate to the Executive Director the authority to approve adjustments to the appropriations as necessary.

The table on page 5 provides a summary of the FY 2010 appropriations for institutions and agencies of the Board.

IMPACT

Appropriation bills provide spending authority for the agencies and institutions of the State Board of Education; allowing them to offer programs and services to Idaho's citizens.

Public works project funding includes the following:

| | |
|--|-------------|
| UI: Kibbie Dome Life/Safety Repairs | \$2,000,000 |
| NIC: Seiter Hall Remodel/Renovation | \$4,345,000 |
| IPTV: Renovation of J.R. Williams building space | \$272,000 |

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

The Permanent Building Fund Advisory Council approved \$20,509,600 for alteration and repair projects for the institutions and agencies under the Board. These projects are managed by the Division of Public Works.

Due to the economic downturn, no funding was provided for inflation, Enrollment Workload Adjustment (EWA), replacement capital, or occupancy. Although no funding for EWA was provided, a reallocation of funding was applied to Boise State University (BSU), University of Idaho (UI), and Lewis-Clark State College (LCSC). UI was reduced by \$1,139,100 because the EWA formula resulted in a negative amount. BSU and LCSC experienced positive EWA and received a prorated share equal to the amount reduced at UI. Idaho State University experienced negative EWA but that amount was offset by their unfunded EWA balance so it did not participate in the reallocation.

The balance of the unfunded EWA for the FY 2010 budget request is:

| | <u>2009</u> | <u>2010 Change</u> | <u>2010</u> |
|---------------------------|-------------|--------------------|-------------|
| Boise State University | \$823,700 | \$1,150,700 | \$1,974,400 |
| Idaho State University | \$500,900 | (\$323,700) | \$177,200 |
| University of Idaho | \$0 | \$0 | \$0 |
| Lewis-Clark State College | \$0 | \$317,100 | \$317,100 |

An increase in the number of medical school seats was not appropriated for the Idaho Dental Education and University of Utah Medical programs, however, funding for residency expansion at the ISU and Boise Family Medicine Residency was provided as well as funding for the Psychiatry Residency program.

Agencies of the Board

The Office of the State Board of Education (OSBE) received \$329,100 in one-time federal funds for the second year of the College Access Grant. The oversight responsibilities of the GEAR UP and Assessment programs were moved to the Department of Education which included a reduction of six (6) FTE. A position to oversee Accountability was retained, and funding for one (1) FTE was provided for Proprietary School oversight.

The Division of Professional-Technical Education (PTE) experienced an overall decrease of 6.00% from the original FY2009 appropriation. The Legislature funded maintenance level increases for statewide cost allocation increases for PTE and EITC. Line item requests to transfer the Proprietary School program to OSBE and the Veteran's program to the Division of Veteran's Affairs were also included in the JFAC recommendation. The State Department of Education indicated they will provide a separate report on public school and related appropriation matters.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

ATTACHMENTS

Attachment 1 – FY 2010 Appropriations List

Page 5

STAFF COMMENTS

The information provided will be published on the State Board of Education web page once final budgets are approved by the Idaho Legislature.

BOARD ACTION

Motions are included for each specific institution and agency allocation.

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**BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009**

ATTACHMENT 1

**State Board of Education
FY 2010 Appropriations of Interest to Institutions and Agencies**

| | General Fund | % Inc. From FY 2009 | Total Fund |
|--|---------------------|--|-------------------|
| <u>College and Universities</u> | | | |
| General Education/Systemwide | \$243,278,100 | (14.7%) | \$398,210,000 |
| Agricultural Research & Extension | 24,989,900 | (15.8%) | 25,039,900 |
| Community College support | 26,407,000 | (10.7%) | 28,632,200 |
| Health Education Programs | 9,459,900 | 3.0% | 10,034,000 |
| Special Programs | 12,222,600 | 1.0% | 12,662,600 |
| <u>Agencies</u> | | | |
| Office of the State Board of Education | 2,246,400 | (56.2%) | 4,029,000 |
| Professional-Technical Education | 51,599,900 | (6.0%) | 62,036,000 |
| Idaho School for Deaf and Blind | 7,269,000 | (14.5%) | 7,792,100 |
| Public Broadcasting System | 1,659,800 | (53.0%) | 2,612,600 |
| Idaho Commission for the Libraries | 3,426,000 | (19.8%) | 4,995,600 |
| Historical Society | 2,456,400 | (26.6%) | 4,850,100 |
| Vocational Rehabilitation, Division | 7,725,000 | (9.3%) | 27,386,700 |
| State Department of Education | 7,176,300 | (1.8%) | 34,256,800 |
| <u>Public School Support</u> | | | |
| Division of Facilities | 17,900,000 | (2.7%) | 17,900,000 |
| Division of Operations | 488,455,700 | (9.5%) | 578,726,100 |
| Division of Teachers | 696,256,000 | (6.7%) | 756,212,500 |
| Division of Administrators | 76,256,700 | (10.7%) | 81,491,100 |
| Division of Children's Programs | 30,346,800 | 6.4% | 268,729,800 |
| <u>Statewide Issues</u> | | | |
| Permanent Building Fund | | | 27,438,600 |

Note: Employee compensation amounts are included in the totals for each of the Agencies & Institutions

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

SUBJECT

FY 2010 College and University Allocation

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.S.
House Bill 299

BACKGROUND/ DISCUSSION

The legislature appropriates to the State Board of Education and the Board of Regents monies for the general education programs at Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs. The Board allocates the lump-sum appropriation to the four institutions based on legislative intent and Board Policy, Section V.S.

According to Board policy, the allocation is made in the following order: 1) each institution shall be allocated its prior year base; 2) funds for the Enrollment Workload Adjustment; 3) funds for new occupancy costs; 4) funding of special allocations; and 5) a general allocation based on proportionate share to total budget request.

IMPACT

This action allocates the FY 2010 College and University lump-sum appropriation to the institutions for general education programs, and system-wide needs. The funds allocated along with revenue generated from potential fee increases will establish the operating budgets for the general education program for FY 2010. The FY 2010 Allocation, shown on page 3, consists of the lump-sum appropriation.

ATTACHMENTS

| | |
|---|--------|
| Attachment 1 - Summary of C & U FY 2010 Allocations | Page 3 |
| Attachment 2 - Draft Appropriation Bill | Page 5 |
| Attachment 3 - Draft Statement of Purpose | Page 9 |

STAFF COMMENTS

Staff recommends approval of the FY 2010 College and University allocation.

BOARD ACTION

A motion to approve the allocation of the FY 2010 legislative appropriations for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs, as presented on Page 3, and to delegate to the Executive Director the authority to approve adjustments to the allocations as necessary resulting from adjustments made by the Idaho Legislature.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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FY 2010 College and University Allocation Based on JFAC Proof

April 3, 2009

| 1 | Appropriation: | FY09 Appr | FY10 Appr | % Chge | Sys Needs: | FY09 Appr | FY10 Appr |
|----|---|--------------------|--------------------|--------------------|-------------------|------------------|--------------------|
| 2 | General Educ Approp: SB ???, HB ??? | | | | HERC | 1,440,000 | 1,357,100 |
| 3 | General Account | 285,151,500 | 243,278,100 | -14.68% | Tech Grants | 1,575,000 | 1,239,600 |
| 4 | Endowment Funds | 8,595,000 | 9,616,400 | 11.88% | Sys Nds | 100,000 | 93,100 |
| 5 | Federal Stimulus Funds | | 15,313,800 | | Medical | | 47,000 |
| 6 | | | | | Course Equip. | | 144,000 |
| 7 | Total Gen Acct & Endow Funds | <u>293,746,500</u> | <u>268,208,300</u> | -8.69% | Proprietary | | 36,000 |
| 8 | Student Fees/Misc Revenue | 129,103,000 | 130,001,700 | 0.70% | | | |
| 9 | One-time Student Fees: | | | | Total | <u>3,115,000</u> | <u>2,916,800</u> |
| 10 | Total Gen Educ Approp | <u>422,849,500</u> | <u>398,210,000</u> | -5.83% | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Allocation: | B.S.U. | I.S.U. | U.I. | L.C.S.C. | SYS-WIDE | TOTAL |
| 14 | FY09 Gen Acct & Endow Funding | 89,148,200 | 79,398,800 | 104,764,700 | 17,319,800 | 3,115,000 | 293,746,500 |
| 15 | Base Reduction - Endow. Loss | 0 | 0 | 0 | 0 | | 0 |
| 16 | FY 2009 Governor's Holdback | (3,503,500) | (2,976,700) | (3,838,400) | (604,000) | (124,600) | (11,047,200) |
| 17 | Health Insurance Reduction | (623,400) | (529,700) | (683,000) | (107,500) | 0 | (1,943,600) |
| 18 | Remove One-Time Replacement Items | (1,561,200) | (2,959,900) | (3,498,100) | (951,200) | 0 | (8,970,400) |
| 19 | FY 2010 Base Reduction | (2,503,800) | (2,127,300) | (2,743,200) | (431,700) | (89,700) | (7,895,700) |
| 20 | Federal Stimulus Funds | 4,326,100 | 3,595,900 | 4,790,200 | 837,300 | 173,200 | 13,722,700 |
| 21 | FY10 Budget Base | <u>85,282,400</u> | <u>74,401,100</u> | <u>98,792,200</u> | <u>16,062,700</u> | <u>3,073,900</u> | <u>277,612,300</u> |
| 22 | % Base Change | -4.34% | -6.29% | -5.70% | -7.26% | 0.00% | -5.49% |
| 23 | | | | | | | |
| 24 | Additional Funding for FY10: | | | | | | |
| 25 | MCO Adjustments: | | | | | | |
| 26 | Personnel Benefits | 113,400 | 102,300 | 35,700 | 75,500 | | 326,900 |
| 27 | Inflation including Library B&P | 0 | 0 | 0 | 0 | | 0 |
| 28 | Replacement Items: One-Time | 0 | 0 | 0 | 0 | | 0 |
| 29 | CEC @ 5.0% Reduction GF & Dedicated | (3,766,800) | (3,078,400) | (4,168,600) | (641,200) | | (11,655,000) |
| 30 | Nonstandard Adjustments: | | | | | | |
| 31 | Risk Mgmt/Controller/Treasurer | 68,800 | 144,400 | 82,000 | 57,900 | | 353,100 |
| 32 | External Nonstandard Adjustments: | | | | | | |
| 33 | Enrollment Workload Adjustment | 992,300 | 0 | (1,139,100) | 146,800 | | 0 |
| 34 | Line Items (Federal Stimulus Funds) | 517,500 | 530,400 | 523,100 | 0 | 0 | 1,571,000 |
| 35 | | (322,900) | (179,600) | 496,900 | 5,600 | | 0 |
| 36 | Total Addl Funding | <u>(2,397,700)</u> | <u>(2,480,900)</u> | <u>(4,170,000)</u> | <u>(355,400)</u> | <u>0</u> | <u>(9,404,000)</u> |
| 37 | | | | | | | |
| 38 | FY10 Gen Acct & Endow Allocation | <u>82,884,700</u> | <u>71,920,200</u> | <u>94,622,200</u> | <u>15,707,300</u> | <u>3,073,900</u> | <u>268,208,300</u> |
| 39 | % Change From FY09 Funding (line 14) | -7.03% | -9.42% | -9.68% | -9.31% | -1.32% | -8.69% |
| 40 | % Chge From FY09 less One-time | -5.37% | -5.91% | -6.56% | -4.04% | -1.32% | -5.82% |
| 41 | | | | | | | |
| 42 | FY10 Estimated Student Fee Revenue | 49,009,400 | 33,256,700 | 39,686,800 | 8,048,800 | 0 | 130,001,700 |
| 43 | | | | | | | |
| 44 | FY10 Operating Budget | <u>131,894,100</u> | <u>105,176,900</u> | <u>134,309,000</u> | <u>23,756,100</u> | <u>3,073,900</u> | <u>398,210,000</u> |
| 45 | | | | | | | |

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LEGISLATURE OF THE STATE OF IDAHO
Sixtieth Legislature First Regular Session - 2009

IN THE _____

BILL NO. _____

BY _____

AN ACT

1
2 APPROPRIATING MONEYS FOR GENERAL EDUCATION PROGRAMS AT BOISE STATE UNIVER-
3 SITY, IDAHO STATE UNIVERSITY, LEWIS-CLARK STATE COLLEGE, THE UNIVER-
4 SITY OF IDAHO AND FOR THE OFFICE OF THE STATE BOARD OF EDUCATION FOR FIS-
5 CAL YEAR 2010; ESTABLISHING AMOUNTS TO BE EXPENDED FOR SYSTEMWIDE PRO-
6 GRAMS; DIRECTING THE STATE BOARD OF EDUCATION TO PROVIDE A SYSTEM OF RE-
7 PORTING FACULTY AND STAFF TURNOVER; AND REAPPROPRIATING CERTAIN UNEX-
8 PENDED AND UNENCUMBERED BALANCES; PROVIDING LEGISLATIVE INTENT ON PER-
9 SONNEL COSTS; DIRECTING SALARY REDUCTIONS; AND DECLARING AN EMERGENCY.

10 Be It Enacted by the Legislature of the State of Idaho:

11 SECTION 1. There is hereby appropriated to the State Board of Education
12 and the Board of Regents of the University of Idaho for Boise State Univer-
13 sity, Idaho State University, Lewis-Clark State College, the University of
14 Idaho, and the Office of the State Board of Education the following amount to
15 be expended for the designated programs from the listed funds for the period
16 July 1, 2009, through June 30, 2010

17 FOR:

18 General Education Programs \$398,210,000

19 FROM:

20 General Fund \$243,278,100

21 American Reinvestment Fund 15,313,800

22 Agricultural College Endowment Income Fund 850,800

23 Charitable Institutions Endowment Income Fund 790,400

24 Normal School Endowment Income Fund 2,661,600

25 Scientific School Endowment Income Fund 2,984,400

26 University Endowment Income Fund 2,329,200

27 Unrestricted Fund 106,331,100

28 Restricted Fund 23,670,600

29 TOTAL \$398,210,000

31 SECTION 2. SYSTEMWIDE PROGRAMS. Of the amount appropriated from the
32 General Fund in Section of this act:

33 a. an amount not to exceed \$93,100
34 shall be used by the Office of the State
Board of Education for systemwide needs;

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2

35 b. an amount not to exceed
 \$1,357,100 may be used for the mission and goals of
 36 the Higher Education Research Council;

37 c. an amount not to exceed
 \$1,275,600 may be awarded by the State Board
 1 of Education for instructional projects specifically designed to foster
 2 innovative learning approaches using technology, and to promote the Idaho
 3 Electronic Campus;

4 d. an amount not to exceed \$144,000
 maybe spent on addressing issues related
 5 to course transfer across public institutions; and

6 e. an amount not to exceed \$47,000
 may be used by the Office of the State
 7 Board of Education for expenses directly related to the development of a com-
 8 prehensive plan for expanding undergraduate and graduate medical education
 9 opportunities.

10 SECTION 3. PERSONNEL TURNOVER. The State Board of Education shall con-
 11 tinue to provide a standardized system for tracking and reporting meaningful
 12 data about faculty, nonfaculty exempt, and classified staff turnover at the
 13 state's institutions of higher education. These statistics shall be avail-
 14 able to the Division of Financial Management and the Legislative Services
 15 Office no later than November 1 of each year.

16 SECTION 4. CARRYOVER AUTHORITY. There is hereby reappropriated to the
 17 State Board of Education and the Board of Regents of the University of Idaho
 18 for Boise State University, Idaho State University, the University of Idaho,
 19 Lewis-Clark State College, and the Office of the State Board of Education,
 20 any non-General Fund unexpended and unencumbered balance of any appropria-
 21 tion contained in Section 1, Chapter 263, Laws of 2008, to be used for nonre-
 22 curring expenditures for the period July 1, 2009, through June 30, 2010.

23 SECTION 5. LEGISLATIVE INTENT. It is the intent of the Legislature to
 24 retain to the extent possible, our capable, quality employees who support
 25 the essential services and statutorily authorized programs that the citi-
 26 zens of Idaho expect. The Legislature finds these critical essential ser-
 27 vices to be those that maintain the health and safety of our citizens and the
 28 education of our children. While extending flexibility to the Governor and
 29 agency directors to manage the state workforce to the best of their ability
 30 during these difficult times, it remains the responsibility of the Legisla-
 31 ture to identify priorities for the state workforce. The Legislature finds
 32 that reductions in personnel funding shall first be managed through salary
 33 reductions that impact all personnel fairly; secondly, be mitigated by the
 34 use of existing salary savings; thirdly, by using savings created by keep-
 35 ing newly vacated positions unfilled; fourth, by the use of furloughs; and
 36 lastly, as a last resort, by reducing the workforce. It is the intent of the

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3

37 Legislature that these policies shall be adhered to by the executive, leg-
38 islative, and judicial branches to the extent allowed by law.

39 SECTION 6. SALARY REDUCTION. In as much as salary reductions will save
40 jobs; and in as much as a five percent (5%) reduction in personnel funding may
41 create a reduction in force; and in as much as the state, as a single employer
42 of multiple departments, agencies and institutions, is required by law to
43 direct across the board salary adjustments; the State Board of Education and
44 the Board of Regents of the University of Idaho is hereby requested to reduce
45 all salaries of classified and non-classified employees at the College and
46 Universities, regardless of fund source, by three percent (3%) for fiscal
1 year 2010, beginning on June 14, 2009 through June 12, 2010. Institutions
2 are also requested to use personnel cost savings, furloughs, and a reduc-
3 tion in force to manage the remaining two percent (2%) in funding reductions.
4 The Division of Human Resources shall adjust all pay schedules for the clas-
5 sified personnel system downward to the extent that all beginning minimum
6 salaries are three percent (3%) less than those in effect upon the date of
7 passage of this law.

8 SECTION 7. An emergency existing therefor, which emergency is hereby
9 declared to exist, Section 6 of this act shall be in full force and effect on
10 and after its passage and approval.

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STATEMENT OF PURPOSE

MJF003

This is the fiscal year 2010 appropriation for the College & Universities in the amount of \$398,210,000, of which \$15,313,800 is from the American Recovery and Reinvestment Act (Pub. L. No. 111-5) State Fiscal Stabilization Fund.

FISCAL NOTE

| | FTP | Gen | Ded | Fed | Total |
|---------------------------------------|-----------------|--------------------|--------------------|----------|--------------------|
| FY 2009 Original Appropriation | 3,926.38 | 285,151,500 | 137,698,000 | 0 | 422,849,500 |
| Reappropriation | 0.00 | 0 | 43,589,100 | 0 | 43,589,100 |
| Rescission of One-time Appropriation | 0.00 | (1,662,800) | 0 | 0 | (1,662,800) |
| Omnibus 4% Rescission | 0.00 | (11,047,200) | 0 | 0 | (11,047,200) |
| Health Insurance Reduction | 0.00 | (1,943,600) | (19,600) | 0 | (1,963,200) |
| Additional 2% Rescission | 0.00 | (4,060,800) | 0 | 0 | (4,060,800) |
| Other Appropriation Adjustments | 0.00 | 0 | 0 | 0 | 0 |
| FY 2009 Total Appropriation | 3,926.38 | 266,437,100 | 181,267,500 | 0 | 447,704,600 |
| Noncognizable Funds and Transfers | 49.85 | 0 | 6,562,700 | 0 | 6,562,700 |
| FY 2009 Estimated Expenditures | 3,976.23 | 266,437,100 | 187,830,200 | 0 | 454,267,300 |
| Removal of One-Time Expenditures | (6.55) | (7,307,600) | (45,583,400) | 0 | (52,891,000) |
| Base Adjustments | 0.00 | 0 | 0 | 0 | 0 |
| Additional Base Adjustment | 0.00 | (3,834,900) | 13,722,700 | 0 | 9,887,800 |
| FY 2010 Base | 3,969.68 | 255,294,600 | 155,969,500 | 0 | 411,264,100 |
| Benefit Costs | 0.00 | 326,900 | 0 | 0 | 326,900 |
| Statewide Cost Allocation | 0.00 | 353,100 | 0 | 0 | 353,100 |
| 5% Personnel Cost Reduction | 0.00 | (11,339,500) | (3,965,600) | 0 | (15,305,100) |
| Endowment Adjustments | 0.00 | (1,336,900) | 1,336,900 | 0 | 0 |
| FY 2010 Program Maintenance | 3,969.68 | 243,298,200 | 153,340,800 | 0 | 396,639,000 |
| Line Items | | | | | |
| College and Universities | | | | | |
| 1. Occupancy Costs | (0.13) | (20,100) | 0 | 0 | (20,100) |
| 2. Information Technology | 0.00 | 0 | 0 | 0 | 0 |
| 3. Library Materials | 0.00 | 0 | 0 | 0 | 0 |
| 4. Maintenance & Infrastructure | 0.00 | 0 | 0 | 0 | 0 |
| 5. Base Operating Expenses | 0.00 | 0 | 0 | 0 | 0 |
| 6. ERP Implementation | 0.00 | 0 | 0 | 0 | 0 |
| 7. Ctr. for Advanced Energy Studies | 12.00 | 0 | 1,591,100 | 0 | 1,591,100 |
| 8. Biomedical Research | 0.00 | 0 | 0 | 0 | 0 |
| 9. PhD Public Policy & Admin Pgm | 0.00 | 0 | 0 | 0 | 0 |

Statement of Purpose / Fiscal Note

#billnum

| | | | | | |
|--------------------------------------|-----------------|--------------------|--------------------|----------|--------------------|
| 10. College of Nursing Expansion | 0.00 | 0 | 0 | 0 | 0 |
| 11. Environmental Safety Support | 0.00 | 0 | 0 | 0 | 0 |
| 12. Teacher Education - PACE | 0.00 | 0 | 0 | 0 | 0 |
| 13. 3rd Year Law School Pgm in Boise | 0.00 | 0 | 0 | 0 | 0 |
| Lump Sum or Other Adjustments | 0.00 | 0 | 0 | 0 | 0 |
| FY 2010 Total | 3,981.55 | 243,278,100 | 154,931,900 | 0 | 398,210,000 |
| Chg from FY 2009 Orig Approp | 55.17 | (41,873,400) | 17,233,900 | 0 | (24,639,500) |
| % Chg from FY 2009 Orig Approp. | 1.4% | (14.7%) | 12.5% | 0.0% | (5.8%) |

Line Item #1 removes personnel and funding for occupancy costs for facility space that has either been demolished or is no longer eligible.

Line Item #7 provides \$1,591,100 for 12 faculty and staff positions for the collaborative Center for Advanced Energy Studies (CAES) in Idaho Falls. The funding source for the CAES line item is American Recovery and Reinvestment Act State Fiscal Stabilization Funds.

Contact:

Name: Matt Freeman

Office: Budget and Policy Analysis

Phone: (208) 334-4740

Statement of Purpose / Fiscal Note

#billnum

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

SUBJECT

Allocation of FY 2010 General Fund Appropriation for Community Colleges

REFERENCE

June 2006 Board approved a process for distributing the FY 2007 State General Fund appropriation between North Idaho College (NIC) and the College of Southern Idaho (CSI)

APPLICABLE STATUTE, RULE, OR POLICY

Draft Appropriation Bill for Community Colleges

BACKGROUND/ DISCUSSION

The legislature makes an annual appropriation to the State Board of Education for community college support. Traditionally, an informal agreement between the presidents of the two colleges resulted in the allocation of state General Funds equally (50%/50%) between CSI and NIC.

In June, 2006, the Board approved the process for distributing the FY 2007 State General Fund appropriation between CSI and NIC. That process had a four year term from FY 2007 ending FY 2010, so this will be the last year this process will be used to allocate funds between CSI and NIC.

A separate formula was used to allocate funds to College of Western Idaho (CWI) and agreed to by the three community colleges, the Division of Financial Management and the Legislative Budget Office. The remaining funds will be allocated between CSI and NIC as described above. A new method for allocating the total community college appropriation among the three community colleges will need to be determined before FY 2011.

IMPACT

The draft appropriation bill directs the General Fund appropriation to be allocated as follows: \$4,586,200 to CWI, with the remainder split between CSI and NIC under the current formula established by the two colleges. The allocation formula for CSI and NIC result in the following amounts:

| | |
|-------|-------------------|
| CSI | \$11,762,100 |
| NIC | <u>10,058,700</u> |
| Total | \$21,820,800 |

ATTACHMENTS

| | |
|--|--------|
| Attachment 1 – FY 2010 CC Appropriations Process | Page 3 |
| Attachment 2 - Draft appropriation bill | Page 5 |
| Attachment 3 - Draft Statement of Purpose | Page 6 |

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

STAFF COMMENTS

This allocation does not include funds for Professional-Technical Education, which are allocated by the Division of Professional Technical Education.

Staff recommends approval of the amounts as shown on Page 3, Line 24, and included in the motion, below.

BOARD ACTION

A motion to approve the FY 2010 allocation of state General Funds for community college support as follows: \$11,762,100 to the College of Southern Idaho, \$10,058,700 to North Idaho College, and \$4,586,200 to the College of Western Idaho, and to delegate to the Executive Director the authority to approve adjustments to the allocations as necessary resulting from adjustments made by the Idaho Legislature.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

STATE APPROPRIATION ALLOCATION PROCESS
COLLEGE OF SOUTHERN IDAHO and NORTH IDAHO COLLEGE

| | | Fiscal Year 2010 | | |
|----|---|-------------------|-------------------|-------------------|
| | | (j) | (k) | (l) |
| | | CSI | NIC | Total |
| 1 | Prior Year Budget Base | 10,628,400 | 9,127,000 | 19,755,400 |
| 2 | | | | |
| 3 | Current Year MCO and Line Item Increases (1st Yr 2006) | (1,460,800) | (1,384,800) | (2,845,600) |
| 4 | 15 Prior Year MCO and Line Item Increases | 2,570,800 | 2,340,200 | 4,911,000 |
| 5 | Cumulative MCO and Line Item Increases | 1,110,000 | 955,400 | 2,065,400 |
| 6 | | | | |
| 7 | Prior Year FTE Used to Allocate Base | 53.65% | 46.35% | 100.00% |
| 8 | Percentage of Actual FTE Split Based on FY06 | 53.92% | 46.08% | 100.00% |
| 9 | 8-7 Difference Between Actual and Prior Year FTE Split | 0.27% | -0.27% | 0.00% |
| 10 | | | | |
| 11 | Limit on Annual Change in FTE Allocation | 0.27% | -0.27% | 0.00% |
| 12 | 7+11 FTE Used to Allocate New Base | 53.92% | 46.08% | 0.00% |
| 13 | | | | |
| 14 | Current Year MCO and Line Item Increases | (1,460,800) | (1,384,800) | (2,845,600) |
| 15 | 3+14 Current Year Amount Not Allocated by FTE | 1,110,000 | 955,400 | 2,065,400 |
| 16 | | | | |
| 17 | 1+15 Current Year Estimated Total Appropriation | 11,738,400 | 10,082,400 | 21,820,800 |
| 18 | -15 Less: Amount Not Allocated by FTE | (1,110,000) | (955,400) | (2,065,400) |
| 19 | Less: Reallocate Foregone Allocation | - | - | - |
| 20 | 17+18+19 Current Year New Base | 10,628,400 | 9,127,000 | 19,755,400 |
| 21 | | | | |
| 22 | 20*12 Current Year Base Allocation | 10,652,100 | 9,103,300 | 19,755,400 |
| 23 | Plus: Reallocate Foregone Allocation | - | - | - |
| 24 | 15+22 Current Year Total Appropriation | 11,762,100 | 10,058,700 | 21,820,800 |
| 25 | | | | |
| 26 | Prior Year Total Appropriation | 13,169,600 | 11,496,800 | 24,666,400 |
| 27 | 24/26 Current Year Percentage Increase over Prior Year | -10.69% | -12.51% | -11.54% |
| 28 | | | | |
| 29 | 20*8+15 Current Year Allocation Without 1.5% FTE Limitation | 11,762,100 | 10,058,700 | 21,820,800 |
| 30 | 29-24 Current Year Foregone Allocation Due From/(Due To) | - | - | - |
| 31 | Prior Year Foregone Allocation Due From/(Due To) | 600,500 | (600,500) | - |
| 32 | Cumulative Foregone Allocation Due From/(Due To) | 600,500 | (600,500) | - |

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LEGISLATURE OF THE STATE OF IDAHO
Sixtieth Legislature First Regular Session - 2009

IN THE _____

BILL NO. _____

BY _____

AN ACT

1 APPROPRIATING MONEYS FOR COMMUNITY COLLEGES FOR FISCAL YEAR 2010; AND DI-
2 RECTING THE ALLOCATION OF CERTAIN FUNDS.
3

4 Be It Enacted by the Legislature of the State of Idaho:

5 SECTION 1. There is hereby appropriated to the State Board of Education
6 for Community Colleges the following amount to be expended according to the
7 designated expense class from the listed funds for the period July 1, 2009,
8 through June 30, 2010:

9 FOR:

10 Trustee and Benefit Payments \$28,632,200

11 FROM:

12 General Fund \$26,407,000

13 American Reinvestment Fund 1,640,200

14 Community College Fund 585,000

15 TOTAL \$28,632,200

16
17 SECTION 2. The General Fund moneys appropriated in Section 1 of this
18 act shall be allocated as follows: (1) \$4,586,200 to the College of West-
19 ern Idaho; and (2) the remainder pursuant to the formula as agreed to and
20 set forth in the 2006 document entitled "College of Southern Idaho and North
21 Idaho College: State General Fund Distribution Process." The community col-
22 lege fund moneys appropriated in Section 1 of this act shall be allocated
23 evenly among the three community colleges.

Monday March 30, 2009 8:18 AM

STATEMENT OF PURPOSE

MJF004

This is the fiscal year 2010 appropriation for the community colleges in the amount of \$28,632,200 of which \$1,640,200 is from the American Recovery and Reinvestment Act (Pub. L. No. 111-5) State Fiscal Stabilization Fund.

FISCAL NOTE

| | FTP | Gen | Ded | Fed | Total |
|---------------------------------------|-------------|-------------------|------------------|----------|-------------------|
| FY 2009 Original Appropriation | 0.00 | 29,666,400 | 600,000 | 0 | 30,266,400 |
| Rescission of One-time Appropriation | 0.00 | (1,400) | 0 | 0 | (1,400) |
| Omnibus 4% Rescission | 0.00 | (1,182,300) | 0 | 0 | (1,182,300) |
| Health Insurance Reduction | 0.00 | (160,900) | (3,700) | 0 | (164,600) |
| Additional 2% Rescission | 0.00 | (591,200) | 0 | 0 | (591,200) |
| FY 2009 Total Appropriation | 0.00 | 27,730,600 | 596,300 | 0 | 28,326,900 |
| Noncognizable Funds and Transfers | 0.00 | 0 | 0 | 0 | 0 |
| FY 2009 Estimated Expenditures | 0.00 | 27,730,600 | 596,300 | 0 | 28,326,900 |
| Removal of One-Time Expenditures | 0.00 | (105,000) | 0 | 0 | (105,000) |
| Additional Base Adjustment | 0.00 | (255,300) | 1,640,200 | 0 | 1,384,900 |
| FY 2010 Base | 0.00 | 27,370,300 | 2,236,500 | 0 | 29,606,800 |
| Benefit Costs | 0.00 | 35,400 | (200) | 0 | 35,200 |
| Inflationary Adjustments | 0.00 | 0 | 8,200 | 0 | 8,200 |
| 5% Personnel Cost Reduction | 0.00 | (998,700) | (19,300) | 0 | (1,018,000) |
| FY 2010 Program Maintenance | 0.00 | 26,407,000 | 2,225,200 | 0 | 28,632,200 |
| Line Items | | | | | |
| Community Colleges | | | | | |
| 1. Occupancy Costs | 0.00 | 0 | 0 | 0 | 0 |
| 2. Nursing Faculty Positions | 0.00 | 0 | 0 | 0 | 0 |
| 3. Campus Technology Upgrade | 0.00 | 0 | 0 | 0 | 0 |
| 4. Rural Math/Science Dual Credit | 0.00 | 0 | 0 | 0 | 0 |
| 5. Dental Hygiene & Assistant Pgm | 0.00 | 0 | 0 | 0 | 0 |
| Lump Sum or Other Adjustments | 0.00 | 0 | 0 | 0 | 0 |
| FY 2010 Total | 0.00 | 26,407,000 | 2,225,200 | 0 | 28,632,200 |
| Chg from FY 2009 Orig Approp | 0.00 | (3,259,400) | 1,625,200 | 0 | (1,634,200) |
| % Chg from FY 2009 Orig Approp. | 0.0% | (11.0%) | 270.9% | 0.0% | (5.4%) |

Contact:

Name: Matt Freeman

Office: Budget and Policy Analysis

Phone: (208) 334-4740

Statement of Purpose / Fiscal Note

#billnum

DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION

SUBJECT

Allocation of the State Division of Professional-Technical Education FY 2010 Appropriation

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.C.d.

BACKGROUND/ IMPACT

The Idaho Legislature appropriates funds for Professional-Technical Education to the Division of Professional-Technical Education in five designated programs: State Leadership and Technical Assistance, General programs, Postsecondary Programs, Underprepared and Unprepared Adults/Displaced Homemakers, and Related Services. The Division of Professional-Technical Education requests approval of the allocation of the FY 2010 appropriated funds detailed in Attachment 1 on pages 3-4.

The allocation is based on the level of funding in the Joint Finance Appropriations Committee (JFAC) recommendation and the Provisions of the State Plan for Professional-Technical Education. The postsecondary allocation is based on the Annual Plan and Budget Request from the respective Technical Colleges. The State General Fund reflects an overall decrease of 6.00% from the original FY 2009 appropriation. The Legislature funded maintenance level increases for statewide cost allocation increases for the Division of Professional-Technical Education and Eastern Idaho Technical College (EITC). Line item requests to transfer the Proprietary School program to the Office of the State Board of Education and the Veteran's program to the Division of Veteran's Affairs were also included in the JFAC recommendation.

IMPACT

Establish FY 2010 operating budget.

ATTACHMENTS

| | |
|--|--------|
| Attachment 1 - Allocation of FY 2010 Appropriation | Page 3 |
| Attachment 2 - Draft Appropriation Bill | Page 5 |
| Attachment 3 - Draft Statement of Purpose | Page 9 |

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

BOARD ACTION

A motion to approve the allocation of the FY 2010 legislative appropriation for the Division of Professional-Technical Education as presented on Pages 3-4, and to delegate to the Executive Director the authority to approve adjustments to the allocations as necessary resulting from adjustments made by the Idaho Legislature.

Moved by _____ Seconded by _____ Yes _____ No _____

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**Allocation of State Division of Professional-Technical Education
FY 2010 Appropriation**

| | FY09 Allocation | FY10 Allocation |
|--|----------------------|----------------------|
| Program 01 (State Leadership and Technical Assistance) | | |
| By Standard Class: | | |
| Personnel Costs | \$ 2,087,800 | \$ 1,910,500 |
| Operating Expenses | 354,900 | 423,200 |
| Capital Outlay | 35,400 | 0 |
| Totals | <u>\$ 2,478,100</u> | <u>\$ 2,333,700</u> |
| By Source of Revenue: | | |
| General Funds | 2,053,200 | 1,974,100 |
| One-time General Funds | 50,900 | 0 |
| Federal Funds | 374,000 | 359,600 |
| Totals | <u>\$ 2,478,100</u> | <u>\$ 2,333,700</u> |
| Program 02 (General Programs) | | |
| By Major Program Area: | | |
| Secondary Formula | \$ 10,944,144 | \$ 10,317,572 |
| Professional-Technical School Added Cost | 2,434,400 | 2,434,400 |
| General Programs Leadership | 298,800 | 280,300 |
| Special Programs | | |
| Federal Leadership | 741,396 | 726,268 |
| Advanced Learning Partnership | 420,000 | 420,000 |
| Adult/Retraining | 759,240 | 697,340 |
| Support and Improvement Services | 1,652,620 | 1,116,320 |
| Totals | <u>\$ 17,250,600</u> | <u>\$ 15,992,200</u> |
| By Source of Revenue | | |
| General Funds | \$ 11,807,200 | \$ 11,084,200 |
| One-time General Funds | 350,700 | 0 |
| Federal Funds | 5,024,900 | 4,840,200 |
| Dedicated Funds | 67,800 | 67,800 |
| Totals | <u>\$ 17,250,600</u> | <u>\$ 15,992,200</u> |
| Program 03 (Postsecondary Programs) | | |
| By Technical College: | | |
| Boise State University | 7,580,247 | 0 |
| College of Southern Idaho | 6,211,357 | 5,889,090 |
| College of Western Idaho | 0 | 7,222,680 |
| Eastern Idaho Technical College | 6,535,862 | 6,214,397 |
| Idaho State University | 10,664,746 | 10,153,879 |
| Lewis-Clark State College | 4,221,634 | 3,999,167 |
| North Idaho College | 4,552,854 | 4,302,887 |
| Totals | <u>\$ 39,766,700</u> | <u>\$ 37,782,100</u> |
| By Source of Revenue: | | |
| General Funds | \$ 38,702,900 | \$ 37,324,100 |
| One-time General Funds | 595,600 | 0 |
| Unrestricted Funds | 468,200 | 458,000 |

| | | | |
|----|--|---------------|---------------|
| 56 | Totals | \$ 39,766,700 | \$ 37,782,100 |
| 57 | Allocation of State Division of Professional-Technical Education | | |
| 58 | FY 2010 Appropriation | | |
| 59 | | FY09 | FY10 |
| 60 | | Allocation | Allocation |
| 61 | | | |
| 62 | Program 04 (Underprepared Adults/Displaced Homemaker Program) | | |
| 63 | | | |
| 64 | By Major Program: | | |
| 65 | Postsecondary Formula | \$ 2,080,300 | \$ 1,992,800 |
| 66 | Displaced Homemaker Program | 409,100 | 409,100 |
| 67 | | | |
| 68 | Totals | \$ 2,489,400 | \$ 2,401,900 |
| 69 | | | |
| 70 | By Source of Revenue: | | |
| 71 | General Funds | \$ 239,100 | \$ 239,100 |
| 72 | Federal Funds | 2,080,300 | 1,992,800 |
| 73 | Dedicated Funds | 170,000 | 170,000 |
| 74 | Totals | \$ 2,489,400 | \$ 2,401,900 |
| 75 | | | |
| 76 | Program 05 (Related Services) | | |
| 77 | | | |
| 78 | By Standard Class: | | |
| 79 | Personnel Costs | \$ 488,500 | \$ 362,900 |
| 80 | Operating Expenses | 246,000 | 276,700 |
| 81 | Trustee Payments | 3,102,800 | 2,886,500 |
| 82 | Totals | \$ 3,837,300 | \$ 3,526,100 |
| 83 | | | |
| 84 | By Source of Revenue: | | |
| 85 | General Funds | 1,049,800 | 978,400 |
| 86 | One-Time General Funds | 0 | 0 |
| 87 | Federal Funds | 2,351,600 | 2,168,700 |
| 88 | Dedicated Funds | 202,500 | 140,000 |
| 89 | Miscellaneous Revenue | 233,400 | 239,000 |
| 90 | Totals | \$ 3,837,300 | \$ 3,526,100 |
| 91 | | | |
| 92 | By Source of Revenue: | | |
| 93 | General Funds | \$ 53,852,200 | \$ 51,599,900 |
| 94 | One-time General Funds | 997,200 | 0 |
| 95 | Federal Funds | 9,830,800 | 9,361,300 |
| 96 | Dedicated Funds | 440,300 | 377,800 |
| 97 | Unrestricted Funds | 468,200 | 458,000 |
| 98 | Miscellaneous Revenue | 233,400 | 239,000 |
| 99 | Totals | \$ 65,822,100 | \$ 62,036,000 |

DRAFT

DRMJF013

 LEGISLATURE OF THE STATE OF IDAHO
 Sixtieth Legislature First Regular Session - 2009

IN THE _____

BILL NO. _____

BY _____

AN ACT

1 APPROPRIATING MONEYS FOR PROFESSIONAL-TECHNICAL EDUCATION FOR FISCAL YEAR
 2 2010; REAPPROPRIATING CERTAIN UNEXPENDED AND UNENCUMBERED BALANCES;
 3 PROVIDING LEGISLATIVE INTENT ON PERSONNEL COSTS; DIRECTING SALARY
 4 REDUCTIONS; AND DECLARING AN EMERGENCY.
 5

6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. There is hereby appropriated to the State Board for Profes-
 8 sional-Technical Education the following amounts to be expended by the Di-
 9 vision of Professional-Technical Education for the designated programs ac-
 10 cording to the designated expense classes from the listed funds for the pe-
 11 riod July 1, 2009, through June 30, 2010:

| | FOR | FOR | FOR | FOR | |
|--|--------------|----------------|----------------|------------------|------------------|
| | PERSONNEL | OPERATING | TRUSTEE AND | LUMP | |
| | COSTS | EXPENDITURES | BENEFIT | SUM | TOTAL |
| | | | PAYMENTS | | |
| 12 I. STATE LEADERSHIP & TECHNICAL ASSISTANCE: | | | | | |
| 13 FROM: | | | | | |
| 14 | General Fund | \$1,662,000 | \$312,100 | | \$1,974,100 |
| 15 | Federal | | | | |
| 16 | Grant Fund | <u>248,500</u> | <u>111,100</u> | | <u>359,600</u> |
| 17 | TOTAL | \$1,910,500 | \$423,200 | | \$2,333,700 |
| 18 II. GENERAL PROGRAMS: | | | | | |
| 19 FROM: | | | | | |
| 20 | General Fund | \$241,800 | \$38,500 | \$10,803,900 | \$11,084,200 |
| 21 | Hazardous | | | | |
| 22 | Materi- | | | | |
| 23 | als/Waste | | | | |
| 24 | Enforcement | | | | |
| 25 | Fund | | 67,800 | | 67,800 |
| 26 | Federal | | | | |
| 27 | Grant Fund | <u>167,500</u> | <u>23,700</u> | <u>4,649,000</u> | <u>4,840,200</u> |
| 28 | TOTAL | \$409,300 | \$62,200 | \$15,520,700 | \$15,992,200 |
| 29 III. POSTSECONDARY PROGRAMS: | | | | | |
| 30 FROM: | | | | | |
| 31 | General Fund | | | \$37,324,100 | \$37,324,100 |
| 32 | Unrestricted | | | | |
| 33 | Fund | | | <u>458,000</u> | <u>458,000</u> |

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| | FOR | FOR | FOR | FOR | |
|----|--|---------------|------------------|------------------|------------------|
| | PERSONNEL | OPERATING | TRUSTEE AND | BENEFIT | LUMP |
| | COSTS | EXPENDITURES | PAYMENTS | SUM | TOTAL |
| 5 | TOTAL | | | \$37,782,100 | \$37,782,100 |
| 6 | IV. UNDERPREPARED ADULTS/DISPLACED HOMEMAKERS: | | | | |
| 7 | FROM: | | | | |
| 8 | General Fund | | \$239,100 | | \$239,100 |
| 9 | Displaced | | | | |
| 10 | Homemaker | | | | |
| 11 | Fund | | 170,000 | | 170,000 |
| 12 | Federal | | | | |
| 13 | Grant Fund | | <u>1,992,800</u> | | <u>1,992,800</u> |
| 14 | TOTAL | | \$2,401,900 | | \$2,401,900 |
| 15 | V. RELATED SERVICES: | | | | |
| 16 | FROM: | | | | |
| 17 | General Fund | \$110,800 | \$20,700 | \$846,900 | \$978,400 |
| 18 | Miscella- | | | | |
| 19 | neous Rev- | | | | |
| 20 | enue Fund | 194,500 | 44,500 | | 239,000 |
| 21 | Seminars and | | | | |
| 22 | Publications | | | | |
| 23 | Fund | | 140,000 | | 140,000 |
| 24 | Federal | | | | |
| 25 | Grant Fund | <u>57,600</u> | <u>71,500</u> | <u>2,039,600</u> | <u>2,168,700</u> |
| 26 | TOTAL | \$362,900 | \$276,700 | \$2,886,500 | \$3,526,100 |
| 27 | GRAND | | | | |
| 28 | TOTAL | \$2,682,700 | \$762,100 | \$20,809,100 | \$37,782,100 |
| 29 | | | | | \$62,036,000 |

30 SECTION 2. There is hereby reappropriated to the State Board for Pro-
31 fessional-Technical Education for the Division of Professional-Technical
32 Education any non-General Fund unexpended and unencumbered balance of any
33 appropriation contained in Section 1, Chapter 245, Laws of 2008, to be used
34 for nonrecurring expenditures, for the period July 1, 2009, through June 30,
35 2010.

36 SECTION 3. LEGISLATIVE INTENT. It is the intent of the legislature to
37 retain to the extent possible, our capable, quality employees who support
38 the essential services and statutorily authorized programs that the citi-
39 zens of Idaho expect. The legislature finds these critical essential ser-
40 vices to be those that maintain the health and safety of our citizens and the
41 education of our children. While extending flexibility to the governor and
42 agency directors to manage the state workforce to the best of their ability
43 during these difficult times, it remains the responsibility of the legisla-
44 ture to identify priorities for the state workforce. The legislature finds

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1 that reductions in personnel funding shall first be managed through salary
2 reductions that impact all personnel fairly; secondly, be mitigated by the
3 use of existing salary savings; thirdly, by using savings created by keep-
4 ing newly vacated positions unfilled; fourth, by the use of furloughs; and
5 lastly, as a last resort, by reducing the workforce. It is the intent of the
6 legislature that these policies shall be adhered to by the executive, leg-
7 islative, and judicial branches to the extent allowed by law.

8 SECTION 4. SALARY REDUCTION. In as much as salary reductions will save
9 jobs; and in as much as reductions in personnel funding may create a reduc-
10 tion in force; and in as much as the state, as a single employer of multiple
11 departments, agencies and institutions, is required by law to direct across
12 the board salary adjustments; the State Board for Professional-Technical
13 Education is hereby requested to reduce all salaries of classified and
14 non-classified employees at Idaho State University, Lewis-Clark State
15 College, Eastern Idaho Technical College, the State Leadership & Technical
16 Assistance program and the Related Services program, regardless of fund
17 source, by three percent (3%) for fiscal year 2010, beginning on June 14,
18 2009 through June 12, 2010. Agencies and institutions are also requested to
19 use personnel cost savings, furloughs, and a reduction in force to manage
20 the remaining two percent (2%) in funding reductions. The Division of Human
21 Resources shall adjust all pay schedules for the classified personnel system
22 downward to the extent that all beginning minimum salaries are three percent
23 (3%) less than those in effect upon the date of passage of this law.

24 SECTION 5. An emergency existing therefor, which emergency is hereby
25 declared to exist, Section 4 of this act shall be in full force and effect on
26 and after its passage and approval.

Tuesday March 31, 2009 1:07 PM

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STATEMENT OF PURPOSE

MJF013

This is the fiscal year 2010 appropriation for the Division of Professional-Technical Education in the amount of \$62,036,000. Included in this budget is \$1,172,100 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

FISCAL NOTE

| | FTP | Gen | Ded | Fed | Total |
|--|---------------|-------------------|------------------|------------------|-------------------|
| FY 2009 Original Appropriation | 547.10 | 54,899,400 | 1,158,800 | 9,830,800 | 65,889,000 |
| Reappropriation | 0.00 | 131,800 | 0 | 120,600 | 252,400 |
| Rescission of One-time Appropriation | 0.00 | (320,300) | 0 | 0 | (320,300) |
| Omnibus 4% Rescission | 0.00 | (1,916,200) | 0 | 0 | (1,916,200) |
| Health Insurance Reduction | 0.00 | (266,200) | (1,500) | 0 | (267,700) |
| FY 2009 Total Appropriation | 547.10 | 52,528,500 | 1,157,300 | 9,951,400 | 63,637,200 |
| Noncognizable Funds and Transfers | 6.17 | 0 | 0 | (308,100) | (308,100) |
| FY 2009 Estimated Expenditures | 553.27 | 52,528,500 | 1,157,300 | 9,643,300 | 63,329,100 |
| Removal of One-Time Expenditures | 0.00 | (858,700) | 0 | (120,600) | (979,300) |
| Base Adjustments | (1.00) | 0 | (10,200) | 0 | (10,200) |
| Additional Base Adjustment | 0.00 | 909,300 | 0 | 0 | 909,300 |
| FY 2010 Base | 552.27 | 52,579,100 | 1,147,100 | 9,522,700 | 63,248,900 |
| Benefit Costs | 0.00 | 88,100 | 400 | 0 | 88,500 |
| Inflationary Adjustments | 0.00 | 0 | 0 | 0 | 0 |
| Replacement Items | 0.00 | 0 | 0 | 0 | 0 |
| Statewide Cost Allocation | 0.00 | 25,600 | 0 | 0 | 25,600 |
| 5% Personnel Cost Reduction | 0.00 | (1,092,900) | (10,200) | 0 | (1,103,100) |
| Nondiscretionary Adjustments | 0.00 | 0 | 0 | 0 | 0 |
| FY 2010 Program Maintenance | 552.27 | 51,599,900 | 1,137,300 | 9,522,700 | 62,259,900 |
| Line Items | | | | | |
| Division of Professional-Technical Ed | | | | | |
| 1. Secondary Added Costs | 0.00 | 0 | 0 | 0 | 0 |
| 2. Capacity Building | 0.00 | 0 | 0 | 0 | 0 |
| 3. Proprietary Schools | 0.00 | 0 | (62,500) | 0 | (62,500) |
| 4. Postsecondary Programs | 0.00 | 0 | 0 | 0 | 0 |
| 5. Fire Training Simulator | 0.00 | 0 | 0 | 0 | 0 |
| 6. Veterans Ed. Program | (3.00) | 0 | 0 | (161,400) | (161,400) |
| Lump Sum or Other Adjustments | 0.00 | 0 | 0 | 0 | 0 |
| FY 2010 Total | 549.27 | 51,599,900 | 1,074,800 | 9,361,300 | 62,036,000 |

Statement of Purpose / Fiscal Note

#billnum

| | | | | | |
|---------------------------------|------|-------------|----------|-----------|-------------|
| Chg from FY 2009 Orig Approp | 2.17 | (3,299,500) | (84,000) | (469,500) | (3,853,000) |
| % Chg from FY 2009 Orig Approp. | 0.4% | (6.0%) | (7.2%) | (4.8%) | (5.8%) |

Line Item #3 removes dedicated fund spending authority related to oversight of proprietary schools. This function is being transferred to the Office of the State Board of Education.

Line Item #6 transfers administration of the Veterans Education program to the Division of Veterans Services.

Contact:

Name: Matt Freeman

Office: Budget and Policy Analysis

Phone: (208) 334-4740

Statement of Purpose / Fiscal Note

#billnum

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

SUBJECT

Idaho Robert R. Lee Promise Scholarship – Approve Category A Award.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho Administrative Procedures Act (IDAPA) 08.01.05
Sections 33-4305 (2) and 33-4307 (2) (a), Idaho Code

BACKGROUND/DISCUSSION

The intent of the Idaho Robert R. Lee Promise Scholarship Category A award is to encourage the best and brightest Idaho students to attend an Idaho college or university. Applicants are ranked based on academic and professional-technical high school records, and ACT or COMPASS scores. The provisions of Section §33-4307.2a, Idaho Code, require the State Board of Education to annually set the amount of the award. The amount of the award has been \$3,000 per year (\$1,500 per semester) since the fall 2001 semester.

The Joint-Finance and Appropriation Committee (JFAC) recommended \$331,300 for the FY 2010 academic year. This appropriation will fund approximately 110 total scholarships. There are 89 eligible renewal applications from returning students. The remaining funds will provide for 21 new scholarships to be awarded. Seventy five percent of the new scholarships are awarded to students pursuing academic programs and twenty five percent are awarded to professional-technical students.

During this application year there were nearly 1,200 applicants for the Category A scholarships, and 250 of those met or exceeded the eligibility requirements.

IMPACT

As of agenda preparation, JFAC has approved \$331,300 for the Category A Scholarship Program for the 2009-2010 academic year.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Promise Category A scholarship in the amount of \$3,000 per year (\$1,500 per semester).

BOARD ACTION

A motion to approve the amount of the Idaho Promise Scholarship, Category A, at \$3,000 per year (\$1,500 per semester) for those applicants who are selected to receive or renew the Idaho Robert R. Lee Promise Category A scholarship for the academic year 2009-2010.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

SUBJECT

Idaho Promise Scholarship – Approve Category B Award.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho Administrative Procedures Act (IDAPA) 08.01.05
Sections 33-4305 and 33-4308, Idaho Code

BACKGROUND/ DISCUSSION

The Idaho Promise Scholarship Category B award is available for all Idaho students attending college for the first time and who have a high school grade point average of at least 3.0 or an ACT score of 20 or above. This scholarship is limited to two years and to students younger than 22 years of age. Students must maintain at least a 2.5 GPA while taking an average of 12 credits to remain eligible for the scholarship. State law requires the State Board of Education to annually set the amount of the award based on the legislative appropriation and the number of eligible students.

Statute permits the State Board of Education to set the annual individual amount up to \$600 and the total award up to \$1,200. If actual awards are different than projected for the fall 2009 semester, the Board may choose to increase or decrease the amount of the award for the spring 2010 semester.

The FY 2010 legislative appropriation for the Promise Category B Scholarship is \$3,925,400. Based upon participation during FY 2009, Board staff has estimated the number of eligible students in academic year 2009-2010 to be approximately 7,849 students. With the award set at \$500 per student per year, the total amount awarded to all eligible students would be \$3,924,500. This leaves \$1,000 remaining.

Actual student numbers for the fall 2009 semester will be reviewed and if an adjustment is necessary, staff will recommend an adjustment in the award amount for the spring 2010 semester (October, 2009 Board Meeting)

IMPACT

The Idaho Promise Scholarship Category B provides a merit-based scholarship to Idaho high school students in an attempt to motivate students to excel in high school and attend an Idaho college. Estimated number of students receiving scholarships is 7,849

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Promise Category B scholarship in the amount of \$250 per semester (\$500 annually).

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

BOARD ACTION

A motion to approve the amount of the Idaho Promise Scholarship, Category B, at \$250 per semester per student (\$500 annually) for those current recipients who maintain eligibility and for qualified first-year entering students under the age of 22 in academic year 2009-2010, and to delegate to the Executive Director the authority to approve adjustments to the amount as necessary resulting from any additional holdback that may be ordered by the Governor during FY 2010.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 16-17, 2009

SUBJECT

FY 2010 Idaho Opportunity Scholarship

APPLICABLE STATUTE, RULE, OR POLICY

Sections 33-5605, Idaho Code
IDAPA 08.01.13.010.01 and 08.01.13.300.02.a

BACKGROUND/ DISCUSSION

The intent of the Idaho Opportunity Scholarship is to provide financial resources to Idaho students who are economically disadvantaged, to close the gap between the estimated cost of attending an eligible Idaho institution of higher education and the expected student and family contribution toward such educational costs, and to encourage the educational development of such students in eligible Idaho postsecondary educational institutions. Provisions of the rules governing this scholarship program require that the State Board of Education annually establish the maximum amount of the award, the cost of attendance for purposes of this award determination, and the amount of the expected family contribution. The maximum award amount for FY 2009 was \$3,000 per year (\$1,500 per semester); the expected family contribution for FY 2009 was \$5,000; and the standard cost of attendance for award determination purposes was \$16,500 for the FY 2009 award year.

The Joint Finance and Appropriation Committee (JFAC) approved \$1 million for the FY 2010 academic year to be used for scholarships. This is a reduction of 48% or \$925,000 from the appropriation for the first two years of this program. Twenty million dollars was set aside during the 2007 and 2008 legislative session to fund an endowment for this scholarship program. The interest earnings from the Opportunity Scholarship Account will be used during the FY 2010 year to fund the Opportunity Scholarship program. The total amount available to fund Opportunity Scholarships for the FY 2010 year will be the \$1,000,000 appropriated funds plus the interest earnings. Authorized administrative costs up to a maximum of 5% (not to exceed \$75,000) are permitted and must come from this same funding source. The appropriation and fund earnings will fund approximately 570 scholarships. We anticipate having approximately 400 renewal scholarships and 170 new scholarship awards for FY 2010.

The maximum award amount set for the FY 2009 academic year was \$3,000. This amount is recommended for the FY 2010 academic year as well. The majority of full-year student recipients were eligible for the maximum \$3,000 award. The scholarship is funded with the Opportunity Scholarship providing "last dollars." Using this model, not all students will receive full awards.

The Board is responsible for setting the cost of attendance (COA) which is used in the formula which determines the amount of the student award and the maximum amount of the student award.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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For purposes of the formula, the staff recommendation is to use a maximum of \$16,500 as the COA to determine scholarship awards. This amount was based on the average COA from our four-year institutions during the 2008 academic year. Due to funding limitations, staff is not requesting an adjustment for the 2010 award cycle.

Eligible students are expected to share in the cost of their education and will be required to contribute an amount determined by the Board. Board staff recommends that the amount of the student contribution remain at \$5,000 for FY 2010. Additionally, it is recommended that the Board accept student-initiated scholarships and gifts from non-federal and non-institutional sources as part of the student contribution. It is also recommended that the Board count the Federal Academic Competitiveness and SMART grants towards the expected student contribution.

IMPACT

As of agenda preparation, JFAC approved \$1 million to be used for Opportunity scholarships for FY 2010. Additionally, interest earnings to-date of over \$750,000 can be used for additional scholarships and up to \$75,000 from the Opportunity Scholarship Fund that can be used for approved administrative expenses. It is estimated that we will be able to award scholarships for 570 new or returning students.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Opportunity Scholarship in the amount of \$3,000 per year (\$1,500 per semester).

Staff recommends the annual Cost of Attendance for the Opportunity scholarship award formula to be set at \$16,500.

Staff recommends that the student contribution be set at \$5,000, and to accept the Federal Academic Competitiveness and Smart grants along with other student-initiated scholarships and non-institutional and non-federal aid as part of the student contribution.

Staff further recommends that in cases where further clarification is needed to determine whether aid counts towards the student responsibility the Board appoints the Student Affairs Program Manager or the designee of the Executive Director to make these determinations on behalf of the Board.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOARD ACTION

A motion to approve the maximum amount of the Idaho Opportunity Scholarship, to be \$3,000 per year (\$1,500/semester) for those applicants who are selected to receive or renew the Idaho Opportunity Scholarship for the Fiscal Year July 1, 2009-June 30, 2010.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

A motion to set the Cost of Attendance to be used in the formula that determines the award for the Opportunity Scholarship at a maximum of \$16,500 for the FY 2010 academic year.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

A motion to approve the student contribution for the FY 2010 academic year at \$5,000, and to accept the Federal Academic Competitiveness and Smart grants along with other student-initiated scholarships and non-institutional and non-federal aid as part of the student contribution. In cases where further clarification is needed to determine whether aid counts towards the student responsibility the Board designates the Executive Director or his designee to make these determinations on behalf of the Board.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

SUBJECT

Information item on Student Health Insurance Plan Consortium

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section III.P.16

BACKGROUND/DISCUSSION

As healthcare costs continue to soar, pooling to manage costs through a purchasing consortium is becoming more common among institutions of higher education. When universities band together to purchase student insurance, they can increase their purchasing power and provide higher quality care while increasing the predictability and stability of costs. To that end, in the fall of 2008, Boise State University, Idaho State University, and Lewis and Clark State College joined together to form a Student Health Insurance Plan (SHIP) Consortium.

In addition to piloting the concept of a consortium, the institutions, in conjunction with the Idaho Division of Purchasing, are implementing a procurement methodology focused on obtaining the “Best Value Vendor” based on research performed at Arizona State University (ASU). ASU has been engaged, using grant funding, to consult with the Consortium on this new methodology.

Once formed, the Consortium developed a project plan and identified major stakeholders, several of whom are now part of the core project team. The project has been divided into three phases:

1. Request for Information (RFI) - Completed
 - a. An RFI was developed to identify potential barriers to a successful Consortium and to educate the vendor community about the procurement. As part of the RFI, the Consortium held both stakeholder and vendor informational meetings.
2. Request for Proposal (RFP) – Underway
 - a. The Consortium is currently documenting baseline performance metrics and a measurement plan. The draft RFP will quickly follow.
 - b. A final RFP will be issued at the end of July 2009
3. Proposal Phase
 - a. Pre-award is scheduled for November with the final contract to be presented to the Board in April 2010 for approval.

IMPACT

In addition to managing costs while maximizing coverage, the Consortium is using this project as an opportunity to pilot the Best Value procurement process. The Best Value process embeds post-award reporting to continually measure

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performance throughout the life of the contract. Both the contractor and the institutions are reviewed to evaluate efficiency in delivery of services.

The benefits of using the Best Value process include increased accountability of vendors and institutions, streamlined internal processes focused on value and efficiency, reduced disputes and litigation, and more transparent processes.

STAFF COMMENTS AND RECOMMENDATIONS

The RFI vendor meeting was held on January 9, 2009 for the purpose of

- i. Introducing the SHIP Consortium project to potential vendors (20 individuals were in attendance from many vendors)
- ii. Introducing the Best Value concept to vendors
- iii. Answering questions and addressed comments

Representatives from each school, DOP and from 4 vendors attended the Best Value Conference by Arizona State in Phoenix in February.

Institution representatives will present a brief presentation and will be available for questions.

This consortium of institutions joining together to purchase student insurance, which will provide higher quality care while increasing the predictability and stability of costs, is an example of a method to increase the purchasing power of the institutions that can applied in other areas of operations.

Currently the University of Idaho is not contemplating joining the Consortium and is requesting the Board approve a 5-year contract for student health insurance in a separate agenda. Even though University of Idaho may not be part of the initial statewide SHIP Consortium, they should be able to join at a later time should they decide it is cost beneficial to them while maintaining coverage.

BOARD ACTION

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

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

BOISE STATE UNIVERSITY

SUBJECT

Planning and design of a new College of Business and Economics (COBE) building at a cost not to exceed \$3,000,000

REFERENCE

| | |
|---------------|--|
| October 2005 | Board approved Campus Master Plan Update |
| February 2007 | Capital project financing update |
| February 2008 | Capital project financing update |
| April 2008 | Increase in Strategic Facilities fee approved for new College of Business and Economics building |

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.K.1.

BACKGROUND/DISCUSSION

Since the construction of the original College of Business and Economics (COBE) 40 years ago, enrollment in COBE programs has increased over 200 percent to approximately 3,000 students. An enrollment planning effort led by the Provost's office projects that over the next ten years there will be a 26 percent increase in enrollment of business undergraduates and the number of graduate students is expected to double. With this demand, a 30 percent increase in the number of faculty instructors is expected to be needed. Existing facilities are overcrowded, outdated, and unable to support the current needs, let alone the expected future demand.

Early discussions and fundraising efforts for a new COBE building began in the late 1990's. A general understanding of the needs of the growing program and the scope of the building were developed through campus discussion. The building was incorporated in the 2005 Master Plan and has since been included in the comprehensive financing plan for major capital improvements. The new COBE building will be a significant undertaking for the Boise State University campus. Given its prominent location at the corner of Capitol Boulevard and University Drive, the building will become a landmark in the city landscape and will mark the main entrance to the campus.

In September 2008 the University initiated a programming study to determine the appropriate size and type of functional space needed to support the college's operations in a new facility. Architectural consultants assisted in this process using a detailed analysis and review of current conditions, program requirements and expected growth patterns of the five current departments (Accounting,

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

Network Operations & Information Systems, Economics, Management, Marketing & Finance). Consideration was given for the offerings at the Bachelor's, Master's and Executive MBA program level. A variety of options were evaluated and early planning for needed site improvements supported the development of conceptual cost planning for the overall project.

Based on those plans, the size of the building is expected to be between 93,000 to 98,000 gross square feet. It will incorporate modern and innovative instructional facilities including: case-study rooms, classrooms, computer labs, a high-tech financial trading center (where students are exposed to the latest practices in money management), a student services center and a range of "team rooms" to support student efforts. Offices and meeting spaces to support faculty interaction and research efforts are planned and space for outreach to, and support of, the local business community will be incorporated. Public space supporting the interactions of students, faculty, business leaders and government officials will be a vital component of the building.

The University has received cash and pledges totaling \$14,412,548 to support the design and construction of the new COBE building. Of that total amount, \$3,861,586 is cash on hand and available to support detailed planning studies and project design. The building is a recognized priority in the comprehensive campaign and is expected to generate additional gift funds. In addition, Strategic Facilities Fee funds previously approved by the Board will provide additional funding of approximately \$16 million to \$18 million.

IMPACT

The expected cost of planning and design is between \$2,800,000 and \$3,000,000. Total project costs, including construction costs, contingencies, design and engineering fees, and related costs will be determined during the design phase and are expected to be between \$32,800,000 and \$35,500,000. This range is partially the result of continued uncertainty in the construction marketplace, especially for competitively bid public sector work. The source of funds for the planning and design component of the project is gifts and Strategic Facilities Fee reserves. A final budget will be presented to the Board when the project is brought for construction approval.

ATTACHMENTS

| | |
|---|--------|
| Attachment 1 – Capital Project Tracking Sheet | Page 5 |
| Attachment 2 – Project Budget | Page 6 |
| Attachment 3 – Capital Facilities Update | Page 7 |

STAFF COMMENTS AND RECOMMENDATIONS

Although the University has included the COBE in the 2005 campus master plan, several capital planning updates, and debt projections, this would be the first official Board approval for this facility. At the February 2009 Board meeting, the University provided an updated budget of \$38 million including debt of \$18

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

million. The debt projection provided showed an 8.2% debt service for FY 2010 reducing to under 7.0% for fiscal years 2012 and on.

Attachment 3 shows the strategic facilities fee for COBE was approved last year at \$45 and is intended to cover \$16 to \$18 million of the building with donations covering the remaining cost. The total strategic facilities fee is currently \$210 per full-time student per semester including the following projects:

| | |
|---|--------------|
| Phase 1 Lincoln Street Parking Deck | \$ 25 |
| Norco Nursing Department Building | \$ 75 |
| Center for Environmental Science and Economic Development | \$ 65 |
| College of Business and Economics Building | <u>\$ 45</u> |
| Total | \$210 |

Staff recommends approval.

BOARD ACTION

A motion to approve the request by Boise State University to proceed with planning and design of the College of Business and Economics building for a cost not to exceed \$3,000,000.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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Office of the Idaho State Board of Education
 Capital Project Tracking Sheet
 Mar-09

History Narrative

1 **Institution/Agency:** Boise State University **Project:** College of Business and Economics Planning and Design
 2 **Project Description:** Complete planning and design for the new College of Business and Economics building.
 3 **Project Use:** To house the departments and programs affiliated with the College of Business and Economics.
 4 **Project Size:** Approximately 93,000 to 98,000 gross square feet.

| | Sources of Funds | | | | Use of Funds | | | |
|---------------------------|------------------|------|--------------|---------------|--------------|--------------------|-------|--------------|
| | PBF | ISBA | Other * | Total Sources | Planning | Use of Funds Const | Other | Total Uses |
| 9 Initial Cost of Project | \$ - | \$ - | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | | | \$ 3,000,000 |
| 22 Total Project Costs | \$ - | \$ - | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ - | \$ - | \$ 3,000,000 |

| History of Funding: | PBF | ISBA | * Other Sources of Funds | | | | Total Other | Total Funding |
|---------------------|------|------|--------------------------|-----------------|--------------|--------------|--------------|---------------|
| | | | Institutional Funds | Student Revenue | Other | | | |
| 26 Requested 3/2009 | \$ - | \$ - | | | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | |
| 27 | | | | | | | \$ - | |
| 28 | | | | | | | | |
| 29 | | | | | | | | |
| 30 Total | \$ - | \$ - | \$ - | \$ - | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | |

**Architectural & Engineering Services
Project Budget**

| | |
|------------------------|---|
| Project Number: | DPW-TBD |
| Project Title: | College of Business and Economics (COBE) (Design) |
| Date: | 3/4/2009 |

| Category | Budget |
|--------------------------|-----------|
| Architectural Fees | 2,660,569 |
| Construction Costs | |
| Construction Contingency | |
| Subtotal | 2,660,569 |

| | |
|---------------------|---------|
| University Costs | 97,700 |
| Project Contingency | 241,731 |

| | |
|----------------------|---------------------|
| Total Project | \$ 3,000,000 |
|----------------------|---------------------|

| NEW FACILITIES | Total Project Cost Funding | Sources | Amt Debt Financed SFF | Board Approval SFF | Est Date of Completion |
|---|----------------------------|---|-----------------------|--------------------|------------------------|
| Interactive Learning Center | \$ 16,000,000 | University reserves | \$ 14,000,000 | | Completed Summer 2007 |
| Phase I Lincoln St Parking Deck | \$ 12,000,000 | Parking revenue system, strategic facilities fee | \$ 8,500,000 | \$ 25 FY2006 | Completed Summer 2007 |
| Student Union Building Expansion | \$ 30,650,000 | SUB reserves, strategic facilities fee | \$ 30,000,000 | | Completed Winter 2009 |
| University Health Center | \$ 14,900,000 | SHWCC reserves, strategic facilities fee | \$ 13,900,000 | | Summer 2010 |
| Norco Nursing Department | \$ 10,100,000 | Private donations, strategic facilities fee | \$ 9,000,000 | \$ 75 FY2007 | |
| Series 2007A Bonds | | | \$ 75,400,000 | | |
| Stueckle Sky Center | \$ 35,900,000 | Suite, loge and seat lease revenues | \$ 28,000,000 | | Completed Summer 2008 |
| Series 2007B Bonds | | | \$ 28,000,000 | | |
| Center for Environmental Science and Economic Development (CESED) | \$ 30,725,000 | Federal earmarks, PBFAC, strategic facilities fee | \$ 19,000,000 | \$ 65 FY2008 | Apring 2011 |
| Phase II Lincoln St Parking Deck | \$ 12,000,000 | Parking revenue system, strategic facilities fee (from 2009A CESED Issue) | \$ 12,000,000 | | Summer 2010 |
| Series 2009A Bonds | | | \$ 19,000,000 | | |
| Student Residential Housing Phase IA and IB | \$ 54,400,000 | Public\Private Partnership\ground lease | \$ - | | Summer 2011/2012 |
| Student Recreation Center Pool | \$ 8,000,000 | Student Rec Center Reserves | \$ - | | Summer 2010 |
| College of Business and Economics Building | \$ 35,500,000 | Private donations (\$17.5 million), strategic facilities fee | \$ 18,000,000 | \$ 45 FY2009 | Summer 2012 |
| Proposed 2010 Debt Issuance | | | \$ 18,000,000 | | |
| Science/Research Building w/Vivarium | \$ 62,000,000 | Federal funding, PBFAC, strategic facilities fee | \$ 36,000,000 | \$ 90 | Future Proposed Fee |
| Total Projects | \$ 322,175,000 | Total Debt Financed to date | \$ 140,400,000 | \$ 300 | Maximum SFF Fee |

The purpose of the Strategic Facilities Fee is to: 1) fund a strategically planned approach to future facility construction and renovation based on the Campus Master Plan, and 2) to provide a stable source of funding to leverage federal, state, university and private funds.

| | | |
|-------------------------|-----|---------------|
| Infrastructure Facility | 7% | \$24,000,000 |
| Student Facility | 34% | \$107,950,000 |
| Academic Facility | 48% | \$154,325,000 |
| Athletics Facility | 11% | \$35,900,000 |

Future Buildings

- Health Sciences Building
- Alumni Center (Comprehensive Campaign)
- Student Services\Administrative Services Building
- Science/Research Building
- Athletic facilities including basketball locker rooms, stadium expansion and East Jr High development (Comprehensive Campaign)

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

BOISE STATE UNIVERSITY

SUBJECT

Request to name Park Center property

REFERENCE

April 2008

Board approved request to enter into agreement to acquire property on Park Center Boulevard

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section I.K.1.b.

BACKGROUND/DISCUSSION

In April 2008 the Board approved Boise State University's request to enter into an agreement to acquire land and an office building on Park Center Boulevard in Boise. The property will serve as the University's first dedicated research park and will be used by several university institutes, centers and offices that support research on campus under the unifying theme of community engagement. The research park will also be used to develop collaborative relationships with local and regional partners interested in supporting the economic development and diversification of the state and region's economy.

The Yanke Family has always been very generous to Boise State University, in this case contributing a major gift for the acquisition of the Park Center property. In honor of the Yanke's generous contribution and ongoing support, the university wishes to name the Park Center research park the Ron and Linda Yanke Family Research Park. Members of the University's Naming Committee have unanimously approved the proposed name.

IMPACT

Naming the Park Center property the Ron and Linda Yanke Family Research Park recognizes the family's legacy of unfailing and generous support of university research, teaching and athletics.

STAFF COMMENTS AND RECOMMENDATIONS

In reviewing requests for approval to name a facility, building, or administrative unit for a donor, the Board shall consider:

- The nature of the proposed gift and its significance to the institution;
- The eminence of the individual whose name is proposed; and
- The individual's relationship to the institution.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

The Yanke family has a long history of providing generous support to the University. University representatives will be available to discuss the aspects of the gift.

Staff recommends approval.

BOARD ACTION

A motion to approve the request by Boise State University to name the Park Center property the Ron and Linda Yanke Family Research Park.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

BOISE STATE UNIVERSITY

SUBJECT

Complete design and proceed with improvements to the Ron and Linda Yanke Family Research Park at a cost not to exceed \$2,000,000

REFERENCE

April 2008 Board approved request by Boise State University to enter into a lease for the property located at 220 Park Center Boulevard

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.K.

BACKGROUND/DISCUSSION

In April 2008 the Board approved the University's request to lease property from the Boise State University Foundation. This property will be donated to the University at the termination of the lease once the debt is paid off by donations to the Foundation. At the time of the lease agreement, the University anticipated using the property for non-laboratory research space and institutional functions that did not need to be located on the main campus. It was also understood that portions of the facility, both interior and exterior, would require improvements before the space could be occupied.

Through the latter part of 2008, the University worked to identify how the space in the Ron and Linda Yanke Family Research Park could best meet University needs. Consultant architects worked with staff of the Vice President of Research and campus planning and facilities staff to develop a detailed list of uses and associated costs for needed improvements and fixtures, furnishings and equipment. The consultants also developed a master plan approach that would support incremental renovations as uses were identified and funds became available. This approach supports an efficient total build out.

The prioritized list of potential uses and associated costs were reviewed and the following uses were selected for immediate location at the Ron and Linda Yanke Family Research Park: Center for Orthopedic and Biomechanics Research (COBR), Office of the VP of Research, including the Offices of Sponsored Projects and Sponsored Projects Accounting, and the Division of Extended Studies, including the Osher Lifelong Learning Institute. This first phase of the build out will result in approximately 31,000 square feet of the 80,000 square foot facility being brought on line at this time.

A range of interior improvements need to be made including but not limited to elevator upgrades, HVAC improvements, power and data infrastructure installation and upgrades, office furnishings, fixtures and equipment, and other

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

improvements to the interior. Additionally, the exterior of the building is wood siding and is in need of repairs, a cost that is incorporated in the project budget.

IMPACT

Based on estimates prepared in the pre-design study, the total project cost will not exceed \$2,000,000 (see Attachment 2). In addition to design and construction costs, this amount includes procurement of needed furniture, fixtures and equipment.

The source of funding will be unallocated bond reserves set aside for this purpose. The project will be procured through the standard process, using the Department of Administration, Division of Public Works and/or the State of Idaho Division of Purchasing. Multiple contracts may be issued for work and/or purchases of different trades.

ATTACHMENTS

| | |
|---|--------|
| Attachment 1 – Capital Tracking Project Sheet | Page 3 |
| Attachment 2 – Project Budget | Page 4 |

STAFF COMMENTS AND RECOMMENDATIONS

While the unallocated bond reserves may be used for other institutional purposes, the university has already reduced this budget from \$5 to \$2 million in light of the budget situation by only remodeling the spaces that are critically needed. Even with the current budget constraints it is not desirable to leave the building vacant given their overall space restrictions.

BOARD ACTION

A motion to approve Boise State University's request to complete the design and construction of tenant improvements for the Ron and Linda Yanke Family Research Park located at 220 Park Center Boulevard, for a total project cost not to exceed \$2,000,000, with the source of funding from unallocated bond reserves set aside for this purpose.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

**Office of the Idaho State Board of Education
Capital Project Tracking Sheet
Mar-09**

History Narrative

1 **Institution/Agency:** Boise State University **Project:** Ron and Linda Yanke Family Research Park Improvements
 2 **Project Description:** Complete design and construction of tenant improvements for the Ron and Linda Yanke Family Research Park located at 220 Park Center Blvd. This project will improve portions of the interior sufficient to occupy an approximate 31,000 square feet. In addition to the tenant improvements this project will include some general facility improvements such as power, data, mechanical systems and repairs to the exterior of the building.
 3 **Project Use:** Provide useable space which will enhance the research and community outreach missions of the University.
 4 **Project Size:** Approximately 31,000 square feet of interior occupied spaces.

| | Sources of Funds | | | | Use of Funds | | | Total Uses |
|----------------------------|------------------|------|--------------|---------------|--------------|--------------------|------------|--------------|
| | PBF | ISBA | Other * | Total Sources | Planning | Use of Funds Const | Other | |
| Initial Cost of Project | \$ - | \$ - | \$ 2,000,000 | \$ 2,000,000 | \$ 81,661 | \$ 1,260,454 | \$ 657,885 | \$ 2,000,000 |
| Total Project Costs | \$ - | \$ - | \$ 2,000,000 | \$ 2,000,000 | \$ 81,661 | \$ 1,260,454 | \$ 657,885 | \$ 2,000,000 |

| History of Funding: | PBF | ISBA | * Other Sources of Funds | | | Total Other | Total Funding |
|---------------------|------|------|--------------------------|-----------------|--------------|--------------|---------------|
| | | | Institutional Funds | Student Revenue | Other | | |
| Requested 3/2009 | \$ - | \$ - | \$ - | \$ - | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 |
| | | | | | | | \$ - |
| Total | \$ - | \$ - | \$ - | \$ - | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 |

**Architectural & Engineering Services
Project Budget**

| | |
|------------------------|--|
| Project Number: | DPW-TBD |
| Project Title: | Ron and Linda Yanke Family Research Park |
| Date: | 3/4/2009 |

| Category | Budget |
|--------------------------|------------------|
| Architectural Fees | 81,661 |
| Construction Costs | 1,128,024 |
| Construction Contingency | 132,430 |
| Subtotal | 1,342,115 |

| | |
|---------------------|---------|
| University Costs | 525,455 |
| Project Contingency | 132,430 |

| | |
|----------------------|---------------------|
| Total Project | \$ 2,000,000 |
|----------------------|---------------------|

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

BOISE STATE UNIVERSITY

SUBJECT

Construction of an aquatics addition to the Student Recreation Center at a cost not to exceed \$8,000,000

REFERENCE

| | |
|---------------|---|
| April 1996 | Board approved request for facility fee for future construction of a Student Recreation Center |
| March 1998 | Board approved request for construction of Student Recreation Center |
| December 2007 | Board approved request to proceed with the planning and design of the aquatics complex addition to the Student Recreation Center for a cost not to exceed \$8,000,000 |

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.K.2.

BACKGROUND/DISCUSSION

In 1996, Boise State University's student body leadership initiated a student recreation facility fee to support construction of a new Student Recreation Center. Envisioned in this facility was an aquatics complex that was removed from the original project due to the unfavorable bid market. In January 2007 the University initiated a feasibility study to review a series of options for constructing an aquatics complex attached to the existing Recreation Center. Multiple options were reviewed and the selection team identified the option that would best fit the needs of the University. In December 2007 the Board approved the University's request to proceed with planning and design of the Aquatics Center Complex. The planning and design are now complete.

The Aquatics Center Complex will be an approximately 17,000 square foot addition to the existing Student Recreation Center. The project will include a 6-lane, 25 yard lap pool, and a recreation pool with spa and associated support spaces. In addition to the new space, some existing spaces such as locker rooms, lavatories, and showers will be expanded to serve the increased capacity and demand created by the aquatics addition.

IMPACT

Based on the design development documents, the total estimated project cost is \$8,000,000, as seen in Attachment 2. Portions of the work will be bid as alternates in an effort to assure a successful award within the budget. In the event that bid results come in below estimates, the University will proceed with

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

the purchase and installation of furniture, fixtures and equipment for this project within the budget authorized by the Board.

Source of funding for construction will be accumulated student recreation facility fees that have been dedicated to this purpose. No bond or debt issuance is required. This project will be procured through the standard process using the State of Idaho's Division of Public Works and/or Division of Purchasing as appropriate.

ATTACHMENTS

Attachment 1 – Capital Project Tracking Sheet

Page 3

Attachment 2 – Project Budget

Page 4

STAFF COMMENTS AND RECOMMENDATIONS

The student recreation facility fees are restricted to the Student Recreation Center. An agreement with the Associated Students of Boise State University (ASBSU) set aside a portion of the designated fees until enough funds to construct the pool had been accumulated.

No occupancy costs will be requested for this facility as it is an auxiliary function.

The estimated project cost in December 2007 was \$7.5m - \$8.5 m.

Staff recommends approval.

BOARD ACTION

A motion to approve Boise State University's request to proceed with construction of a Student Recreation Center Aquatics Complex Addition for a total project cost not to exceed \$8,000,000, with the source of funding from accumulated student recreation facility fees that have been dedicated to this purpose.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Office of the Idaho State Board of Education
 Capital Project Tracking Sheet
 Mar-09

History Narrative

1 **Institution/Agency:** Boise State University **Project:** Aquatics Complex Addition to Student Recreation Center
 2 **Project Description:** Planning, design and construction of an aquatics complex addition to the existing Student Recreation Center. The proposed addition consists of a 6-lane, 25-yard indoor lap pool, an approximate 3,200 square foot indoor recreation pool and spa, as well as expansion of associated support spaces including locker rooms and lavatories.
 3 **Project Use:** Recreational swimming and water program instruction for students, faculty, and staff.
 4 **Project Size:** Approximately 17,000 square feet.

| | Sources of Funds | | | | Use of Funds | | | Total Uses |
|---------------------------|------------------|------|---------|---------------|--------------|--------------------|--------------|--------------|
| | PBF | ISBA | Other * | Total Sources | Planning | Use of Funds Const | Other | |
| 9 Initial Cost of Project | \$ - | \$ - | | \$ - | \$ 800,000 | \$ 6,000,000 | \$ 1,200,000 | \$ 8,000,000 |
| 22 Total Project Costs | \$ - | \$ - | \$ - | \$ - | \$ 800,000 | \$ 6,000,000 | \$ 1,200,000 | \$ 8,000,000 |

| History of Funding: | PBF | ISBA | * Other Sources of Funds | | | Total Other | Total Funding |
|----------------------|------|------|--------------------------|-----------------|--------------|--------------|---------------|
| | | | Institutional Funds | Student Revenue | Other | | |
| 26 Requested 12/2007 | \$ - | \$ - | | | \$ 800,000 | \$ 800,000 | \$ 800,000 |
| 27 Requested 3/2009 | | | | | \$ 7,200,000 | \$ 7,200,000 | \$ 7,200,000 |
| 30 Total | \$ - | \$ - | \$ - | \$ - | \$ 8,000,000 | \$ 8,000,000 | \$ 8,000,000 |

**Architectural & Engineering Services
Project Budget**

| | |
|------------------------|--|
| Project Number: | DPW08-669 |
| Project Title: | Aquatic Center Addition to Student Recreation Center |
| Date: | 3/4/2009 |

| Category | Budget |
|--------------------------|------------------|
| Architectural Fees | 750,000 |
| Construction Costs | 5,987,475 |
| Construction Contingency | 292,750 |
| Subtotal | 7,030,225 |

| | |
|---------------------|---------|
| University Costs | 246,000 |
| Project Contingency | 723,775 |

| | |
|----------------------|---------------------|
| Total Project | \$ 8,000,000 |
|----------------------|---------------------|

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

BOISE STATE UNIVERSITY

SUBJECT

Planning, design and construction of phase two of the Lincoln Parking Structure at a cost not to exceed \$12,000,000

REFERENCE

| | |
|---------------|---|
| October 2005 | Board approved the University Master Plan |
| June 2006 | Board approved location of the Lincoln Parking Structure |
| August 2006 | Board approved selection of final design/build team for Lincoln Parking Structure |
| February 2008 | University updated Board on Campus Master Plan and building projects |
| February 2009 | Board authorized issuance of general revenue bonds for various BSU projects including the second phase of the Lincoln Parking Structure |

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.K.2.

BACKGROUND/DISCUSSION

The first phase of the Lincoln Parking Structure was completed in August 2007 and includes 750 parking spaces and approximately 10,000 square feet of office space. The original preliminary planning and design for the Lincoln Parking Structure provided for a two phased delivery for a total of approximately 1,500 spaces. Certain design elements necessary for the complete structure were incorporated and built into the first phase. The University is now ready to proceed with construction of the second phase of the parking structure.

The second phase of the Lincoln Parking Structure will have approximately 650-750 parking spaces and may contain 4,000 to 8,000 square feet of office space for other uses. The structure will be located in close proximity to the core development area of campus, allowing the garage to serve the campus core, future student housing facilities, and athletic and other events.

In February 2009 the Board approved the University's request to issue bond debt to fund construction of the second phase of the parking structure for a cost not to exceed \$12,000,000. Since the preliminary planning is complete and cost information is available from the first phase of construction, the University is seeking approval to complete planning, design and commence construction.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

IMPACT

Total project costs, including construction costs, contingencies, design and engineering fees, and related costs will not exceed \$12,000,000. A project budget is attached (Attachment 2). In the event of favorable bids below construction estimates, the University will proceed with the purchase and installation of furniture, fixtures and equipment for this project within the budget authorized by the Board.

The source of funding is revenue bond proceeds. The project will be procured through standard processes with the Department of Administration, Division of Public Works.

ATTACHMENTS

| | |
|---|--------|
| Attachment 1 – Capital Tracking Project Sheet | Page 3 |
| Attachment 2 – Project Budget | Page 4 |

STAFF COMMENTS AND RECOMMENDATIONS

The parking structure is auxiliary space and will not require appropriated funds for occupancy costs. Bond counsel has approved the use of the bond proceeds.

Staff recommends approval.

BOARD ACTION

A motion to approve Boise State University's request to proceed with planning, design and construction of phase two of the Lincoln Parking Structure for a total project cost not to exceed \$12,000,000, with the source of funding from bond proceeds set aside for this purpose.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Office of the Idaho State Board of Education
 Capital Project Tracking Sheet
 Mar-09

History Narrative

1 **Institution/Agency:** Boise State University **Project:** Phase Two Lincoln Parking Structure
 2 **Project Description:** Complete planning, design and construction of phase two of the Lincoln Parking Structure. This facility will be located adjacent to and attached to the existing Lincoln Parking Structure, near University Dr. and Lincoln Avenue and will be similar in design and use to the existing structure.
 3 **Project Use:** Provide additional parking spaces and up to 8,000 square feet of space for other uses.
 4 **Project Size:** An estimated 650 to 750 parking spaces and up to 8,000 square feet of occupied space.

| | Sources of Funds | | | | Use of Funds | | | |
|-------------------------------|------------------|------|---------------|---------------|--------------|--------------------|--------------|---------------|
| | PBF | ISBA | Other * | Total Sources | Planning | Use of Funds Const | Other | Total Uses |
| 9 Project Cost | \$ - | \$ - | \$ 12,000,000 | \$ 12,000,000 | \$ 800,000 | \$ 9,700,000 | \$ 1,500,000 | \$ 12,000,000 |
| 22 Total Project Costs | \$ - | \$ - | \$ 12,000,000 | \$ 12,000,000 | \$ 800,000 | \$ 9,700,000 | \$ 1,500,000 | \$ 12,000,000 |

| History of Funding: | PBF | ISBA | * Other Sources of Funds | | | Total Other | Total Funding |
|---------------------|------|------|--------------------------|-----------------|---------------|---------------|---------------|
| | | | Institutional Funds | Student Revenue | Other | | |
| 26 Requested 3/2009 | \$ - | \$ - | | | \$ 12,000,000 | \$ 12,000,000 | \$ - |
| 29 Total | \$ - | \$ - | \$ - | \$ - | \$ 12,000,000 | \$ 12,000,000 | \$ 12,000,000 |

**Architectural & Engineering Services
Project Budget**

| | |
|------------------------|-----------------------------------|
| Project Number: | DPW-TBD |
| Project Title: | Lincoln Parking Structure Phase 2 |
| Date: | 3/4/2009 |

| Category | Budget |
|--------------------------|-------------------|
| Architectural Fees | 797,781 |
| Construction Costs | 8,872,500 |
| Construction Contingency | 845,000 |
| Subtotal | 10,515,281 |

| | |
|---------------------|-----------|
| University Costs | 357,653 |
| Project Contingency | 1,127,066 |

| | |
|----------------------|----------------------|
| Total Project | \$ 12,000,000 |
|----------------------|----------------------|

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

UNIVERSITY OF IDAHO

SUBJECT

Student Health Insurance Program (SHIP), approval of rates and primary care service provider contract

REFERENCE

| | |
|------------|---|
| June 2004 | University presented summary of elements of SHIP program and Regents approved program underwritten by Mega Life and Health Insurance Company. |
| June 2007 | Informational Report to the Board on the SHIP renewal for 2007-2008. |
| April 2008 | Board approved SHIP rates and service provider contracts. |

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section III.P.16 and Sections V.I.3.a and V.R.3.b.

BACKGROUND/ DISCUSSION

The University of Idaho's SHIP includes three primary components: 1) fully-insured coverage (provided by United Health Care/Student Resources), 2) claims administration (provided by AmeriBen/IEC Group), and 3) self-insured primary care (provided by Moscow Family Medicine).

The University initiated a strategic review for primary care services in 2008 and conducted a comprehensive Request For Information (RFI) in November 2008 to explore the strategic direction for these services. Two prospective vendors were interviewed by the RFI committee on January 23, 2009. Subsequently, the University issued a Request For Qualification (RFQ) on February 4, 2009. Moscow Family Medicine was selected as the qualified vendor to provide the primary care services.

The University is seeking approval of the new primary care service provider contract with Moscow Family Medicine. In addition, the University is seeking approval of SHIP rate changes for academic year 2009-10.

All degree-seeking undergraduate and graduate students physically enrolled for classes or completing other required degree work within the State of Idaho, and enrolled in eight (8) credit hours at the University of Idaho Centers, or four (4) credit hours at the Moscow campus are required to carry health insurance as a condition of enrollment. The health insurance enrollment requirement for international students applies regardless of degree-seeking status or credit

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

hours. The University's SHIP provides outstanding coverage that students can rely on for their sole source of health insurance protection. Our program also complies with national standards for student health insurance benefits endorsed by the American College Health Association:

http://www.acha.org/info_resources/stu_health_ins.pdf.

As mentioned above, there are three key elements of the SHIP that are provided by vendors: fully insured coverage, self insured primary care coverage, and claims administration. This year the University is seeking approval of a new contract for the self-insured primary care coverage with Moscow Family Medicine; there is no action on the other two vendor contracts for claims administration and fully insured coverage.

Moscow Family Medicine is a local physicians group that has successfully provided primary care services since 2002. As a critical element in our suite of SHIP vendors, Moscow Family Medicine has and will provide on-site, primary care to the University's student population and eligible dependents. Funding for the contractor primarily is derived from (1) SHIP premiums and (2) copayments. The new contract with Moscow Family Medicine is for a 5 year term with an additional two-3 year renewal options.

Each of the SHIP vendor contracts requires annual rate negotiations. Accordingly, in addition to seeking approval of the new Moscow Family Medicine contract, the University is seeking approval of the proposed SHIP premiums for the 2009-2010 academic year, resulting from the rate changes negotiated with each vendor.

IMPACT

Primary Care Service Provider Contract

The new contract with Moscow Family Medicine will be seamless in terms of service to the University's students. The fiscal impact will be consistent with past years. As under the current contract, the parties will annually negotiate the capitation rate, which historically has ranged from eight (8) to ten (10) percent. The University was able to negotiate a 4% rate increase for Moscow Family Medicine 2009-2010.

The table below tracks total actual payments and (projected) payments to Moscow Family Medicine for primary care services for a three year period:

| Academic year | 2007-08 | 2008-09 | 2009-10 |
|------------------------|----------------|----------------|----------------|
| Moscow Family Medicine | \$ 239,200.00 | \$ 233,859.00 | \$ 249,600.00 |

Note: The decrease in projected payments for 2008-09 is due to a decrease in participation, caused in part to changes in Idaho law allowing students to stay on their parents insurance for a longer period.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

The primary care services provided by Moscow Family Medicine account for approximately eight (8) percent of the total vendor costs for SHIP.

SHIP Rate Increase

In addition to negotiating with Moscow Family Medicine on the new contract, the University is negotiating rates with the other two SHIP vendors: United Health Care Student Resource and AmeriBen/IEC Group, for the 2009-2010 academic year. The University is seeking to keep rate increases at or below eight (8) percent. The University negotiated a 0% rate increase with United Health Care Student Resource and 5% rate increase with AmeriBen/IEC Group for 2009-2010.

The table below shows the actual SHIP premium rate per student per semester for the current academic year 2008-2009, and the proposed premium (projected with a zero (0%) percent rate increase) for the 2009-2010 academic year.

| SHIP Components 2008-2009 | Current Premium Per semester 2008-09 | Proposed Premium Per semester 2009-2010 | Proposed Rate Change 2009-2010 |
|--------------------------------------|---|--|---|
| United Health Care Student Resources | \$548.50 | \$548.50 | |
| Moscow Family Medicine | \$ 48.00 | \$ 50.00 | |
| Ameriben/IEC Group | \$ 15.25 | \$ 17.00 | |
| UI Benefits & Plan Expenses | \$ 82.50 | \$ 78.75 | |
| Total Cost of Premium | \$694.25 | \$694.25 | 0% |

Below is a summary of the change in total payment to the vendors represented by a zero (0%) percent increase.

Total projected vendor payments for academic year 2008-2009:

| | |
|---------------------------------------|---------------------|
| United Health Care Student Resources: | \$2,420,681.00 |
| Moscow Family Medicine: | \$ 233,859.00 |
| AmeriBen/IEC Group: | <u>\$ 72,502.00</u> |
| Total: | \$2,727,042.00 |

Total *projected* vendor payments for academic year 2009-2010 (0% increase and dependent on enrollment):

| | |
|---------------------------------------|---------------------|
| United Health Care Student Resources: | \$2,420,681.00 |
| Moscow Family Medicine: | \$ 249,600.00 |
| AmeriBen/IEC Group: | <u>\$ 78,200.00</u> |
| Total: | \$2,748,481.00 |

ATTACHMENTS

Attachment 1 –Moscow Family Medicine Agreement

Page 7

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

STAFF COMMENTS AND RECOMMENDATIONS

A committee made up of institution representatives from Boise State University, Idaho State University and Lewis-Clark State College has developed a Statewide Student Health Insurance Plan (SHIP) Consortium business plan and is now finalizing a project plan. Currently the University of Idaho is not contemplating joining the consortium.

The University of Idaho's Student Health Insurance Program is comprised of three components:

- Self insured primary care – Moscow Family Medicine (MFM)

Provides the primary care services for all UI students regardless of insurance coverage and includes an urgent care and family clinic as well as counseling, psychology, pharmacy, and radiology services. Services are paid directly by the University from SHIP fees charged to students.

The local Blue Cross representatives were invited to participate in the RFI process but did not respond.

- Full insured coverage – United Healthcare/Student Resources

This component covers the insurance needs for students who do not have dependent or independent coverage. This component can be independent from the self insured primary care but a strong relationship can help to maintain costs. The University sees this service as one that could be part of a state consortium.

- Claims administration - Ameriben

Claims administration can be accomplished by a different vendor than the other two services, but it is important to have a good relationship with the self insured provider to foster efficient claim processing, accuracy and negotiated fee schedules which result in the lower rates.

The benefit of a longer term contract is the provider can level out claims over time to manage cost which normally reduces rates. Even though University of Idaho may not be part of the initial statewide SHIP Consortium, they should be able to join at a later time should they decide it is cost beneficial to them while maintaining coverage. Page 16 of the RFQ contains a Termination for Convenience clause which would provide the University the ability to cancel the contract should it determine that the statewide SHIP program being contemplated by the other three institutions is more cost beneficial.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

Staff recommends the Board direct the University of Idaho to participate in the statewide process as an observer in order to determine the benefits of joining the consortium.

Staff recommends approval.

BOARD ACTION

A motion to approve the request by the University of Idaho to (1) approve the agreement between the University and Moscow Family Medicine, in substantial conformance to the contract submitted to the Board in Attachment 1; and (2) to approve the SHIP premium with no increase for the 2009-2010 academic year.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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March 4, 2009

Jeffrey E. Geier
Moscow Family Medicine, PA
623 S. Main Street
Moscow, ID 83843

Dear Mr. Geier,

Enclosed are two original Agreements in accordance with the University of Idaho's Request for Qualifications Number 09-24J for Primary Care Services. After the documents are signed by an authorized representative of your company, please return one set of the originals to the following address:

University of Idaho
Purchasing Services
Attn.: Christopher Johnson, C.P.M.
PO Box 441202
645 West Pullman Road
Moscow, Idaho 83844-1202

If you have any questions, please call me at (208) 885-6116, or e-mail cjohnson@uidaho.edu.

Thank you for doing business with the University of Idaho.

Sincerely,

Christopher Johnson, C.P.M.
Director, Contracts and Purchasing Services

Attachment

UNIVERSITY OF IDAHO
AGREEMENT NUMBER UI-655

The University of Idaho (hereinafter called the University) hereby awards to Moscow Family Medicine, PA (hereinafter called the Contractor) Agreement number UI-655 to furnish Primary Care Services to the University, as specified in University of Idaho Request for Qualifications Number 09-24J, in accordance with the terms and conditions of the Request for Qualifications.

This Agreement is supplemented by a) University of Idaho Request for Qualifications Number 09-24J; b) Moscow Family Medicine, PA's response dated 2/19/09; c) Exhibit A attached; and d) University of Idaho General Terms and Conditions, which have been agreed to by the parties and by this reference are made a part hereof as though fully set forth herein. To the extent such terms, conditions, or provisions may be in conflict or be inconsistent, their order of authority shall be as follows: 1) University of Idaho Agreement Number UI-655 including and incorporated Exhibit A; 2) University of Idaho Request for Qualifications Number 09-24J; 3) Moscow Family Medicine's response dated 2/19/09; and 4) University of Idaho General Terms and Conditions.

1.1 NOTICES

Any notice under this Agreement shall be in writing and be delivered either in-person, delivery service, 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: | University of Idaho Purchasing Services PO Box 441202 645 West Pullman Road Moscow, Idaho 83844-1202 Attn.: Christopher Johnson, C.P.M. Phone: (208) 885-6116 Fax: (208) 885-6060 |
|-----------------|--|

| | |
|-----------------|--|
| the Contractor: | Moscow Family Medicine, PA 623 S. Main Street Moscow, ID 83843 Attn: Jeff E. Geier Phone : (208) 882-0211 Fax: (208) 883-1853 |
|-----------------|--|

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.

1.2 SEVERABILITY

The terms and conditions of this Agreement are declared severable if any term or condition of this Agreement or the application thereof to any person(s) or circumstance(s) is held invalid. Such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application.

1.3 BID PRICE

The bid price shall include everything necessary for the prosecution and completion of this Agreement, including, but not limited to, furnishing all materials, equipment, management, superintendence, labor, and service, except as otherwise provided in this Agreement. Prices quoted on the Bid Form shall include all freight and/or delivery charges. In the event of a discrepancy between the unit price and the total price, the unit price will govern and the total price will be adjusted accordingly.

1.4 TERM OF AGREEMENT

The initial term of this agreement shall be Five (5) years, commencing upon June 30, 2009. The term of this agreement may, if mutually agreed, be extended by two three (3)-year increments for a total of Six (6) additional years, provided the Contractor receives written notice of each extension at least thirty (30) days prior to the expiration date of such term or extension. During extension periods, all terms and conditions of this Agreement shall remain in effect.

1.5 CONTINUATION DURING DISPUTES

The Contractor agrees that, notwithstanding the existence of any dispute between the parties, insofar as possible under the terms of the Agreement to be entered into, each party will continue to perform the obligations required of it during the continuation of any such dispute, unless enjoined or prohibited by any court.

1.6 INVOICES

All invoices must contain the name of the University department, this contract number and correct Agreement pricing.

Invoices for payment must be submitted by the Contractor to:

University of Idaho
Accounts Payable
PO Box 444244
Moscow, ID 83844-4244

1.7 ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the parties. No change thereto shall be valid unless communicated in writing in the stipulated manner and signed by the University and the Contractor.

The effective date of this contract is June 30, 2009.

**For the Regents of the
UNIVERSITY OF IDAHO**

Moscow Family Medicine, PA

SIGN _____

SIGN _____

PRINT Christopher Johnson

PRINT Jeffrey E. Geier

TITLE Director, Contracts and
Purchasing Services

TITLE Administrator

DATE _____

DATE _____



Purchasing Services
645 West Pullman Road
P.O. Box 441202
Moscow, Idaho 83844-1202

REQUEST FOR QUALIFICATION NO. 09-24J
FOR

PRIMARY CARE SERVICES

At

UI Student Health Services

For Additional Information, Please Contact:

Christopher P. Johnson, C.P.M.: Director

Phone (208) 885-6126

Fax (208) 885-6060

cjohnson@uidaho.edu

www.purchasing.uidaho.edu

Date Issued: February 4, 2009

Responses Due: February 20, 2009

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UNIVERSITY OF IDAHO REQUEST FOR QUALIFICATION NO. 09-23J

RESPONSE CERTIFICATION

DATE

The undersigned, as Respondent, declares that they have read the Request for Qualifications, and that the following response is submitted on the basis that the undersigned, the company, and its employees or agents, shall meet, or agree to, all specifications contained therein. It is further acknowledged that addenda numbers _____ to _____ have been received and were examined as part of the RFQ document.

Name

Signature

Title

Company

Street Address

City, State, Zip

Telephone Number and Fax Number

Cell Phone Number

E-mail Address

State of Incorporation

Tax ID Number

Business Classification Type (Please check mark if applicable):

- Minority Business Enterprise (MBE) _____
- Women Owned Business Enterprise (WBE) _____
- Small Business Enterprise (SBE) _____
- Veteran Business Enterprise (VBE) _____
- Disadvantaged Business Enterprise (DBE) _____

Business Classification Type is used for tracking purposes, not as criteria for award.

SECTION 1 - INSTRUCTIONS TO RESPONDENTS

1-1 SCOPE OF WORK

The University of Idaho (herein referred to as the University) is soliciting a Request for Qualifications (RFQ) to provide primary care services to the University's student population and eligible dependents on its Moscow campus. Funding for the contractor is derived from (1) capitation, copayments, and other charges from students and dependents covered by the University's Student Health Insurance Plan (SHIP) covering approximately 2,800 students and 45 dependents; and (2) insurance reimbursements, copayments, and other charges from approximately 3100 privately insured students.

All vendors interested in providing services, and which subsequently would require approval by the Regents of the University of Idaho, MUST respond to establish qualifications. As a result of this qualification process the University, in its best interest, will establish one or more qualified vendors best capable of providing services. This selection process will be based upon the selection criteria stated in section 5-1. Following selection of one or more vendors the University intends to establish best practices, agree upon performance and deliverables through a negotiated contractual arrangement providing best value student health care service.

The University of Idaho ("University") is soliciting Statements of Qualifications from parties interested in providing Primary Care services:

1. Function as a primary element of our premier student health system
2. Operation the student health clinic with appropriate and adequate staffing, including close collaboration with University provided services within the clinic (e.g., Psychiatry and the UI Student Pharmacy). Examples of services to be provided by the Contractor include family practice physician/nurse practitioner/physician assistant evaluation and treatment, women's health services (including annual women's health examinations), X-rays taken at Student Health Services, laboratory testing (both in-house and reference lab), medical supplies such as bandages, and allergy injection charges.
3. Diagnosis and treatment services for mental health conditions are included in Primary Care Services. The University of Idaho contracts with a psychiatrist and operates a Student Counseling Center, both of which are resources available to the Contractor for referral and consultation. The Contractor, however, must deliver the level of mental health care consistent with the practice of family medicine.
4. For dependents, Primary Care Services includes services required by all ages and sexes including newborns, infants and children.
5. Provide state-of-the-art electronic health records systems, practice management systems, and compliance with all laws and regulations applicable to delivery of primary care services.
6. Adhere to best practices for delivery of student health care services, including achieving accreditation for the student health service.
7. Ability to respond to options for providing additional services (e.g., Dental Care) desired by the University and be capable of funding and developing a new Student Health Services facility.

INTRODUCTION

The University of Idaho serves as the flagship research and land-grant institution of the state, is a Carnegie Doctoral/Research-Extensive institution, is a principal center for professional education, and is the state's preeminent center for comprehensive and research-oriented graduate programs.

The University of Idaho is a member of the National Association of State Universities and Land-Grant Colleges. It is accredited by the Northwest Commission on Colleges and Universities and accredited or approved for specific programs by the Accreditation Board for Engineering and Technology, American Bar Association, American Chemical Society, American Dietetics Association, American Society of Landscape Architects, Association of American Law Schools, Council for the Accreditation of Counseling and Related Educational Programs, National Architectural Accrediting Board, National Association of Schools of Art and Design, National Association of School Psychologists, National Association of Schools of Music, National Council for Accreditation of Teacher Education, and Society of American Foresters.

In the fall of 2007, there were 9,560 students enrolled for all campuses/centers statewide. The undergraduate, graduate, and professional students are largely full-time students who live on the Moscow campus or within easy commuting distance. Though most of the students come from Idaho, every state in the union and approximately 85 foreign countries are represented. There are more than 750 full-time faculty members in teaching, research, and service, and approximately 1500 staff and professional personnel. In addition, the University operates instructional/outreach and research centers and stations around the state, offers a wide variety of high-school and college courses by correspondence, conducts general extension services and continuing-education programs in many localities, and participates in numerous inter-institutional programs. The Moscow campus alone now covers over 300 acres and is the site of more than 50 major buildings. Other university lands, including the nearby university farms and experimental forest, exceed 8,000 acres.

Current Student Health Program:

The University of Idaho will continue to operate key aspects of its student health program, without substantive change, that are essential to the effective operation.

A. Student Health Services and Primary Care Provider

The University wishes to continue operations of Student Health Services to provide primary care services, both at Student Health Services and at an extended hour clinic owned and operated by the Contractor. The Student Health Services operation is expected to continue for subsequent plan years without major changes; however, there is a possibility that a new facility and expanded services will be implemented during this long-term contract period.

The University will continue to self-fund reference laboratory and radiology services for SHIP-covered students who receive laboratory and radiology service at UI Student Health Services, however, there are also significant laboratory expenses that are included in the current capitation for SHIP participants.

The University is currently evaluating operations of its pharmacy at Student Health Services. A pre-packaged medication program, with continued self-funding of benefits for SHIP participants, may be implemented.

No changes are anticipated for the University's continued delivery of psychiatric services, nutritionist services, health education and wellness programs, business functions for Student Health Services. or operation of its student health insurance office.

B. Counseling and Testing Center

No substantive changes are anticipated to the operation of the UI Counseling and Testing Center.

C. Insurance Provider

The University provides a Student Health Insurance Program (SHIP) with both fully insured and self-funded components. The University will continue to require health insurance as a condition of enrollment pursuant to Idaho State Board of Education policy and University policy.

D. Claims Administration

The University will continue to contract with AmeriBEN to provide claims administration services. A request for proposal process is periodically conducted for claims administration services. The capitation is paid to the contractor directly by the University and is not administered by AmeriBEN.

E. Provider Network

The provider network developed by BASIX Services for the SHIP will be continued.

1-2 RESPONSE SUBMISSION

Response must be **SEALED and CLEARLY IDENTIFIED** with the Request for Respondents' number, due date and time, Respondent's name and address, and submitted no later than 4:00 p.m., Pacific Time, on February 20, 2009 to University of Idaho Purchasing Services, 645 West Pullman Road, P.O. Box 441202, Moscow, ID 83844-1202.

A facsimile response or an electronic response to this RFQ does not meet the requirement of a sealed response and will not be accepted.

The response must be signed by such individual or individuals who have full authority from the Respondent to enter into a binding Agreement on behalf of the Respondent so that an Agreement may be established as a result of acceptance of the response submitted. By reference, the terms and conditions set forth in the RFQ shall serve as the Agreement terms and conditions. In addition, the laws of the State of Idaho shall apply. No other terms and conditions will apply unless submitted as a part of the RFQ response and accepted by the University.

Responses received after the exact time specified for receipt will not be considered.

1-3 REQUEST FOR PROPOSAL SCHEDULE

February 4, 2009 Request for Qualifications issued

February 20, 2009 Responses Due @ 4:00 p.m. Pacific Time

1-4 INQUIRIES

All inquiries concerning this request shall be submitted in writing and received by the University's office of Purchasing Services:

Christopher Johnson, Director
 University of Idaho
 Purchasing Services
 645 West Pullman Road
 P.O. Box 4441202
 Moscow, ID 83844-1202
 Telephone: (208) 885-6126
 Fax: (208) 885-6060
 E-mail: cjohnson@uidaho.edu

Respondents should consider Purchasing Services as the first and prime point of contact on all matters related to the procedures associated with this RFQ. If additional information is needed from any source, Purchasing Services will work with the Respondent and with the various offices of the University to gather that information.

1-5 INTERPRETATION, CORRECTIONS, OR CHANGES IN RFI/RFQ

Any interpretation, correction, or change in the RFQ will be made by addendum by the University. Interpretations, corrections, or changes to the RFQ made in any other manner will not be binding, and no Respondent may rely upon any such interpretation, correction, or change.

1-6 MODIFICATION OR WITHDRAWAL OF RESPONSES

A potential vendor may modify or withdraw a response at any time prior to the specified time and date set for the response closing. Such a request for modification or withdrawal must be in writing, and executed by a person with authority as set forth under paragraph 1-2 above, or by facsimile notice subsequently confirmed in writing.

1-7 ERASURES AND INTERLINEATIONS

Erasures, interlineations, or other changes in the response must be initialed by the person(s) signing the response.

1-8 ACKNOWLEDGMENT OF ADDENDUMS TO RFQ

Receipt of an addendum to this RFI/RFQ must be acknowledged by a Respondent on the Response Certification.

1-9 RESPONSE COPIES

Five (5) complete copies of the response shall be submitted to the University. An electronic version must be provided as well.

1-10 REJECTION OF RESPONSES

The University in its sole discretion, expressly reserves the right to reject any or all responses or portions thereof, to reissue a RFQ, and to waive informalities, minor irregularities, discrepancies, and any other matter or shortcoming.

The University of Idaho may also negotiate separately with any source in any manner necessary to serve its best interests.

The university reserves the right to investigate and confirm the proposer's financial responsibility. This may include review of financial statements, bank references, and interviews with past clients, employees, consultants and creditors. Unfavorable responses to these investigations may be grounds for rejection.

Idaho State law prohibits some professionals from soliciting business in the State of Idaho without proper Idaho licensure. Firms not properly licensed in Idaho, or, unsure of their licensure status, are advised to consult with the Idaho Bureau of Occupational Licenses, or an attorney licensed to practice in Idaho **before** submitting a response to this invitation.

1-11 SELECTION

The University shall make the selection to the responsible Respondent whose response will be most advantageous to the University, conformance to the specifications, quality, and other factors as evaluated by the University.

The University may make a selection on the basis of initial offers received, without discussion; therefore, each initial response should contain the respondent's best terms.

1-12 RESPONSE CONFIDENTIALITY

The University is a public entity subject to the Freedom of Information Act (FOIA) and the Idaho Public Records Act. Each respondent must clearly identify submitted materials which are deemed to be confidential, proprietary, or constitutes trade secret information either as to all technical and financial data. The University shall, to the extent allowed by law, use a good faith effort to keep such information

confidential. The University makes no warranty that trade secret material, or other material deemed confidential submitted by the respondent, will remain undisclosed due to the Public Records Act and makes no commitment to deny or defend a Public Records Act request or lawsuit except to give it notice.

Except as determined by the University's Office of Purchasing Services, in its sole discretion, no information will be given regarding any responses or evaluation progress until after an award is made, except as provided by law.

1-13 APPEAL OF AWARD

A Proposer aggrieved by the award of an Agreement may file an appeal by writing to the Director of Purchasing Services. The appeal must be received by the Director of Purchasing Services within five working days after the award is made, must describe the basis for the appeal, and must include all argument and evidence the Proposer wishes the Director of Purchasing Services to consider. Keeping track of the date an award is made is the responsibility of the Proposer(s).

SECTION 2 - INSTRUCTIONS FOR PREPARING RESPONSES

2-1 GENERAL

To aid in the evaluation process, it is required that all responses comply with the items and sequence as presented in paragraph 2-2, RFQ Response Outline. Paragraph 2-2 outlines the minimum requirements and packaging for the preparation and presentation of a response. Failure to comply may result in rejection of the response. The response should be specific and complete in every detail, prepared in a simple and straight-forward manner.

Respondents are expected to examine the entire RFQ, including all specifications, standard provisions, and instructions. Failure to do so will be at the Respondent's risk. Each Respondent shall furnish the information required by the invitation. It is required that response entries be typewritten. Periods of time, stated in number of days, in this request or in the Respondent's response, shall be in calendar days.

2-2 RFI/RFQ RESPONSE OUTLINE

- A. Response Sheet: The Response Certification (page 4) shall be attached to the front and shall contain the Respondent's certification of the submission. An official who has full authority to enter into an Agreement shall sign it.
- B. Background and History: Describe the company, organization, officers or partners, number of employees, and operating policies that would affect this Agreement. State the number of years your organization has been continuously engaged in business.
- C. References: The Respondent shall provide a minimum of three (3) references including names of persons who may be contacted, title of person, addresses, phone numbers, and e-mail, where products or services similar in scope to the requirements of this RFQ have been provided.
- D. Experience and Support: Describe Respondent's experience in performing the requested services, specifically clinical operation and student health services. Favorable consideration will be given to experience in the management of facilities provided Higher Education Institutions. Provide examples of how you have adjusted your management programs, budget and methods to better accommodate campus changes over a long term agreement. Include a brief description of clinics and services currently or previously managed and operated.
- E. Respondent Exceptions: Describe any exceptions to the terms and conditions contained within this document.
- F. Financial Stability: Please provide proof of financial stability in the form of financial statements, credit ratings, a line of credit, or other financial arrangements sufficient to enable the respondent to be capable of meeting the requirements of the RFQ.
- G. Provider Team: Please describe credentials, training and qualifications of proposed team to provide services related to primary care and the required support.

Additional Requirements:

Any firm that accepts an interview shall represent and warrant the following:

- A. That it is financially solvent, able to pay its debts as they mature, and possessed of sufficient working capital to perform the services and work described herein;
- B. That it is capable of performing and completing the services and work described herein and has sufficient resources, experience and competence to do so; and
- C. That it is authorized to do business in Idaho, properly licensed by all necessary governmental and public and quasi-public authorities having jurisdiction over it and the services and work described herein, and has or will obtain all licenses and permits required by law.

SECTION 3 - SELECTION PROCESS

3-1 RESPONDENT LIST AND QUALIFICATION EVALUATION

Qualifications and responses submitted by interested Respondents will be reviewed and evaluated based on the evaluation factors set forth in the RFQ.

3-2 RESPONSE CLASSIFICATION

For the purpose of conducting discussions with individual respondents, if required, responses will initially be classified as:

- A. Potentially Acceptable
- B. Unacceptable

Discussions may be conducted with any or all of the Respondents whose responses are found potentially acceptable. Respondents whose responses are unacceptable will be notified promptly. The Director of Purchasing Services will establish procedures and schedules for conducting oral and/or written discussions.

Respondents are advised that the University may award on the basis of initial offers received, without discussions; therefore, each initial offer should contain the respondent's best terms

3-3 RESPONDENT INVESTIGATION

The University will make such investigations as it considers necessary to obtain full information on the Respondents selected for discussions, and each Respondent shall cooperate fully in such investigations.

3-4 FINAL OFFERS AND AWARD OF AGREEMENT

Following any discussions with respondents regarding their technical responses, alternative approaches, or optional features, a number of the firms may be requested to submit best and final offers. The committee will rank the final Respondents for the project, giving due consideration to the established evaluation criteria. The committee will propose award to the proposal which is found to be most advantageous to the University, based on the factors set forth in the Request for Qualification.

SECTION 4 - EVALUATION PROCESS

The University reserves the right to reject any or all responses, or portions thereof. The selection of a successful Respondent, if any, will be made based upon which response the University determines would best meet its requirements and needs.

4-1 EVALUATION CRITERIA

The University will conduct an evaluation of all submitted Statements of Qualifications. The evaluation process will identify the provider, who, in the University's sole judgment; best meets the University's requirements and one or more back-up developers.

1. Financial Stability
2. The submittals will be evaluated with a focus on the following areas of response:
 - a. Responses to Submittal Requirements.
 - b. Evidence of previous experience, particularly, in operating a student health service of comparable scope and complexity to the services currently provided at Student Health Services on the Moscow campus of the University of Idaho. Ability to bill private insurance entities.
 - c. Confirmation of participating provider status with Blue Cross of Idaho, Blue Shield of Idaho, Group Health (Washington), other national commercial insurance entities, and Idaho Medicaid.
 - d. Capability to respond to the following desired optional services or contract features (note that some services may not be considered until a new facility is developed):
 - Ability to fund and develop a new Student Health Services facility proximate to the Moscow campus.
 - Ability to provide dental care services.
 - Ability to provide nutrition counseling services (the University would discontinue providing its nutrition counseling services under this option).
 - Ability to provide after-hours consultation with health care providers by telephone and ability to provide after-hours care in an urgent care clinic that is proximate to the Moscow campus.
 - Ability to obtain accreditation from the Association for Accreditation of Ambulatory Health Care.
 - Ability to provide state-of-the-art care for behavioral health and eating disorders within the primary care services spectrum.

- e. Demonstrated flexibility of the team in identifying needs, adapting to changing conditions and culture of the University and ability to provide quality care to our student and dependent population.
- f. Ability to work collaboratively with the University in providing scheduling services for the psychiatrist and nutrition counselor, submitting charges for reimbursement via the student's account at the University, providing detailed utilization data for both SHIP and privately insured students, participating in various health education and wellness programs and disaster planning activities, and other functions as established by the University.
- g. Demonstrated management experience and operational success with a diverse population of students and families.
- h. Ability to monitor and report referrals for specialty care services for SHIP-covered students and dependents. The Contractor cannot attempt to reduce its liability under the SHIP capitation by referring students for care when the service or supply could have reasonably been provided at Student Health Services.
- i. Assure that Student Health Services will be operated on the same dates and times as required of other University offices (i.e., adhere to the University schedule), unless otherwise agreed to by the University (exceptions are expected for summer periods).

The University reserves the right to terminate negotiations with the selected provider if the University determines that it is not in the University's best interest to continue negotiations and to enter into negotiations with back-up providers selected through this solicitation.

Nothing in this RFQ and/or subsequent agreement with the Contractor shall be construed by the Contractor to be an inducement or request for the Contractor to deliver services outside the scope of their competence or to deliver services that are not routinely provided to non-student members of the Contractor's practice. The Contractor is solely responsible for assuring compliance with all federal and state laws and regulations for applicable for the operation of a primary care clinic (e.g., disposal of medical waste, maintenance of medical records, compliance with the Health Insurance Portability and Accountability Act of 1996, provider credentialing, compliance with contract provisions for participating provider agreements with third party payors, compliance with rules applicable to Medicaid/Medicare participating providers, etc.). The Contractor is also solely responsible for assuring that health care services are provided at a level that meets the minimum standard of care for primary care services provided in the Moscow community. The Contractor must agree to notify the University's Director of Student Health Services immediately in writing of any circumstance, either in the Contractor's control or the University's control, that precludes or impedes the ability of the Contractor to achieve the requirements stipulated in this paragraph.

SECTION 5 - GENERAL CONTRACTUAL TERMS AND CONDITIONS

5-1 AGREEMENT TERMS AND CONDITIONS

The submission of a response herein constitutes the agreement of any Respondent that any Agreement to be drawn as the result of an award herein shall be prepared by the University and shall include at a minimum, all terms and conditions set forth in this RFQ. The submission of a response shall further constitute the agreement of each Respondent that it will not insist on the use of standard contract agreements, documents, or forms, and that it waives any demand for the use of its standard agreements. The Agreement between the parties shall consist of, in order of precedence: the agreement document signed by the Parties subsequent to submission of the response, and any attachments thereto and incorporations therein, the terms and conditions in the RFQ, and the Respondent's response to the RFQ.

5-2 ASSIGNMENT

No assignment of this Agreement or of any right accruing under this Agreement shall be made, in part or in whole, by Contractor without the written consent of the University. Notwithstanding any assignment, Contractor shall remain fully liable on this Agreement and shall not be released from performing any of the terms, covenants, and conditions of this Agreement.

5-3 TERMINATION FOR CONVENIENCE

The University may terminate this Agreement, in whole or in part, at any time by written notice to the Contractor. The Contractor shall be paid its reasonable costs, including reasonable close-out costs and a reasonable profit on work performed up to the time of termination. The Contractor shall promptly submit its termination claim for payment. If the Contractor has any property in its possession belonging to the University, the Contractor will account for the same and dispose of it in the manner the University directs.

5-4 TERMINATION FOR DEFAULT

If the Contractor does not deliver the materials in accordance with the Contract delivery schedule, or if the Contract is for services and the Contractor fails to perform in the manner called for in the Contract, or if the Contractor fails to comply with any other provisions of the Contract, the University may terminate this Contract for default. Termination shall be effected by serving on the Contractor a notice of termination setting forth the manner in which the Contractor is in default. The Contractor will be paid a reasonable price for materials delivered and accepted, or services performed in accordance with the manner of performance set forth in the Contract.

5-5 APPLICABLE LAW AND FORUM

This Agreement shall be construed in accordance with, and governed by the laws of the State of Idaho. Any legal proceeding related to this Agreement shall be instituted in the courts of the county of Latah, state of Idaho, and Contractor agrees to submit to the jurisdiction of such courts.

5-6 LAWS, REGULATIONS AND PERMITS

The Contractor shall give all notices required by law and comply with all applicable Federal, State, and local laws, ordinances, rules and regulations relating to the conduct of the work. The Contractor shall be liable for all violations of the law in connection with work furnished by the Contractor, including the Contractor's subcontractors.

5-7 GENERAL QUALITY

All of the Contractor's work shall be performed with the highest degree of skill and completed in accordance with the Agreement Documents.

5-8 PROOF OF COMPLIANCE WITH AGREEMENT

In order that the University may determine whether the Contractor has complied with the requirements of the Agreement Documents, the Contractor shall, at any time when requested, submit to the University properly authenticated documents or other satisfactory proofs as to compliance with such requirements.

5-9 PAYMENT AND ACCEPTANCE

Except as otherwise provided herein, payments shall be due and payable within (30) days after acceptance of such goods or services or after receipt of properly completed invoice, whichever is later. No advance payment shall be made for goods or services furnished pursuant to this Agreement.

5-10 CONTINUATION DURING DISPUTES

The Contractor agrees that notwithstanding the existence of any dispute between the parties, insofar as possible under the terms of the Agreement to be entered into, each party will continue to perform the obligations required of it during the continuation of any such dispute, unless enjoined or prohibited by any court.

5-11 SEVERABILITY

If any term or condition of this Agreement or the application thereof to any person(s) or circumstances is held invalid, such invalidity shall not affect other terms, conditions or applications which can be given effect without the invalid term, condition or application; to this end the terms and conditions of this Agreement are declared severable.

5-12 INTEGRATION

This Agreement constitutes the entire Agreement between the parties. No change thereto shall be valid unless in writing communicated in the stipulated manner, and signed by the University and the Contractor.

5-13 BINDING EFFECT

This Agreement is for the benefit only of the parties hereto and shall inure to the benefit of and bind the parties hereto and their respective heirs, legal representatives, successors, and assigns.

5-14 IRS SECTION 501(C)(3) AND SECTION 115 CONSIDERATIONS

If any provision of this Agreement may cause the University to lose its status as an Internal Revenue Code Section 501(c)(3) corporation, this Agreement shall be voidable. In the alternative, at the sole option of the University, the offending provision(s) shall be modifiable such that the provision(s) will no longer cause the University to lose its status as a 501(c)(3) corporation. The terms of the modification shall be subject to agreement in writing by all parties.

5-15 COMPLIANCE WITH GOVERNOR'S EXECUTIVE ORDER

In the event any provision of this Agreement shall cause the University to be in violation of any of the Governor of Idaho's Executive Orders, then this Agreement shall be voidable at the sole option of the University.

5-16 DEBARRED, SUSPENDED OR EXCLUDED

All purchase orders and contracts issued by the University of Idaho are subject to F.A.R. 52.209-6. Supplier warrants that neither supplier or its principals is presently debarred, suspended or proposed for debarment by the Federal Government.

5-17 NON-USE OF NAMES AND TRADEMARKS

Contractor shall not use the name, trade name, trademark, or other designation of the University, or any contraction, abbreviation, or simulation any of the foregoing, in any advertisement or for any commercial or promotional purpose (other than in performing under this Agreement) without the University's prior written consent in each case.

5-18 CONTRACTOR REPRESENTATIONS

Contractor represents and warrants the following: (a) that it is financially solvent, able to pay its debts as they mature, and possessed of sufficient working capital to provide the equipment and goods, complete the services, and perform its obligations required hereunder; (b) that it is able to furnish any of the plant, tools, materials, supplies, equipment, and labor required to complete the services required hereunder and perform all of its obligations hereunder and has sufficient experience and competence to do so; (c) that it is authorized to do business in Idaho, properly licensed by all necessary governmental and public and quasi-public authorities having jurisdiction over it and the services, equipment, and goods required hereunder, and has or will obtain all licenses and permits required by law; and (d) that it has visited the site of the project and familiarized itself with the local conditions under which this Agreement is to be performed.

5-19 REGENTS' APPROVAL

This Agreement may be subject to approval by the Regents of the University of Idaho, and if it is and if such approval is not granted this Agreement shall be void and neither party shall have any further obligations or liabilities hereunder.

5-20 SURVIVAL OF TERMS

The terms and provisions hereof, and all documents being executed hereunder, if any, including, without limitation, the representations and warranties, shall survive this Agreement and shall remain in full force and effect thereafter.

5-21 HEADINGS

The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof.

5-22 ADDITIONAL ACTS

Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by the parties, the parties hereby agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, deeds and assurances as any party hereto may reasonably require to consummate the transaction contemplated hereunder.

5-23 TIME OF ESSENCE

All times provided for in this Agreement, or in any other document executed hereunder, for the performance of any act will be strictly construed, time being of the essence.

5-24 WAIVER

No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of the breach of any covenant, term or condition shall not be deemed to be a waiver of any other covenant, term or condition herein. Acceptance by a party of any performance by another party after the time the same shall have become due shall not constitute a waiver by the first party of the breach or default of any such covenant, term or condition unless otherwise expressly agreed to by the first party in writing.

5-25 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 (except for financial ability), shall excuse the performance, except for the payment of money, by such party for a period equal to any such prevention, delay or stoppage.

5-26 NO JOINT VENTURE

Nothing contained in this Agreement shall be construed as creating a joint venture, partnership, or agency relationship between the parties.

5-27 INFORMATION TRUE AND CORRECT

All documents, agreements and other information provided to the University by Contractor or which Contractor has caused to be provided to the University are true and correct in all respects and do not omit to state any material fact or condition required to be stated, necessary to make the statement or information not misleading, and there are no other agreements or conditions with respect thereto.

5-28 EQUAL OPPORTUNITY

Contractor represents and agrees that it will not discriminate in the performance of this Agreement or in any matter directly or indirectly related to this Agreement on the basis of race, sex, color, religion, national origin, disability, ancestry, or status as a Vietnam veteran. This non-discrimination requirement includes, but is not limited to, any matter directly or indirectly related to employment. Breach of this covenant may be regarded as a material breach of Agreement.

5-29 CONFIDENTIALITY

The parties hereto agree that the terms and conditions of this Agreement shall be held in confidence except as required by or for applicable disclosure laws, financing sources, enforcement of the Agreement, mergers and acquisitions, or as otherwise mutually agreed by the Parties, and such agreement shall not be withheld unreasonably.

5-30 UNIVERSITY'S RULES, REGULATIONS, AND INSTRUCTIONS

Contractor will follow and comply with all rules and regulations of the University and the reasonable instructions of University personnel. The University reserves the right to require the removal of any worker it deems unsatisfactory for any reason.

SECTION 6 – INDEMNITY, RISKS OF LOSS, INSURANCE

6-1 RISK OF LOSS

Until all improvements, equipment, or goods to be provided under this Agreement are installed on property owned or controlled by University and working properly, Contractor and its subcontractors of any tier shall bear all risks of all loss or damage to the improvements, equipment, or goods, excluding loss or damage caused by acts, omissions, or negligence of the University. Once all improvements, equipment, or goods to be provided under this Agreement are installed on property owned or controlled by University and working properly, the risk of all loss or damage shall be borne by University, excluding loss or damage caused by acts, omissions, or negligence of the Contractor. Contractors shall require its subcontractors of any tier to bear the same risk of loss and .

6-2 INDEMNIFICATION

Contractor shall indemnify, defend and hold the University and the State of Idaho harmless from and against any and all claims, losses, damages, injuries, liabilities and all costs, including attorneys fees, court costs and expenses and liabilities incurred in or from any such claim, arising from any breach or default in the performance of any obligation on Contractor's part to be performed under the terms of this Agreement, or arising from any act, negligence or the failure to act of Contractor, or any of its agents, subcontractors, employees, invitees or guests. Contractor, upon notice from the University, shall defend the University at Contractor's expense by counsel reasonably satisfactory to the University. Contractor, as a material part of the consideration of the University, hereby waives all claims in respect thereof against the University.

Contractor shall: (a) notify the University in writing as soon as practicable after notice of an injury or a claim is received; (b) cooperate completely with the University and/or the University's insurers in the defense of such injury or claim; and (c) take no steps such as admission of liability which would prejudice the defense or otherwise prevent the University from protecting the University's interests.

6-3 INSURANCE

6.3.1 General Requirements

6.3.1.1 Contractor and its subcontractor(s) of any tier are required to carry the types and limits of insurance shown in this insurance clause, section 8.0, and to provide University with a Certificate of Insurance ("certificate"). All certificates shall be coordinated by the Contractor and provided to the University within seven (7) days of the signing of the contract by the Contractor. Certificates shall be executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below. All certificates shall provide for thirty (30) days' written notice to University prior to cancellation, non-renewal, or other material change of any insurance referred to therein as evidenced by return receipt of United States certified mail. Said certificates shall evidence compliance with all provisions of this section 7.3. Exhibit A of this Agreement contains a Request for Certificate of Insurance which shall be given to the insurance broker or agent of the Contractor and its subcontractor(s) of any tier, upon award of bid to Contractor.

6.3.1.2 Additionally and at its option, Institution may request certified copies of required policies and endorsements. Such copies shall be provided within (10) ten days of the Institution's request.

6.3.1.3 All insurance required hereunder shall be maintained in full force and effect with insurers with Best's rating of AV or better and be licensed and admitted in Idaho. All policies required shall be written as primary policies and not contributing to nor in excess of any coverage University may choose to maintain. Failure to maintain the required insurance may result in termination of this Agreement at University's option.

6.3.1.4 All policies except Workers Compensation and Professional Liability shall name University as Additional Insured. The Additional Insured shall be stated as: "State of Idaho and The Regents of the University of Idaho". Certificate Holder shall read: "University of Idaho." Certificates shall be mailed to: University of Idaho, Risk Management, P.O. Box 443162, Moscow, ID 83844-3162.

6.3.1.5 Failure of University to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Institution to identify a deficiency from evidence that is provided shall not be construed as a waiver of the obligation of Contractor and its subcontractor(s) of any tier to maintain such insurance.

6.3.1.6 No Representation of Coverage Adequacy. By requiring insurance herein, University does not represent that coverage and limits will necessarily be adequate to protect Contractor and its subcontractor(s) of any tier, and such coverage and limits shall not be deemed as a limitation on the liability of the Contractor and its subcontractor(s) of any tier under the indemnities granted to University in this Agreement.

6.3.1.7 Contractor is responsible for coordinating the reporting of claims and for the following: (a) notifying the Institution in writing as soon as practicable after notice of an injury or a claim is received; (b) cooperating completely with University in the defense of such injury or claim; and (c) taking no steps (such as admission of liability) which will prejudice the defense or otherwise prevent the University from protecting its interests.

6.3.2 Required Insurance Coverage.

Contractor and its subcontractor(s) of any tier shall at its own expense obtain and maintain:

6.3.2.1 Commercial General and Umbrella / Excess Liability Insurance. Contractor and its subcontractor(s) of any tier shall maintain Commercial General Liability ("CGL") written on an occurrence basis and with a limit of not less than \$1,000,000 each occurrence and in the aggregate. If such CGL insurance contains a general aggregate limit, it shall apply separately

by location and shall not be less than \$1,000,000. CGL insurance shall be written on standard ISO occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under a contract including the tort liability of another assumed in a business contract. Waiver of subrogation language shall be included. If necessary to provide the required limits, the Commercial General Liability policy's limits may be layered with a Commercial Umbrella or Excess Liability policy.

6.3.2.2 Commercial Auto Insurance. Contractor and its subcontractor(s) of any tier shall maintain a Commercial Auto policy with a Combined Single Limit of not less than \$1,000,000; Underinsured and Uninsured Motorists limit of not less than \$1,000,000; Comprehensive; Collision; and a Medical Payments limit of not less than \$10,000. Coverage shall include Non-Owned and Hired Car coverage. Waiver of subrogation language shall be included.

6.3.2.3 Business Personal Property. Contractor and its subcontractor(s) of any tier shall purchase insurance to cover Business Personal Property of Contractor and its subcontractor(s) of any tier. In no event shall University be liable for any damage to or loss of personal property sustained by Contractor, even if such loss is caused by the negligence of Institution, its employees, officers or agents. Waiver of subrogation language shall be included.

6.3.2.4 Workers' Compensation. Contractor and its subcontractor(s) of any tier shall maintain all coverage statutorily required of the Contractor and its subcontractor(s) of any tier, and coverage shall be in accordance with the laws of Idaho. Contractor and its subcontractor(s) of any tier shall maintain Employer's Liability with limits of not less than \$100,000 / \$500,000 / \$100,000.

6.3.2.4 Professional Liability. If professional services are supplied to Institution, Contractor and its subcontractor(s) of any tier, Contractor and its subcontractor(s) of any tier shall maintain Professional Liability (Errors & Omissions) insurance on a claims made basis, covering claims made during the policy period and reported within three years of the date of occurrence. Limits of liability shall be not less than one million dollars (\$1,000,000).

Exhibit A – Request for Certificate of Insurance from Contractor****If bid is awarded to Contractor****Page 1 of 2****Give this form to your insurance agent / broker****Agents/ Brokers: RETURN A COPY OF THESE INSTRUCTIONS WITH YOUR CERTIFICATE.****Certificates without a copy of these instructions will not be accepted.**

Contractor and its subcontractors of any tier (“Insured”) are required to carry the types and limits of insurance shown in this Request, and to provide University of Idaho (“Certificate Holder”) with a Certificate of Insurance within seven (7) days of the signing of this Contract.

- Certificate Holder shall read:

State of Idaho and the Regents of the University of Idaho
 Attn: Risk Management
 P.O. Box 443162
 Moscow, ID 83844-3162

- Description area of certificate shall read: Attn: Contract for Services
- All certificates shall provide for thirty (30) days’ written notice to Certificate Holder prior to cancellation or material change of any insurance referred to in the certificate.
- All insurers shall have a Best’s rating of AV or better and be licensed and admitted in Idaho.
- All policies required shall be written as primary policies and not contributing to nor in excess of any coverage Certificate Holder may choose to maintain.
- All policies (except Workers Compensation and Professional Liability) shall name the following as Additional Insured: 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.
- Failure of Certificate Holder to demand a certificate or other evidence of full compliance with these insurance requirements or failure of Certificate Holder to identify a deficiency from evidence that is provided shall not be construed as a waiver of Insured’s obligation to main-

tain such insurance.

- Failure to maintain the required insurance may result in termination of this grant or contract at the Certificate Holder's option.
- By requiring this insurance, Certificate Holder does not represent that coverage and limits will necessarily be adequate to protect Insured, and such coverage and limits shall not be deemed as a limitation on Insured's liability under the terms of the grant or contract.
- A copy of this certificate request must be sent with the Certificate.
UNIVERSITY OF IDAHO - REQUEST FOR QUALIFICATIONS

Exhibit A – Request for Certificate of Insurance from Contractor****If bid is awarded to Contractor****Page 2 of 2**

Required Insurance Coverage. Insured shall obtain insurance of the types and in the amounts described below.

- Commercial General and Umbrella Liability Insurance. Insured shall maintain commercial general liability (CGL) and, if necessary, commercial umbrella insurance with a limit of not less than \$1,000,000 each occurrence and in the aggregate. If such CGL insurance contains a general aggregate limit, it shall apply separately by location and shall not be less than \$1,000,000. CGL insurance shall be written on standard ISO occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract including the tort liability of another assumed in a business contract. Waiver of subrogation language shall be included. If necessary to provide the required limits, the Commercial General Liability policy's limits may be layered with a Commercial Umbrella or Excess Liability policy.
- Commercial Auto Insurance. Insured shall maintain a Commercial Automobile Policy with a Combined Single Limit of not less than \$1,000,000; Underinsured and Uninsured Motorists limit of not less than \$1,000,000; Comprehensive; Collision; and a Medical Payments limit of not less than \$5,000. Coverage shall include Non-Owned and Hired Car coverage. Waiver of subrogation language shall be included.
- Business Personal Property and/or Personal Property. Insured shall purchase insurance to cover Insured's personal property. In no event shall Certificate Holder be liable for any damage to or loss of personal property sustained by Insured, whether or not insured, even if such loss is caused by the negligence of Certificate Holder, its employees, officers or agents.
- Workers' Compensation. Where required by law, Insured shall maintain all statutorily required Workers Compensation coverages. Coverage shall include Employer's Liability, at minimum limits of \$100,000 / \$500,000 / \$100,000.
- Professional Liability. If professional services are supplied to the Institution, Insured shall maintain Professional Liability (Errors & Omissions) insurance on a claims made basis, covering claims made during the policy period and reported within three years of the date of occurrence. Limits of liability shall be not less than one million dollars (\$1,000,000).

If you have additional questions, please contact:

Carry Salonen, Risk Specialist, University of Idaho.
 PH (208) 885-7177. FAX (208) 885-9490
 csalonen@uidaho.edu

Rayme Dir, MD
 Jo Elsbury, MD
 Sunday D Henry, MD
 Richard K Howe, MD
 Sara M Lawrence, MD
 Randall G Lorenz, MD
 Raymond M Paz, MD
 Wayne L Ruby, MD
 G David Rych, MD



Helen M Shearer, MD
 Francis K Spain, MD
 Robert M Ting, MD
 Dustin K Worth, DO
 Bruce Barnhart, PA-C
 Don Bickford, PA-C
 Steven Fischer, PA-C
 Terri Grzebielski, PA-C
 Gloria Workman, FNP

February 19, 2009

Christopher Johnson, Director
 University of Idaho Purchasing Services
 645 West Pullman Road
 PO Box 441202
 Moscow, ID 83844-1202

RE: Primary Care Services, RFQ No. 09-24J
 Due: February 20, 2009 @ 4:00pm Pacific Time

Dear Mr. Johnson:

In accordance with Request for Qualification No. 09-24J for Primary Care Services at UI Student Health Services, please consider this the official response of Moscow Family Medicine. There are five (5) identical hard copies of this response along with a single electronic version on the enclosed CD.

This response follows the outline sequence listed in paragraph 2-2, RFI/RFQ Response Outline, on page 11 of RFQ No, 09-24J.

A. Response Sheet

The completed Response Certification sheet is attached.

B. Background and History

Moscow Family Medicine, P.A. (MFM) is an Idaho corporation established in 1978 to provide primary medical care to the Moscow, ID and surrounding areas. Although larger than the original two (2)-doctor clinic some 31 years ago, MFM has been continuously providing primary and urgent medical care in Moscow and the surrounding area. MFM by-laws restrict potential and existing shareholders to only those licensed to practice medicine in the State of Idaho. There are currently seven (7) physician-owners of MFM. MFM employs a total medical staff of thirteen (13) physicians, four (4) physician assistants and one (1) advanced registered nurse practitioner. We employ fifty-four (54) additional employees in our nursing, reception, billing, collecting, and laboratory staffs.

We currently operate four (4) practice locations:

- Our Main Street clinic, where we have practiced since 1987, is located at 623 S Main Street, Moscow. This facility can accommodate seven (7) providers on-duty at one time. It also houses our billing and collecting staffs and our full laboratory.
- Our QuickCARE walk-in clinic, located in the Renaissance Mall at 670 W Pullman Road, Moscow, where we have been since the summer of 2000. This facility houses two (2) providers and is open seven (7) days a week. We are currently building an expanded QuickCARE clinic on

University of Idaho Purchasing Services
 Primary Care Services, RFQ No. 09-24J
 February 19, 2009
 Page 2 of 5

the corner of Warbonnet Drive and 'A' Street behind the Wal-Mart store here in Moscow. The new facility will have the capacity for five (5) providers, lab, x-ray, and procedure rooms and is scheduled to open in August, 2009.

- Our Troy Clinic is located on Main Street in Troy, ID. We have operated this clinic since 1989. It services the northern Latah County and surrounding area.
- We have operated the UI Student Health Clinic for the past seven (7) years under our existing contract with the University of Idaho.
- All of our physicians have full privileges at Gritman Medical Center.

Along with moving and expanding our QuickCARE facility in the summer of 2009, Moscow Family Medicine is also building additional scheduled clinic space adjacent to the "new" QuickCARE facility. An additional 6,000+ square feet of clinical space will be completed early fall 2009 and will have the capacity to add five (5) additional providers, lab, x-ray, procedure rooms and related space.

C. References

Jeffrey W. Martin, President & CEO
 Gritman Medical Center
 700 S Main Street
 Moscow, ID 83843
 Phone: 208/883-6396
 Fax: 208/883-6571

Please see comments in Section E. Respondent Exceptions.

D. Experience and Support

MFM has been in business for more than 31 years providing primary medical care in Moscow, ID and the surrounding area. From its small beginnings as a "2-doc" office to today where we provide more than 91,000 patient visits per year from four (4) separate clinics with more than 70 employees, Moscow Family Medicine has become one of the largest primary care clinics in North Idaho.

Our full on-site laboratory with a staff of 6 includes state-of-the-art chemistry analyzers and completes more than 128,000 tests annually. We have the only 3G allergy testing equipment in the region and are capable of returning most test results within the same day.

MFM and the University of Idaho have a seven (7) year relationship in the Student Health Clinic. During that time MFM has added the Medical Director of the Student Health Clinic to our Management Team which meets weekly. Billing and reception staff has developed procedures dramatically improving the efficiency and accuracy with which student-patient insurance information is gathered. Collection of student co-payments has also improved substantially in the last 2 years. Taking these steps has decreased the need to transfer charges to student accounts which can result in significant challenges for students. Patient-flow and some facility changes have been implemented to improve patient confidentiality. Management of most abnormal pap smears on-site was added to

University of Idaho Purchasing Services
 Primary Care Services, RFQ No. 09-24J
 February 19, 2009
 Page 3 of 5

clinical services to improve patient care. These are just a few examples of ways MFM has adjusted to accommodate campus changes and needs over the last 7 years.

E. Respondent Exceptions

Paragraph 2-2.C. References.

This paragraph requests a minimum of three references "...where products or services similar in scope to the requirements of this RFQ have been provided."

Moscow Family Medicine has been in business for more than 31 years and has contracted with the University of Idaho to operate the Student Health Clinic for the past 7 years. We do not currently have nor have we had historically, any other entity that we have contracted with to provided "products or services similar in scope to the requirements" of the RFQ other than the University of Idaho. Therefore, it is impossible for us to provide references to meet the requirement of paragraph 2-2.C. References.

Paragraph 2-2.F. Financial Stability.

Moscow Family Medicine is unwilling to provide the University with financial statements, credit information or other financial arrangements to provide proof of our financial stability. We will however, provide trade references so the University can verify we handle all our financial affairs in a timely and appropriate manner.

We also believe our seven (7) year history with the University is sufficient confirmation of our financial stability and our ability to meet the requirements of this RFQ.

Page 5, Section 1-1, #2

X-ray services will not be provided by MFM nor will "reference-lab" testing. Providers will continue to interpret x-rays obtained at the Student Health Clinic and MFM will continue to draw, process and send-out reference lab testing.

Page 5, Section 1-1, #6

MFM believes that accreditation of Student Health Services is an important goal. However, this goal is currently precluded by issues beyond MFM's control. Therefore, MFM does not agree to the wording "achieving accreditation".

Page 5, Section 1-1, #7

MFM does not currently, nor does it plan to, provide "Dental Care". We will consider and work with the University to research and develop additional services on a case-by-case basis. MFM will not provide additional services based solely upon the "desire" of the University. Nothing contained in this Response should be considered to be Moscow Family Medicine's intent or commitment to fund or develop a new Student Health Services facility.

University of Idaho Purchasing Services
 Primary Care Services, RFQ No. 09-24J
 February 19, 2009
 Page 4 of 5

F. Financial Stability

Moscow Family Medicine has been in business for over 30 years and has been successful through many challenging economic times. Our “partnership” with the University of Idaho has been successful over the past seven years. During the past seven years, MFM and the University of Idaho have steadily increased the annual number of patient visits in the Student Health Clinic to where there were more than 13,000 visits in 2008.

Over our seven-year history with the University of Idaho, MFM has proven its financial stability. We have worked with the University in obtaining new and upgraded equipment, added new and additional clinical and laboratory services to the student population, and have expanded the number of providers and staff along with expanding our hours of operation.

As MFM is a closely held private corporation, no further financial information will be provided. We live and work in a relatively small community and our physician-owners are unwilling to release our private financial information. Please see comments in Section E. Respondent Exceptions.

G. Provider Team

Rayme Dir, MD, Medical Director, Student Health Clinic.

Doctor Dir is a Board Certified Family Physician with over 7 years of primary care experience. She assumed the role of Medical Director of the Student Health Clinic in 2006.

Bruce Barnhart, PA-C.

Bruce is a Board Certified Family Physician Assistant and works in the Student Health Clinic and our QuickCARE clinic. Bruce has over 18 years experience as a Physician Assistant and has worked for MFM for 5 years.

Terri Grzebielski, PA-C.

Terri is a Board Certified Family Physician Assistant and works in the Student Health Clinic and our QuickCARE clinic. Terri has over 17 years of experience as a Physician Assistant and has worked for MFM for 9 years.

Steven Fisher, PA-C.

Steve is a Board Certified Family Physician Assistant and works in the Student Health Clinic, Troy Clinic, Main Street Clinic and QuickCARE Clinic. Steve has over 25 years of experience as a Physician Assistant and has worked for MFM for more than 18 years.

Additional Requirements:

Moscow Family Medicine further warrants:

- a. That it is financially solvent, able to pay its debts as they mature, and possessed of sufficient working capital to perform the services and work described in RFQ No. 09-24J;
- b. That it is capable of performing and completing the services and work described in RFQ No. 09-24J and has sufficient resources, experience and competence to do so, and;

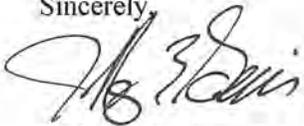
University of Idaho Purchasing Services
Primary Care Services, RFQ No. 09-24J
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- c. That it is authorized to do business in Idaho, properly licensed by all necessary governmental and public and quasi-public authorities that have jurisdiction over it and the service and work described in RFQ No. 09-24J, and has or will obtain all licenses and permits required by law.

Moscow Family Medicine reserves the right to terminate negotiations with the University if MFM determines that it is not in MFM's best interest to continue negotiations.

We appreciate the opportunity to provide our response to your request for qualifications. If you have questions, would like clarification or require additional information, please do not hesitate to contact me.

Sincerely,



Jeffrey E Geier
Administrator

Attachment
JEG:jg

UNIVERSITY OF IDAHO REQUEST FOR QUALIFICATION NO. 09-23J

RESPONSE CERTIFICATION

02-19-09

DATE

The undersigned, as Respondent, declares that they have read the Request for Qualifications, and that the following response is submitted on the basis that the undersigned, the company, and its employees or agents, shall meet, or agree to, all specifications contained therein. It is further acknowledged that addenda numbers to have been received and were examined as part of the RFQ document.

Jeffrey E Gejer
Name

[Signature]
Signature

Administrator
Title

Moscow Family Medicine, PA
Company

623 S. Main Street
Street Address

Moscow, ID 83843
City, State, Zip

(208) 882-2011 (208) 883-1853
Telephone Number and Fax Number

Cell Phone Number

[Blank]

jgejer@moscowfamilymedicine.com
E-mail Address

Idaho
State of Incorporation

82-0304767
Tax ID Number

- Business Classification Type (Please check mark if applicable):
- Minority Business Enterprise (MBE)
 - Women Owned Business Enterprise (WBE)
 - Small Business Enterprise (SBE)
 - Veteran Business Enterprise (VBE)
 - Disadvantaged Business Enterprise (DBE)

Business Classification Type is used for tracking purposes, not as criteria for award.

**UNIVERSITY OF IDAHO
GENERAL TERMS AND CONDITIONS**

1. THIS ORDER EXPRESSLY LIMITS ACCEPTANCE TO THE TERMS AND CONDITIONS STATED HEREIN. ALL ADDITIONAL OR DIFFERENT TERMS PROPOSED BY CONTRACTOR ARE OBJECTED TO AND ARE HEREBY REJECTED, UNLESS OTHERWISE PROVIDED FOR IN WRITING BY THE PURCHASING MANAGER, UNIVERSITY OF IDAHO.
2. CHANGES: No alteration in any of the terms, conditions, delivery, price, quality, quantity or specifications of this order will be effective without the written consent of the University of Idaho Department of Purchasing Services.
3. PACKING: No charges will be allowed for special handling, packing, wrapping, bags, containers, etc., unless otherwise specified.
4. DELIVERY: For any exceptions to the delivery date as specified on the order, Contractor shall give prior notification and obtain approval thereto from the University of Idaho Department of Purchasing Services. With respect to delivery under this order, time is of the essence and order is subject to termination for failure to deliver within the timeframe specified in this order.
5. SHIPPING INSTRUCTIONS: Unless otherwise instructed, all goods are to be shipped prepaid and allowed, FOB Destination.
6. ORDER NUMBERS: Agreement order numbers or purchase order numbers shall be clearly shown on all acknowledgments, shipping labels, packing slips, invoices, and on all correspondence.
7. REJECTION: All goods, materials, or services purchased herein are subject to approval by the University of Idaho. Any rejection of goods, materials, or services resulting from nonconformity to the terms, conditions or specifications of this order, whether the goods are held by the University of Idaho or returned, will be at Contractor's risk and expense.
8. QUALITY STANDARDS: Brand names, models, and specifications referenced in herein are meant to establish a minimum standard of quality, performance, or use required by the University. No substitutions will be permitted without written authorization of the University of Idaho Department of Purchasing Services.
9. WARRANTIES: Contractor warrants that all products delivered under this order shall be new, unless otherwise specified, free from defects in material and workmanship, and shall be fit for the intended purpose. All products found defective shall be replaced by the Contractor upon notification by the University of Idaho. All costs of replacement, including shipping charges, are to be borne by the Contractor.
10. PAYMENT, CASH DISCOUNT: Invoices will not be processed for payment nor will the period of computation for cash discount commence until receipt of a properly completed invoice or invoiced items are received and accepted, whichever is later. If an adjustment in payment is necessary due to damage or dispute, the cash discount period shall commence on the date final approval for payment is authorized. Payment shall not be considered late if a check or warrant is available or mailed within the time specified.
11. LIENS, CLAIMS AND ENCUMBRANCES: Contractor warrants and represents that all the goods and materials delivered herein are free and clear of all liens, claims or encumbrances of any kind.
12. TERMINATION: In the event of a breach by Contractor of any of the provisions of this Agreement, the University of Idaho reserves the right to cancel and terminate this Agreement forthwith upon giving written notice to the Contractor. Contractor shall be liable for damages suffered by the University of Idaho resulting from Contractor's breach of Agreement.

13. **TRADEMARKS:** Contractor shall not use the name, trade name, trademark, or any other designation of the University, or any contraction, abbreviation, adaptation, or simulation of any of the foregoing, in any advertisement or for any commercial or promotional purpose (other than in performing under this Agreement) without the University's prior written consent in each case.
14. **SAVE HARMLESS:** Contractor shall protect, indemnify, and save the University of Idaho and the State of Idaho harmless from and against any damage, cost or liability, including reasonable attorney's fees, for any or all injuries to persons or property arising from acts or omissions of Contractor, its employees, or subcontractors, howsoever caused.
15. **OSHA REGULATIONS:** Contractor guarantees all items, or services, meet or exceed those requirements and guidelines established by the Occupational Safety and Health Act.
16. **TAXES:** The University of Idaho is exempt from payment of Idaho State Sales and Use Tax. In addition, the University is generally exempt from payment of Federal Excise Tax under a permanent authority from the District Director of the Internal Revenue Service. Exemption certificates will be furnished as required upon written request by Contractor. If Contractor is required to pay any taxes incurred as a result of doing business with the University of Idaho, it shall be solely responsible for the payment of those taxes. If Contractor is performing public works construction, it shall be responsible for payment of all sales and use taxes.
17. **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.
18. **ASSIGNMENTS:** No Agreement, order, or any interest therein shall be transferred by Contractor to any other party without the approval in writing of the Purchasing Manager, University of Idaho. Transfer of an Agreement without approval may cause the rescission of the transferred Agreement at the option of the University of Idaho.
19. **WAIVER:** No covenant, term or condition, or the breach thereof, shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition herein. Acceptance by a party of any performance by another party after the time the same shall have become due shall not constitute a waiver by the first party of the breach or default unless otherwise expressly agreed to in writing.
20. **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 thereof, 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 (except for financial ability), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage.
21. **NO JOINT VENTURE:** Nothing contained in this Agreement shall be construed as creating a joint venture, partnership, or employment or agency relationship between the parties.
22. **PRICE WARRANTY FOR COMMERCIAL ITEMS:** Contractor warrants that prices charged to the University of Idaho are based on Contractor's current catalog or market prices of commercial items sold in substantial quantities to the general public and prices charged do not exceed those charged by Contractor to other customers purchasing the same item in like or comparable quantities.

23. **NONDISCRIMINATION:** Contractor represents and agrees that it will not discriminate in the performance of this Agreement or in any matter directly or indirectly related to this Agreement on the basis of race, sex, color, religion, national origin, disability, ancestry, or status as a Vietnam veteran. This non-discrimination requirement includes, but is not limited to, any matter directly or indirectly related to employment. Breach of this covenant may be regarded as a material breach of Agreement.
24. **UNIVERSITY REGULATIONS:** Contractor shall follow and comply with all rules and regulations of the University and the reasonable instructions of University personnel.
25. **GOVERNING LAW:** This Agreement shall be construed in accordance with, and governed by the laws of the State of Idaho. Any legal proceeding related to this Agreement shall be instituted in the courts of the county of Latah, state of Idaho, and Contractor agrees to submit to the jurisdiction of such courts.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

LEWIS-CLARK STATE COLLEGE

SUBJECT

Termination of Management Agreement for privately-owned College Place residence hall

REFERENCE

| | |
|---------------|---|
| October 2004 | Board informed of shortage of residence hall space for Lewiston campus. |
| December 2004 | Board requested needs analysis and competitive RFP. |
| January 2005 | Board asked Lewis-Clark State College to explore possibility of private firm(s) to build new residence hall(s), 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 postponed action until private firms had time to develop proposals. |
| October 2005 | After two firms presented proposals, 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. |

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.I.1. through V.I.2.

BACKGROUND/DISCUSSION

Operations at College Place residence hall, adjacent to the LCSC campus, started in August 2006. [This facility opened at the same time as another privately-owned residence hall, Clearwater Hall, located five blocks south of campus, in downtown Lewiston.] LCSC functions as “manager” of the College Place facility, providing residence advisers and staff oversight of the students living in the complex and paying for trash, water, sewage, cable television, and minor maintenance of the building. For the past three years, LCSC has remitted a monthly rental fee of \$375 per student resident to the owners, in accordance with the Management Agreement approved by the Board in June 2006. The fact that LCSC “manages” (rather than “owns”) College Place has no consequence to the student residents, who enjoy the same services and oversight provided to residents of dormitory facilities owned by the College.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

In addition to the \$375 rental fee remitted each month to the owners of College Place for each student resident, LCSC has collected additional monies from students to pay for the direct costs to the College of operating the facility (less than \$100 per month). This practice has been conducted openly, with payment schedules having been widely circulated and published, for the past three years of operations, for both of the privately-owned residence halls (Clearwater Hall as well as College Place). Recently the owners of College Place have questioned whether it is appropriate for LCSC to recapture its expenses for operating the facility, and LCSC has invited the owners to meet with the College to discuss future room rates and clarify the language in the Management Agreement to ensure that LCSC is not placed in the position of subsidizing operations of the private facility by managing the residence hall for free, incurring significant costs for Idaho taxpayers.

In order to motivate discussions and to preclude possible assumptions by the owners that the College would manage the facility for “free” during the upcoming academic year, LCSC exercised its option within the Management Agreement to notify the owners of termination of the agreement prior to March 1, 2009, so that discussions can take place and an updated agreement with revised rental rates and operating procedures be implemented before expiration of the current agreement on August 1, 2009. [LCSC consulted with the Board’s Executive Director and Board Counsel before providing the notification of termination.]

To ensure that this termination action is fully documented, LCSC requests that the Board ratify the earlier-issued termination notification (Attachment 1), to preclude any questions that might arise as the College negotiates a revised management agreement with the owners to cover operations for the 2009-2010 academic year.

IMPACT

There is no immediate financial impact anticipated in connection with the Board’s ratification of the termination notice. Following through on the efforts to work with the owners to update the management agreement will help ensure that the needs of the students, the College, and the owners are met while protecting the State’s interests.

ATTACHMENTS

| | |
|---|---------|
| Attachment 1 – LCSC Termination Letter and Notification | Page 5 |
| Attachment 2 – Board Ratification of Termination Notice | Page 9 |
| Attachment 3 – 2006 College Place Management Agreement | Page 11 |

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

STAFF COMMENTS AND RECOMMENDATIONS

According to the college, should attempts to renegotiate the contract fail the college will house students in other dorm facilities and put students back into Talkington Hall, which was otherwise planned to be repaired and converted to office space. Also, the owners of College Place would likely continue to rent it directly to students without LCSC involvement as managers, which would absorb most of the students who would be displaced.

Staff recommends approval.

BOARD ACTION

A motion to approve the request by Lewis-Clark State College to ratify, approve, and confirm the College's February 20, 2009 notice of termination for the 2006 Management Agreement for College Place.

Motion by _____ Seconded by _____ Carried Yes ___ No ___

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February 20, 2009

Christopher R. Ashenbrenner, College Place LLC
621 West Mallon Ave, Suite 509
Spokane WA 99201

Re: Notice of Termination and Request for Planning Meeting

Dear Chris:

I have enclosed LCSC's notice of termination for the current management agreement (in accordance with paragraph 2.4 of the agreement).

Please understand that we are providing this notice because we believe that we need to update the current management agreement in order to continue operations into next year, and we are acting so as to meet the March 1st deadline described in the current agreement. We are asking that the partners meet with us as soon as possible (through a face-to-face meeting, or a teleconference, or a combination of the two, whichever mode is most practicable for you). We need to clarify your desires on the way ahead, share our planning factors with you, and jump-start more effective communications between the College and the partners on long-term plans as well as daily management decisions which need participation by both parties.

Yesterday afternoon we received Bill Lawson's letter in which he seeks to establish rent for the next academic year at \$500 per bed. We need to discuss with you how we would implement that rate, how we would deal with various expenses that might not be part of the \$500 monthly rent per bed, whether you would want us to continue to offer incentives for spring semester sign-ups or lower rates for students willing to sign up to a two-semester contract, and so on.

As I mentioned earlier, we would like to talk with you about our operations over the past few years, in response to your earlier letter about recouping additional monies collected from students to offset some of our costs. We also would be happy to talk with you about our pending purchase of Clearwater Hall, and discuss with you how we might coordinate our efforts there with College Place operations.

We look forward to meeting with you to help clear the air, establish more effective communications, and work out a viable plan for next year with an updated management agreement. I'll be standing by for a call from you to set up a meeting time and format.

500 8th Avenue
Lewiston, ID 83501-2698
www.lcsc.edu

PH: (208) 792-2240
FAX: (208) 792-2077

An Affirmative Action / Equal Opportunity Employer

Sincerely,



Chet Herbst
Vice President for Finance and Administration

1 encl: Notice of Termination

cc: Joe and Frances McCann Family Limited Partnership (Attn: Mike McCann)
Bill Lawson
Dene Thomas
Robert Brown

NOTICE OF TERMINATION

TO: COLLEGE PLACE, LLC – OWNER
202 East Spokane Falls Boulevard, Suite 400
Spokane, WA 99202

COLLEGE PLACE, LLC – OWNER
621 West Mallon Avenue, Suite 509
Spokane, WA 99201

AND

TO: JOE AND FRANCES MCCANN FAMILY LIMITED PARTNERSHIP
ATTENTION: MIKE MCCANN
202 26th Avenue
Lewiston, ID 83501

NOTICE IS HEREBY GIVEN that, the undersigned, MANAGER, under the Management Agreement with OWNER, dated as of the ___ day of June 2006, does hereby voluntarily terminate the Management Agreement, effective August 1, 2009. This Notice of Termination is given pursuant to Section 2.4 of the Management Agreement entitled “Voluntary Termination.”

DATED this 20th day of February 2009.

LEWIS-CLARK STATE COLLEGE
AND
STATE OF IDAHO BOARD OF
EDUCATION AS BOARD OF TRUSTEES OF
LEWIS-CLARK STATE COLLEGE

BY Chet Herbst
CHET HERBST, Vice-President for Administrative
Services - Lewis-Clark State College

MANAGER

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RESOLUTION

WHEREAS, Lewis-Clark State College ("LCSC"), as Manager, entered into a Management Agreement dated the ___ day of June, 2006, with College Place, LLC as Owner ("Owner"), to manage a student housing facility owned by Owner and located adjacent to the LCSC campus, and

WHEREAS, disputes have arisen between LCSC and Owner with respect to the terms of the Management Agreement, and

WHEREAS, Section 2.4 of the Management Agreement provides that either party may terminate that agreement, without cause, effective as of August 1 of a year by giving written notice of termination to the other party by March 1 in that year, and

WHEREAS, a termination of the Management Agreement effective August 1, 2009 will allow the parties an opportunity to review and, if necessary, to attempt to renegotiate and revise certain of the terms of the Management Agreement so as to resolve their disputes, and

WHEREAS, such a termination of the Agreement is in the best interests of LCSC, and

WHEREAS, after consultation with Board Staff, LCSC issued the Notice of Termination, a copy of which is attached hereto and by reference made a part hereof, and

WHEREAS, the State Board of Education adopts this resolution to eliminate any question regarding the authority of LCSC to terminate the Management Agreement and to issue the Notice of Termination,

NOW THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF EDUCATION, that the actions of Chet Herbst, LCSC Vice-President for Finance and Administration, in signing and giving the Notice of Termination which terminates the Management Agreement between LCSC and Owner effective August 1, 2009, and the termination of the Management Agreement on said date by the giving of such notice, are hereby ratified, approved and confirmed.

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COLLEGE PLACE STUDENT HOUSING

**MANAGEMENT AGREEMENT
FOR STUDENT HOUSING AT LEWIS-CLARK STATE COLLEGE
4TH AVENUE
LEWISTON, IDAHO**

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (“**Agreement**”) is made as of this _____ day of June 2006, (“**Effective Date**”), by and between College Place, LLC, an Idaho limited liability company, (“**Owner**”), and the State of Idaho, acting by and through the State of Idaho Board Of Education as Board of Trustees for Lewis-Clark State College (“**Manager**”).

RECITALS

A. Owner is the owner of record of that certain real property described in Exhibit A, attached hereto and incorporated herein by this reference (“**Property**”), including the building and improvements located thereon as set forth on Exhibit B, which is also attached hereto and incorporated herein by this reference (“**Building**”). The land and improvements together shall collectively be referred to as the (“**Project**”).

B. Owner desires to develop the Project for purposes of retaining Manager to utilize and manage the Project as part of Manager’s Residence Program for students attending Lewis-Clark State College (the “**College**”), and for other persons participating in programs affiliated with the College (said students and program participants being hereinafter collectively referred to as “**Students**”). Manager desires to manage the Project on behalf of Owner for the purpose of providing additional residential living options for Students attending or participating in programs at the College, provided that under certain conditions as may be included herein, the Project may be used for residents who are not students of the College.

C. Owner is willing to develop the Project at its sole cost and expense in a form and manner acceptable to Manager based on Manager’s willingness to enter into this Agreement and Manager is willing to manage the Project in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter set forth, Owner and Manager agree as follows:

AGREEMENT

1. Construction.

1.1 Scope of Development. Owner agrees, at its sole cost and expense, to develop the Project substantially in conformance with the plans set forth on Exhibit B including the building and other improvements. In addition to construction of the building and other improvements, Owner shall be obligated to furnish a bed, desk, and wardrobe for each Unit and a refrigerator and microwave for each group of four Units.

1.2 Development and Construction Period. As of the Effective Date, Owner shall undertake Development and Construction of the Project substantially in accordance

with Exhibit B such that the Residence Units including a total of eighty-eight (88) beds shall be “**Ready for Management**” on or before August 20, 2006 (“**Target Delivery Date**”). The Project shall be considered to be Ready for Management when Owner provides to Manager at least a Temporary Certificate of Occupancy and when all Residence Units shall be ready for possession and inhabitation by the students, provided that Owner shall be entitled to complete certain punch list items, landscaping, and other items of completion that do not preclude Owner from receiving at least a Temporary Certificate of Occupancy and do not otherwise prohibit students from taking possession of and inhabiting the individual rooms. The date of August 20, 2006, or the date when the Project is Ready for Management, whichever occurs last, is sometimes hereinafter referred to as the “**Commencement Date**” or the “**Delivery Date**”.

1.3 **Delivery Date.** Notwithstanding anything to the contrary in Section 1.2 above, in the event Owner is unable to deliver the Residence Units in a condition Ready for Management as of the Target Delivery Date, Owner and Manager shall work together in cooperation to provide temporary housing for those students scheduled for occupancy in the Project until such time as delivery can be made by Owner. The specific terms and conditions of any arrangement as to alternative temporary living arrangements shall be resolved by mutual agreement of the parties. There have already been events out of the control of either party, including extending and delaying the approval of the zoning which have extended the commencement of construction. There have also been delays and extensions arising out of negotiations as to the leasing of real estate, eventual purchase of real estate, and the execution of a Management Agreement. All of these delays and extensions may result in the project not being completed on time and alternative housing being needed. Unless it can specifically be shown that any delay occurring after the date hereof results from the fault of one specific party, then any necessary alternative housing shall be provided at the joint and mutual obligation to both parties and the parties shall share equally in the cost of providing that housing. However, if after the date hereof, delay is caused by the specific fault of a party, the cost of providing alternative housing for the period of that delay shall be the sole responsibility of the party causing that delay. By way of illustration, if alternative housing must be provided for thirty (30) days, and a delay of five days occurs after the date hereof which is the specific fault of one party, 5/30ths of the cost of providing alternative housing will be the responsibility of the party whose fault caused that delay of five days and 25/30ths of the cost of alternative housing will be shared equally between the parties. Any failure to reach mutual agreement as to how any such alternative housing should be provided or as to the responsibility of any party for the cost of that alternative housing, shall be resolved by arbitration pursuant to Section 20 of this Agreement.

2. **Term of Agreement.**

2.1 **Initial Term.** The initial term of this Agreement (“**Initial Term**”) shall be for an approximately five (5) year period and shall commence on August 20, 2006, or on such later date when the Project is Ready for Management and shall terminate on July 31, 2011, unless sooner terminated as provided herein. Each period beginning on August 1 of a year (or such later date as the Project is Ready for Management in the first year) and ending on July 31 of the following year within the Initial Term or any Renewal Term is hereafter sometimes referred to as a “**Lease Year**”.

2.2 **Right of Renewal.** Owner hereby grants Manager a right to extend the initial terms for not more than four (4) consecutive and successive terms of five (5) years each (“**Renewal Terms**”). Exercise by Manager of any renewal terms shall be contingent upon the following preconditions:

(a) This Agreement shall be in full force and effect;

(b) There shall not exist any Event Of Default (as defined below or any facts with which the giving of notice or passage of time or both, would constitute an Event of Default);

(c) Manager shall have exercised the right of any renewal term by providing notice of the same to Owner not more than two hundred forty (240) and not less than one hundred eighty (180) days prior to the expiration of any prior term; and

(d) Mutual agreement of the terms and conditions of any such renewal term as is established in Section 2.3 below.

2.3 **Terms and Conditions of Any Renewal Term.** Within thirty (30) days following each proper exercise of a Notice of Exercise of Renewal Term by Manager as provided for in Section 2.3 above, Owner will deliver to Manager in writing a legally binding term sheet describing the terms and conditions upon which Owner is willing to extend the term of this Agreement (“**Renewal Term Sheet**”). Upon delivery of the Renewal Term Sheet to Manager, Manager shall thereafter have forty-five (45) days to review and accept the Renewal Term Sheet by signing and delivering the same to Owner (“**Review Period**”). In the event Manager desires to extend the term of this Agreement, but does not agree to any or all of the terms and conditions set forth in the Term Sheet, Manager may request an additional ten (10) days for purposes of negotiation with Owner (“**Additional Review Period**”); provided, that it shall be in Owner’s sole Discretion to grant, condition or deny any such request by Manager for an Additional Review Period. In the event that Manager fails to deliver a countersigned Term Sheet within the Review Period, or any Additional Review Period as applicable, then this Agreement shall terminate and be of no further force or effect as of expiration of the Initial Term, Special Term, or then-current Renewal Term, as applicable. In the event that Manager and Owner are able to agree upon the Renewal Term Sheet, Owner shall forthwith deliver to Manager an amendment to this Agreement incorporating the terms and conditions of the Renewal Term Sheet (“**Renewal Amendment**”). Any failure by Manager to execute and deliver any Renewal Amendment within ten (10) days of receipt from Owner shall be deemed to be an Event of Default.

2.4 **Voluntary Termination.** Notwithstanding the foregoing provisions of this Section, either party may terminate this Agreement without cause by giving written notice of termination to the other party on or before March 1 of any year. Such termination shall be effective on August 1 of that year (the beginning of the next Lease Year). Upon termination, each of the parties shall be relieved of any obligations accruing under this Agreement after the

effective date of termination but each party shall remain liable for the obligations accrued prior to the effective date of termination.

3. **Management of Residences.**

3.1 **Delegation of Management Responsibility.** Commencing on the Commencement Date, Owner hereby engages and appoints Manager as the sole and exclusive Manager and Operator of the Project, and Manager hereby accepts such appointment from Owner, which appointment shall empower and obligate Manager to exclusively supervise, direct and control Management and operation of the Project pursuant to the terms and conditions set forth in this Agreement (“**Management Responsibility**”).

3.2 **Scope of Management Responsibility.** Pursuant to the Management Responsibility, and subject to the terms and conditions set forth in this Agreement, Manager shall have the exclusive responsibility, duty, and obligation to service, promote, operate and manage the Residences and the Project generally on a day-to-day basis in an efficient and economical manner at Owner’s sole cost and expense except for Manager’s Repair Obligations in Section 7.2.2(b) and Joint FF&E Obligations under Section 7.2.2(d). Without limiting the foregoing, and in addition to other requirements and subject to any other limitations as may otherwise be set forth in this Agreement, Manager shall perform and otherwise provide the following services:

(a) Determine and implement personnel policies and practices relating to the management and operation of the Residence Units and the Project generally, including terms and conditions of employment, recruiting, screening, selection, hiring, training, compensation, employee benefits, supervision, discipline, dismissal and replacement;

(b) By mutual agreement with Owner, establish all relevant prices, price schedules, rates, rate schedules, rents, and lease charges for the Project, except that the Minimum Monthly Rent shall be established by Owner as provided in Section 5.2 and concession charges shall be established by Owner;

(c) Provide marketing and sales services for the Residential Units in conformance with College requirements and standards;

(d) Obtain and keep in full force and effect in accordance with applicable law, in Owner’s name, any and all license and permits to the extent the same is within the control of Manager;

(e) Negotiate, enter into, and administer, in the name and on behalf of Owner, contracts, licenses and purchase orders for services, inventories, provisions, and supplies that are necessary for maintenance and operation of the Residences and the Project generally, and to use the same exclusively in the management and operation of the Residences and the Project generally;

(f) Institute in its own name, or in the name of Owner as and where applicable, any and all legal actions or proceedings necessary for, or incident to, Manager's operation and maintenance of the Project generally;

(g) Maintain the Project and Owner FF&E as provided in Section 7.2;

(h) Collect all Rent, security deposits, charges, fees, sums and other amounts due from Student tenants of the Residence Units in accordance with this Agreement and the Rental Agreement and remit the amounts collected to Owner when and as hereinafter specified, provided, however, that tenant security deposits shall be deposited in a segregated Manager's account to be retained or disbursed by Manager as required under Idaho Code §6-321;

(i) Maintain a comprehensive system of Project records, books and accounts which shall belong to Owner. Owner and any party designated by Owner shall have at all times access to such records, accounts and books, including without limitation all files, rent rolls, invoices, receipts, and other materials pertaining to the Project and/or this Agreement, all of which Manager covenants to keep safe, available and separate from any records not relating to the Project, Manager's Management Responsibility and/or this Agreement;

(j) Provide Owner on or before the fifteenth (15th) day of each month during the Initial Term and any Renewal Terms a financial report substantially in the form attached hereto as Exhibit C and incorporated herein by this reference;

(k) Prepare not later than thirty (30) days following the Commencement Date and not later than March 1st of each year of the Initial Term and any Renewal Terms thereafter, a Lease Year budget substantially in the form attached hereto as Exhibit D and incorporated herein by this reference, including profit and loss statement and balance sheet;

(l) Deliver to Owner not later than August 1st (for the fall semester), January 1st (for the spring semester) and not less than two (2) weeks before the commencement date of each summer session in each Lease Year of the Initial Term and any Extended Terms an "**Occupancy Schedule**" for the upcoming Lease Session (as hereinafter defined). The Occupancy Schedule shall set forth the anticipated occupancy of the Project for the upcoming Lease Session the identifying number, but not the name, of the Student, room number of the Unit occupied by such Student and the Monthly Rent to be paid for each such Unit Manager shall periodically update the Occupancy Schedule to reflect changes in occupancy. . A "**Lease Session**" shall be defined as any given Semester or other school term as defined by LCSC Administration and, in the case of the program participant who are not LCSC Students, the term of such program;

(m) Use reasonable care to provide, at all times, for the safety and security of the Project, including without limitation the Student tenants and their personal property, guests and invitees; and

(n) Perform such other tasks as are customary and usual in the operation of a residential living facility of a class and standing equal to the Residence Units and as otherwise required to operate and maintain the Project as contemplated under this Agreement or as may reasonably be specified by Owner from time to time.

4. **Manager's Compensation.**

4.1 **Management Fees.** Owner shall pay Manager a management fee based upon the rent revenues collected by Manager and paid to Owner during each Lease Year (as hereinbefore defined). During each calendar month in which the amount collected and paid to the Owner during the month equals or exceeds ninety percent (90%) of total occupancy for the month (computed in the manner hereinafter provided), Owner shall advance to Manager three percent (3%) of the amount collected and paid to Owner during such month as an advance upon the management fee. Annually, on or about the August 15th of each year beginning in the year 2007, the parties shall determine the amount of the management fee which Manager was actually entitled to receive for the preceding Lease Year, in the following manner.

(a) Determine the gross rental revenue collected by Manager and paid to Owner during the entire preceding Lease Year.

(b) Determine the gross rental revenue which would have been generated for the entire preceding Lease Year if Students had occupied one hundred percent (100%) of the residence Units for the entire preceding Lease Year and had paid rent for such entire Lease Year at the Minimum Monthly Rental Rate in effect for such Lease Year.

(c) Divided the amount computed under Item (a) by the amount computed under Item (b) to determine the actual percentage of total occupancy for the preceding Lease Year. If the resulting percentage is less than eighty-five percent (85%), Manager shall not be entitled to receive any management fees for the preceding Lease Year and shall reimburse to Owner all management fees advanced to Manager for such preceding entire Lease Year.

(d) If the percentage computed under Item (c) equals or exceeds eighty-five percent (85%), then compute the commission actually earned by Manager for the preceding Lease Year using the total revenue for that year computed under Section (a) and the following commission schedule:

(i) Four percent (4%) of rents collected and paid to Owner if the percentage is ninety-five percent (95%) or higher.

(ii) Three percent (3%) of rents collected and paid to Owner if the percentage is less than ninety-five percent (95%) but at least ninety percent (90%).

(iii) Two percent (2%) of rents collected and paid to owner if the percentage is less than 90% but at least eighty-five percent (85%).

(e) Compare the commission actually earned by Manager for the preceding Lease Year to the total of the commission advanced to Manager for the preceding year. If the commission actually earned by Manager exceeds the commission advanced to Manager, Owner shall promptly pay to Manager the amount of such excess. If the amount advanced to Manager exceeds the amount of commission actually earned, then Manager shall promptly repay such excess to Owner. If Owner fails to pay Manager the management fee due under this Section 4, Manager may setoff the amount owing to Manager against the rent which Manager collects from the Project in addition to the other remedies available to Manager under this Agreement.

5. **Leasing Requirements.**

5.1 **Rental Agreement.** Manager shall, on behalf of Owner, lease available occupancy in the Residence Units, consisting of a bedroom/bed (“**Unit or Units**”) to Students and shall, in Manager’s own name, enter into and execute a Lease Agreement for the period for which the Unit is to be rented in a form which has been approved by both Manager and Owner and at rental rates which are not less than the Minimum Monthly Rental Rate which is, from time to time, established in the following Section.

5.2 **Rental Rates.** The Minimum Monthly Rental Rate for the first Lease Year shall be Three Hundred Seventy Five Dollars (\$375.00) per Unit. No later than February 15, 2007, and on or before February 15 in each subsequent Lease Year, Owner shall, after consultation with Manager, but in Owner’s sole discretion, determine the Minimum Monthly Rent for the upcoming Lease Year and shall give Manager written notice of that determination.

5.3 **Remittance of Rent.** Irrespective of Manager’s ability or inability to actually collect the Rent and any other sums due and payable from occupants under existing Rental Agreements, Manager hereby covenants that it shall pay Owner all such rent owing as obligated by the latest Rental Agreement executed by occupants and Manager, as well as all rents and other sums that may be owing by virtue of any Unit being occupied even when a valid Rental Agreement has not been executed (“**Rent Installments**”). For the purpose of determining Rent Installments payable by Manager, the three (3) R.A. Units shall be deemed to be occupied during the school year (only the months of September through May, inclusive), notwithstanding the actual occupancy of those R.A. Units. Irrespective of when rent is collect by Manager, monthly Rent Installments shall, subject to the provisions of Section 5.4, be remitted to Owner in conformance with the following schedule:

(a) September 1 – Seventy-five percent % of the first month’s Rent Installment which pays for the period from the fall occupancy date (approximately August 24) through September 30.

(b) September 15 – The remainder of the first month’s Rent Installment, after adjustment for rent refunds and late registrations

- (c) October 1 - Rent Installment for the month of October.
- (d) November 1 – Rent Installment for the month of November.
- (e) December 1 – Rent Installment for the month of December.
- (f) December 20 – Rent Installment for the month of January.
- (g) February 1 – Rent Installment for the month of February.
- (h) March 1 – Rent installment for the month of March.
- (i) April 1 – Rent Installment for the month of April
- (j) May 1 – Rent Installment for the month of May.
- (k) Summer Sessions – Rent for these sessions shall be remitted within five (5) days after the beginning of each session.

Rent and other payments collected by Manager shall be placed in a separate Agency Account within the LCSC accounting system and shall be disbursed from said Agency Account as provided herein.

5.4 **Refund of Rent.** Notwithstanding the foregoing, Manager shall have the right to refund rent to Student tenants in accordance with Manager’s written refund policy generally applicable to Manager’s student housing program. If the refundable rent has been paid to Owner, the Owner shall remit to Manager, for refund to the Student, an amount equal to the amount to which the Student is entitled, net of the commission paid to Manager with respect to the refundable rent, and Manager shall make the rent refund to the Student. Alternatively, Manager may set off the amount Owner is required to remit from the rent next payable to Owner.

5.5 **Delinquent or Missed Rent Installments.** Any Rent Installment or other charges, sums or fees which are due and payable by Manager under the provisions of this Agreement and which are not paid when due shall bear interest from the date due until paid at an annual rate (hereinafter the “**Agreed Rate**”) equal to five percent (5%) in excess of prime rate published in the Wall Street Journal as such rate changes from time to time.

5.6 **Owner’s Right to Lease Units.** In the event Manager is unable in any given Lease Session to lease all of the Residence Units in the Project, Owner shall have the exclusive right, but not the obligation, to lease any such unoccupied Units for the then current Lease Session or any remainder term thereof to tenants that Owner may solicit and accept, provided, that prior to placing any occupant in available Units then managed by Manager, Owner must first provide Manager with a five-day (5) written notice of the occupant Owner intends to place in a Unit. In the event Manager refuses to accept the proposed occupant, Manager must

respond in writing within such five-day (5) period as to why it rejects the proposed occupant and also within such five-day (5) period, Owner and Manager shall attempt to mutually agree as to whether the occupant shall be entitled to take possession of a Unit. Failure to agree shall result in a decision being made no later than five days (5) of the expiration of the initial five-day (5) notice period by LCSC's Vice-President for Administrative Services. The exercise of any Owner Leasing Rights shall be documented by Owner executing a form of Lease Agreement prepared by Owner utilizing the same format that Manager is then using for all other Units. Manager shall have no responsibility for the collection of rent from Owner's tenants, nor shall Manager be responsible for the actions of said tenants or the repair or replacement of damage caused by said tenants.

6. **Use of Project.**

6.1 **Residential Area.** The Residence Units shall be used for the housing of Students and other incidental uses reasonably related thereto and in support thereof in accordance with the Residence Program as Manager sees fit, provided, that nothing herein shall authorize Manager to use or allow use of the Residence Units in any manner contrary to the terms of this Management Agreement.

6.2 **Compliance With Applicable Laws And Prohibited Uses.** Manager shall not allow the Project, including the Residence Units, to be occupied or used contrary to any applicable statute, rule, order, ordinance or requirement and Manager specifically agrees that upon discovery of any such prohibited use, will take all reasonable steps necessary to compel the discontinuance of such prohibited use. In the event Manager fails to use reasonable care to detect a prohibited use or fails to take reasonable steps to compel discontinuance of such use after its discovery, any damages, expenses, repairs, increases in the cost or other obligation or burden to Owner, including increase in the cost of Owner's insurance resulting from either of such failures on the part of Manager, shall be paid by Manager.

6.3 **Use of Office.** During the Initial Term and any Renewal Terms, Manager may use and occupy the office located on the first floor of the residence facility without the payment of rent.

7. **Operating Expenses and Taxes.**

7.1 **Definitions.**

(a) **"Expenses"** shall mean all costs of taxes, utilities, insurance, operations, service contracts, maintenance and repair (except for Manager's maintenance and repair expenses and Manager's insurance obligations as otherwise defined in this Agreement) associated with the project, as well as all fees and costs for accounting, legal, or other consultant fees associated with operation of the Project. Notwithstanding the foregoing, Expenses shall not include (i) expenses incurred by Manager in advertising, marketing and procuring Student Tenant Rental Agreements; (ii) expenses associated with the promulgation, management, and enforcement of the College's Residence Program; (iii) any mechanics' liens or other liens

created or incurred by Manager and not released as hereinafter provided; and (iv) any Expenses created or incurred as a result of Manager's negligence or willful misconduct pursuant to this Agreement or otherwise.

(b) **“Owner Reserve Account”** means that certain reserve account established and maintained by Owner for the purpose of providing Manager with adequate funds to undertake and comply with its Management Responsibility as provided for in this Agreement. Within thirty (30) days from the Effective Date, Owner shall deposit in an Agency Account with Lewis-Clark State College to be known as the Owner Reserve Account an amount mutually agreed upon by Owner and Manager. Manager shall be authorized to withdraw funds from the Owner Reserve Account without Owner's prior written consent as set forth in Sections 7.2.2, 7.4 and 7.5 of this Agreement. In the event of any depletion of the Owner Reserve Account as provided for in this Agreement, Owner shall within thirty (30) days following written notice from Manager of any deficiency resulting from such depletion, replenish the Owner Reserve Account in full in an amount mutually agreed upon by Manager and Owner. If Owner fails to replenish the Owner Reserve Account as required under this Section 7.1(b), Manager may setoff the amount necessary to replenish the account against the Rent collected by Manager from the Project in addition to the other remedies available to Manager under this Agreement.

(c) **“Manager Reserve Account”** means that certain reserve account established and maintained by Manager for purposes of paying for all of Manager's repair obligations as is set forth in Section 7.2.2 (b) in this Agreement. Within thirty (30) days from the Effective Date, Manager shall deposit in an Agency Account with Lewis-Clark State College known as the Manager Reserve Account an amount mutually agreed upon by Owner and Manager. All such funds placed in the Manager Reserve Account shall be the separate funds of Manager and shall not be the proceeds, collections, or any resulting money generated by this Project. The Manager Reserve Account shall be utilized solely for payment of Manager Repair Obligations and at such time as the Manager Reserve Account is depleted, Manager shall immediately replenish the Manager Reserve Account in amounts sufficient to cover all anticipated and projected Manager obligation expenses.

(d) **“Joint Owner's FF&E Account.** This Account shall be established, funded and disbursed in the manner provided in Section 7.2.2(d). The parties shall have the same rights and remedies to enforce contribution as are provided with respect to the Owners Reserve Account and the Manager's Reserve Account.

(e) **“Agency Accounts Reports”** Manager shall provide to Owner monthly reports of the Agency Accounts established for the Owner's Reserve Account, the Manager's Reserve Account and the Joint Owner's FF&E Account and the Agency Account into which rent collections are deposited under Section 5.3.

7.2. Maintenance and Repair of Project.

7.2.1 Manager's Duty to Operate, Maintain, and Repair Project. Except as otherwise expressly provided herein (including, without limitations, the specific

provisions relating to Casualty and Condemnation contained in Sections 13 and 14), Manager covenants and agrees to undertake the operation, maintenance, and repair necessary to keep and maintain the Project in good, clean and sightly condition and state of repair and to monitor the condition of the Project, including the interior and exterior of the Building, all glazing and doors of the building, the structural portions of the building, and each and every system, component, or aspect of the building including the building envelope, roof, landscaping, personal property, and signs, and shall promptly make any repairs or replacements necessary and keep the entire premises, interior, exterior and grounds in clean and maintained condition, including cleaning all glass and doors and windows (“**Maintenance and Repair Obligations**”). Manager’s Maintenance and Repair Obligations shall additionally include garbage removal on a regular basis, maintain and repair the mechanical systems, keeping all mechanical apparatus reasonably free of vibration and noise, and repair and maintenance of the heating, ventilating and air conditioning equipment and any and all elevators or boilers which may be located within the premises. The ultimate responsibility for paying for any and all such maintenance and repair is as established in Section 7.2.2 below.

7.2.2 **Financial Obligation For Maintenance and Repairs By Each Respective Party.**

(a) **Owner’s Obligations.** Owner shall be responsible for the cost of all maintenance and repairs as set forth in the preceding Section attributable only to the roof, windows, doors, exterior of the building, building envelope, heating, cooling, HVAC, and water heating systems and for Owner’s Additional Repair Obligations as provided in Section 7.2.2(c). The cost attributable to any and all maintenance for these specific items shall be payable out of the Owner Reserve Account. Manager is authorized to incur individual expenses from such Owner Reserve Account up to Five Hundred Dollars (\$500.00) per item or Five Thousand Dollars (\$5,000.00) in the aggregate in any given Lease Session for any such Owner repair obligations. Manager shall not, however, be restricted as to this expenditure gap in the event of undertaking any operation, maintenance, or repair necessary to prevent damage to the Project. Any item in excess of Five Hundred Dollars (\$500.00) or in excess of Five Thousand Dollars (\$5,000.00) in the aggregate for any given Lease Session, shall require the written consent of Owner.

(b) **Manager’s Repair Obligations.** Manager shall be responsible for the cost for any and all repair, replacement, maintenance, cleaning, garbage removal, or other work needed to comply with the requirements in Section 7.2.1 above which are not part of Owner’s repair obligations as set forth in Section 7.2.2 (a) above. Manager shall be required to pay for all of Manager’s repair obligations out of Manager’s Reserve Account.

(c) **Owner’s Additional Repair Obligations.** Notwithstanding any of the foregoing provisions of this Section 7, Owner shall be responsible for the cost of repairing or replacing any damage to or deterioration of the Project resulting from defects in the design, materials or workmanship of the Project, provided that the Manager gives the Owner written notice of the defect or defects causing such damage or deterioration within one (1) year after the

date the Project is Ready for Management. The cost of satisfying Owner's Additional Repair Obligations shall be payable out of Owner's Reserve Account.

(d) **Joint FF&E Obligations.** The parties recognize that the repair and replacement of beds, desks, wardrobes, refrigerators, microwaves and other Owner-provided personal property (hereinafter "**Owner's FF&E**"), to the extent the costs of such repairs and replacement is not properly payable from tenant security deposits, is the joint obligation of the parties. The parties shall establish an Agency Account with Lewis-Clark State College for the payment of the expense of repair and replacement of Owner's FF&E known as the Joint Owner's FF&E Account in such amount as the parties shall, from time to time, mutually agree. Until the parties otherwise agree, Owner shall contribute fifty percent (50%) of such amount and of the amount necessary, from time to time, to replenish the Owner's FF&E account and Manager shall contribute the remaining fifty percent (50%) of Owner's FF&E account and the amounts necessary, from time to time, to replenish that account. The costs of repairing or replacing the Owner's FF&E shall be paid from said account.

7.3 **Mechanic's Liens.** Manager shall not suffer or permit any mechanic's lien or other lien to be filed against all or any portion of the Project because of any authorized repair, alteration, or work, labor, services, equipment or materials supplied at the request of Manager.. If any such lien is filed, Manager shall cause the same to be discharged within thirty (30) days of receiving written notice of the lien from Owner. Notwithstanding the foregoing, the filing of a lien for work which is the financial responsibility of Owner shall not relieve the Owner of the financial responsibility for the cost of that work.

7.4 **Utilities.** Manager shall timely pay, when due, all charges and costs for utilities or services furnished to the Project, including without limitation, water, sewer, and electricity ("**Utilities**"). All such payments shall be made from Owner's Reserve Account. Owner shall not be liable for any damage or otherwise, nor shall there be an abatement of any rent which is otherwise obligated under any Rental Agreement or under this Agreement, if any utilities are interrupted or impaired by fire, accident, riot, strike, act of God, or other cause, beyond Owner's reasonable control.

7.5 **Taxes.** During the Term of this Agreement, Manager shall timely pay, when due, all real estate taxes, fees, betterments and assessments (including special assessments), however the same may be designated or assessed ("**Taxes**"). All such taxes shall be paid out of Owner's Reserve Account. This provision shall not include taxes, charges, or assessments imposed by any governmental or taxing authority on Manager's personal property or on the rents, fees, expenses or other charges collected by Manager from Student tenants. Taxes on rents, fees, expenses and other charges collected by Manager from Student tenants shall be paid from the amounts collected.

8. **Insurance.**

8.1 **Owner's Insurance.** Owner shall keep the Project and Owner's FF&E insured in an amount equivalent to their full insurable replacement cost thereof against loss or

damage by fire and such other risks as are customarily covered with respect to such property, including sprinkler leakage, windstorms, hail, explosions, vandalism, theft, malicious mischief, civil commotion and such other coverage capable of being covered by a special extended coverage insurance policy. Owner shall additionally carry commercial general liability insurance covering the Project, which policy shall have a combined single limit of not less than Two Million and no/100 Dollars (2,000,000.00), per occurrence, coverage on an occurrence basis, with a deductible of not more than Twenty Five Thousand and no/100 Dollars (\$25,000.00) (collectively, “**Owner’s Insurance**”). Such Owners Insurance shall name Manager as an additional insured.

8.2 **Manager’s Insurance.** Manager, at its sole cost and expense, shall keep any and all of Manager’s inventory, equipment, furniture, fixtures and other personal property located in or used in connection with the Residences (“**Manager’s Personal Property**”) insured in an amount equivalent to the full insurable replacement cost against loss or damage by fire and such other risks as are customarily covered with respect to such property, including sprinkler leakage, windstorms, hail, explosions, vandalism, theft, malicious mischief, civil commotion and such other coverage capable of being covered by a special extended coverage insurance policy. Manager shall additionally provide coverage comparable to that provided by a commercial comprehensive general liability insurance policy with combined single limits of not less than Five Hundred Thousand Dollars (\$500,000), per occurrence, coverage on an occurrence basis. Such liability insurance coverage shall name Owner as an additional insured.

8.3 **General Provisions.** All policies required under Sections 8.1 and 8.2 shall be written by companies licensed in the state in which the Project is located, except that Manager is permitted to provide insurance through Idaho Department of Administration, Risk Management.

8.4 **Release and Waiver of Subrogation.** Subject to Sections 8.1 and 8.2 and notwithstanding any other provision of this Agreement, Owner and Manager each hereby waives, releases and discharges the other, its agents and employees from all claims whatsoever arising out of loss, claim, expense, damage or destruction covered or coverable by insurance required by Sections 8.1 and 8.2 or covered by other casualty insurance it may carry (a “**Loss**”), notwithstanding that such Loss may have been caused by the other, its agents or employees. Owner and Manager each hereby agree to look to its insurance coverage only upon such loss. Owner’s Insurance described in Section 8.1 shall contain a waiver of subrogation clause as to Manager. Manager’s Insurance required by Section 8.2 shall contain a waiver of subrogation clause as to Owner.

9. **Compliance With Laws.**

9.1 **Compliance With Applicable Laws.** As of the Commencement Date, Owner represents and warrants that the Project complies with all current laws, ordinances, orders, rules, regulations and requirements of all federal, state, municipal and other governmental bodies having jurisdiction over the Project as of the Commencement Date (“**Applicable Laws**”). Manager shall as of the date of the Delivery Date and throughout the Initial Term and any

Renewal Term comply with any and all Applicable Laws, including without limitation any and all Applicable Laws with regard to the Project, the Management Responsibility, Maintenance and Repair Obligations, Rental Agreements, and the Student tenants and Residence Program.

9.2 **Compliance with Hazardous Materials Laws.** Owner warrants to the best of its actual knowledge that no hazardous substance, toxic waste, or other substance has been produced, disposed of, or is or has been kept on the Project and that there are no hazardous materials on the Project at this time. Manager shall comply with all federal, state, and local laws, ordinances, and regulations as they now exist or are hereafter amended relating to industrial hygiene, environmental protection, and the manufacturer, storage, presence, release, disposal or transportation of any material generally known as hazardous materials under Federal and Idaho state laws. Manager shall defend and hold harmless Owner and Owner's principals including all successors and assigns, and shall pay all costs and expenses arising from all liabilities, damages, penalties, and losses arising in whole or in part, directly or indirectly, from the presence or release of hazardous materials by Manager, its employees, agents or contractors. Owner shall defend and hold harmless Manager, and its principals and successors and assigns against any and all damages arising out of the presence or release of hazardous materials on or about the Project released by Owner, its employees, agents, or contractors. Both parties recognize and acknowledge that neither party is indemnifying the other for damages arising out of acts of third parties not under either party's control. Respective rights and obligations of Owner and Manager under this section shall survive the expiration or earlier termination of this Agreement.

9.3 **Discrimination.** Owner assures and certifies that it will comply with all applicable provisions of the American with Disabilities Act of 1990 (42 U.S.C. 12101-12213) and the Idaho State Law Against Discrimination, as well as the regulations adopted thereunder. Manager shall be solely responsible for any costs resulting from (a) any special requirements needed for the Project to comply with ADA or the Idaho State Law Against Discrimination that are caused by a change in the intended use of the Project by Manager; (b) any requirements related to reasonable accommodations for any of Manager's current or prospective employees or residential occupants; and (c) the failure of Manager to conduct its business in compliance with the ADA and the Idaho State Law Against Discrimination.

10. **General Liabilities.**

10.1 **Indemnity by Manager.** Manager covenants and agrees to defend, indemnify and hold Owner, its agents, and employees harmless from and against all claims, losses, liabilities, damages, costs and expenses, including attorneys' fees and costs, arising out of or in connection with any breach of this Agreement, including but not limited to, (a) any breach of Manager's representation, warranties, covenants, obligations and duties under this Agreement, (b) any failure by Manager to comply with Applicable Laws, (c) any liabilities related to an Event of Default by Manager, and (d) any liabilities arising under Rental Agreements between Manager and Student tenants, including without limitation any liabilities arising as a result of Manager's removal and/or the termination of this Agreement by Owner; provided, however, that the indemnity obligations of Manager are subject to the limitations of liability contained in Idaho Code, Title 6, Chapter 9.

10.2 **Indemnity by Owner.** Owner covenants and agrees to defend, indemnify and hold Manager, its agents, and employees harmless from and against all claims, losses, liabilities, damages, costs and expenses, including attorneys' fees and costs, arising out of or in connection with any breach of this Agreement, including but not limited to, (a) any breach of Owner's representation, warranties, covenants, obligations and duties under this Agreement, (b) any failure by Owner to comply with Applicable Laws, and (c) any liabilities related to an Event of Default by Owner, provided, however, that the indemnity obligations of Owner are, by agreement of the parties, subject to the same monetary limitations of liability contained in Idaho Code, Title 6, Chapter 9 which would apply if Owner was a governmental entity under the laws of the State of Idaho.

10.3 **Survival of Provisions.** The provision of this Section 10 shall survive expiration or earlier termination of this Agreement.

11. **Defaults of Owner and Manager and Right to Cure.**

11.1 **Event of Default.** The occurrence of any of the following constitutes an "Event of Default" by Manager under this Agreement ("Manager's Default"):

(a) Manager fails to take possession of the Project on August 20, 2006, or such later date when the Project is Ready for Management as provided for in Section 1.2 of this Agreement;

(b) Manager fails to collect and remit to Owner all Rent when due from tenants and such failure continues for five (5) days after Owner notifies Manager of Manager's failure to pay such Rent when due;

(c) Manager fails to perform any of Manager's non-monetary obligations under this Agreement and the failure continues for a period of thirty (30) days after Owner notifies Manager in writing of such failure; provided that if Manager cannot reasonably cure its failure within such thirty (30) day period, Manager's failure shall not constitute an Event of Default if Manager commences to cure such failure within said thirty (30) day period and thereafter diligently pursues cure of the same;

(d) The existence at any time during the Initial Term and/or any Renewal Terms of any material misrepresentation, omission in any financial statements, correspondence or other information provided to Owner by or on behalf of Manager in regard to the following: (a) Manager's leasing of Residences to Student; (b) any proposed or attempted Transfer; or (c) any consent or approval Manager requests under this Agreement; and

(e) Manager makes a general assignment or general arrangement for the benefit of creditors; or otherwise files a Petition, voluntarily or involuntarily for adjudication of bankruptcy or for reorganization or loses its accreditation with the State Board of Education for the state of Idaho.

11.2 **Remedies.** Upon the occurrence of any Event of Default and failure to cure as provided for in Section 12.1 above, at any time and from time to time, and without preventing Owner from exercising any other right or remedy, Owner may exercise any one or more of the following remedies:

(a) Owner may terminate this Agreement effective on the date Owner specifies in its written termination notice to Manager. Upon such termination, Manager will immediately surrender all Lease Agreements and management records to Owner (subject to Manager's right to retain copies of such records) shall remit to Owner all tenant security deposits being held by Manager, and Manager shall have no further rights as Manager under this Agreement. In addition to, and not subject to offset against, any of Owner's other rights to collect damages as provided for herein, whether or not Owner terminates this Agreement as provided for under these remedies, Owner may recover from Manager, and Manager will pay to Owner, on demand, any Rent which Manager has failed to collect and remit to Owner as required hereunder;

(b) Owner may perform any obligation on Manager's behalf which Manager has failed to perform without waiving Owner's rights under this Agreement at law or in equity, and without releasing Manager from any obligation under this Agreement; or

(c) Exercise any other rights in law or equity under Applicable Laws, including remedies not explicitly provided for in this Agreement. Each remedy or right of Owner provided for in this Agreement will be cumulative and will be in addition to every other right or remedy provided for in this Agreement, or now or hereafter existing at law, in equity, by statute or otherwise. The exercise or the beginning of the exercise by Owner of any one or more of such rights or remedies will not preclude the simultaneous or later exercise by Owner of any or all other rights or remedies.

Notwithstanding the foregoing, nothing in this Section 11.2 shall limit or prejudice Owner's right to prove and obtain damages in an amount equal to the maximum amount allowed under Applicable Laws, regardless whether such damages are greater than the amounts set forth in this Section.

Manager will reimburse and compensate Owner on demand for any costs, fees and expenses Owner incurs in connection with, resulting from or related to an Event for Default and Owner's exercise of any or all default remedies as provided for herein, and regardless whether suit is commenced or judgment is entered. Such loss includes all reasonable Attorneys' Fees (as defined below) which Owner incurs investigating, negotiating, settling or enforcing any of Owner's rights or remedies or otherwise protecting Owner's interests under this Agreement. In addition to the foregoing, Owner is entitled to reimbursement of all of Owner's fees, expenses and damages, including reasonable Attorneys' Fees Owner incurs in connection with protecting its interest in any bankruptcy or insolvency proceeding involving Manager, including any proceeding under any chapter of the Bankruptcy Code; by asserting or defending a claim; by defending a preference or fraudulent transfer action; by exercising and advocating

rights under Section 365 of the Bankruptcy Code; by proposing a plan of reorganization and objecting to competing plans; and by filing motions for relief from stay. Such fees and expenses are payable on demand, or, in any event, upon assumption or rejection of this Agreement in bankruptcy.

11.3 **Release of Restriction.** In the event this Agreement is terminated by Owner for the default of Manager or is terminated under the provisions of Sections 13 or 14 or, if Manager terminates this Agreement under Section 2.4, Manager shall promptly release of record the Restrictive Covenant recorded as Instrument No. 727569, records of Nez Perce County, Idaho.

11.4 **Owner Default.** If the Owner defaults in the performance of any of its obligations under this Agreement, (a default includes failure to perform any of the required obligations of this contract and/or material misrepresentation or omission in any financial statement, correspondence or other information provided to Manager by or on behalf of Owner in connection with Owner's performance of this Agreement and any material misrepresentation made by Owner in this Agreement), which default continues for a period of more than thirty (30) days after receipt of written notice from Manager specifying such default, or if such default requires more than thirty (30) days for remedy, then if Owner fails to commence curing such default within the thirty (30) day period or fails to thereafter diligently continue curing such default until completion, then Manager may elect one or more of the following remedies.

(a) Manager may terminate this Agreement effective on the date Manager specifies in its written termination notice to Owner. If Manager terminates this Agreement, Manager may recover from Owner and Owner will pay to Manager on demand all damages Manager incurs by reason of Owner's default, including, any amount necessary to compensate Manager for all reasonable out-of-pocket costs and expenses incurred by Manager proximately caused Manager by Owner's failure to perform its obligations under this Agreement including costs related to relocation. Except as specifically set forth in this Section, nothing in this Section limits or prejudices Manager's right to prove and obtain damages in an amount equal to the maximum amount allowed by the Laws, regardless whether such damages are greater than the amounts set forth in this Section. Manager may perform any obligation on Owner's behalf which Owner has failed to perform, without waiving Manager's rights under this Agreement, at law or in equity and without releasing Owner from any obligation under this Agreement.

(b) Except as specifically set forth in this Section, if the Owner breaches any of the provisions of this Agreement, Manager will be entitled to enjoin such breach and will have the right to invoke any right or remedy allowed at law, in equity, by statute or otherwise including summary proceedings and other remedies not provided for in this Agreement. Each remedy or right of Manager provided for in this Agreement will be cumulative and will be in addition to every other right or remedy provided for in this Agreement, or now or hereafter existing at law, in equity by statute or otherwise. The exercise or the beginning of the exercise by Manager of any one or more of such rights or remedies will not preclude the simultaneous or later exercise by Manager of any or all other rights or remedies, at its option and may incur any reasonable expense necessary to perform the obligation of the Owner and

thereafter be reimbursed by Owner for all such costs and expenses incurred by Manager plus interest at the Agreed Rate, which shall be payable as a cash payment to Manager or in the alternative Manager may offset Owner's obligation by an appropriate reduction in the amounts next coming due from Manager to Owner under this Agreement.

Owner will reimburse and compensate Manager on demand for any costs, fees and expenses Manager incurs in connection with, resulting from or related to an Event for Default and Manager's exercise of any or all default remedies as provided for herein, and regardless whether suit is commenced or judgment is entered. Such loss includes all reasonable Attorneys' Fees (as defined below) which Manager incurs investigating, negotiating, settling or enforcing any of Manager's rights or remedies or otherwise protecting Manager's interests under this Agreement. In addition to the foregoing, Manager is entitled to reimbursement of all of Manager's fees, expenses and damages, including reasonable Attorneys' Fees Manager incurs in connection with protecting its interest in any bankruptcy or insolvency proceeding involving Owner, including any proceeding under any chapter of the Bankruptcy Code; by asserting or defending a claim; by defending a preference or fraudulent transfer action; by exercising and advocating rights under Section 365 of the Bankruptcy Code; by proposing a plan of reorganization and objecting to competing plans; and by filing motions for relief from stay. Such fees and expenses are payable on demand, or, in any event, upon assumption or rejection of this Agreement in bankruptcy.

11.7 **Mitigation of Damages.** Either party agrees to use its best reasonable efforts to mitigate its damages in connection with any damage claim it may have against the other arising out or in connection with this Agreement.

12. **Manager's Right of First Refusal.** If, during the term of this Agreement or any Renewal Term, Owner receives a bona fide offer to purchase the Project from a third party which is acceptable to Owner, Owner will give written notice of such acceptable offer, setting out the identity of the purchaser and the terms of the offer to purchase. Manager shall then have a period of sixty (60) days in which to elect to purchase the Project at the same price and upon the same terms and conditions contained in the bona fide offer and to give written notice of such election to Owner. In the event Manager elects to exercise its right of first refusal, the sale shall close within thirty (30) days thereafter upon the terms and conditions set forth in the bona fide offer. If Manager fails to exercise its right of first refusal as hereinabove provided, Owner may proceed to sell the property to the original offeror at the price and upon the terms set forth in the bona fide offer; provided, however, that in the event the sale to the original offeror fails to close within one hundred eighty (180) days after Manager's right of first refusal has expired, Owner may not proceed to close the transaction without first giving the above required notice to Manager and again affording Manager the opportunity to again exercise its right of first refusal as above provide.

The provisions of this Section 12 do not apply to the sale or other transfer of the LLC membership interest in Owner held by one or more of Owner's LLC members to other LLC member or members of the Owner.

13. **Damage and Destruction.**

13.1 **Repair Obligations.** Pursuant to its covenants, obligations and duties as set forth in this Agreement, or otherwise, and subject to the terms of Section 13.2, in the event the Project or any portion thereof is damaged by fire or other casualty (a “**Casualty**”), for which Owner is carrying or required by this Agreement to carry insurance, Owner shall repair such damage at its expense. In the event of a Casualty, Manager’s obligation to collect and remit Rent Installments shall be suspended or abated to the extent and for the period the Project is rendered uninhabitable as a college residence facility and until such time that the Project has been restored to the condition immediately prior to such damage or destruction, which such condition shall render the Project Ready for Management as contemplated under this Agreement. If the Casualty is an insured loss or a loss required to be insured under the provisions of this Agreement, as long as Owner is diligently pursuing collection of the insurance proceeds, repair shall commence upon receipt of the proceeds, provided that, in any case, the repair shall commence as soon as reasonably possible after the event of damage, but in no event subject to force majeure, later than one-hundred twenty (120) days after the damage. Owner shall not be obligated to repair Manager’s personal property, equipment or improvements installed by Manager or any personal property of any Student tenants. Notwithstanding anything to the contrary contained herein, Owner’s obligation to repair under this Section 13.1 shall be limited to the extent of the insurance proceeds available to Owner for such restoration. Additionally, in the event that any Casualty comprises more than fifty percent (50%) of the Project then Owner, in its sole discretion, may terminate this Agreement forthwith by providing Manager with written notice of its intention to terminate with thirty (30) days after the date of the Casualty. In the event of a Casualty, Manager agrees that it will proceed with reasonable diligence at its sole cost to rebuild, repair and/or replace its signs, fixtures and equipment.

13.2 **Termination Rights.** If any damage or destruction to the Project cannot in Owner’s reasonable judgment be repaired within one-hundred-eighty (180) days following the date of damage, Owner shall give Manager written notice thereof within thirty (30) days after the date of damage, and either Manager or Owner may terminate this Agreement by delivering written notice to the other within thirty (30) days after the date Manager receives Owner’s notice. If (a) the cost to repair any damage to the Project exceeds fifty percent (50%) of the insurable replacement cost of the Project, or (b) a portion of the damage is uninsurable through the insurance policies required under this Agreement, or if the amount of insurance available to Owner is inadequate to restore the Project and Owner’s FF&E to substantially their condition prior to the Casualty and Owner elects not to restore, then Owner shall give Manager written notice of the Owner’s election within thirty (30) days after the date of such damage or destruction and thereafter either party shall have the right to terminate this Agreement by written notice to the other party given within sixty (60) days after the date Manager receives such notice of Owner’s election not to repair such damage. If the cost to repair damage to the Project that occurs during the last twenty-four (24) months of the Initial Term or any Renewal Term exceeds thirty percent (30%) of the insurable replacement cost of the Project, either party shall have the option to terminate this Agreement by giving written notice to the other party within sixty (60) days after the date of damage, unless Manager exercises an available Renewal Term option within ten (10) business days after receiving Owner’s notice. If this Agreement terminates

pursuant to this Section 13, Rent for the Units shall be prorated as of the date of damage. Manager shall collect and remit to Owner the rent owed by Students to said date and Owner shall remit to Manager for payment to Students and Rent which Owner has received for any period after said date.

14. **Condemnation.**

14.1 **General Rights Upon Condemnation.** If all or any portion of the Project is taken under the power of eminent domain exercised by any governmental or quasi-governmental authority (a “**Condemning Authority**”), or are conveyed in lieu thereof (a “**Condemnation**”), this Agreement shall automatically terminate as to the portion condemned as of the date that possession and use are transferred to the Condemning Authority (“**Condemnation Date**”). The Owner shall have the exclusive right to grant possession and use to the Condemning Authority. Owner shall give Manager written notice (a “**Condemnation Notice**”) specifying the extent of the taking and the anticipated Condemnation Date promptly after it receives such information. If more the thirty percent (30%) of the Project or more than thirty percent (30%) of the Residences are taken by Condemnation, or if as a result of Condemnation, Manager’s access to the Project is terminated or materially and substantially interfered with, then any of such cases Owner shall have the right to terminate this Agreement by giving written notice to Manager within sixty (60) days after the date of the Condemnation Notice. If more than thirty percent (30%) of the building is taken by Condemnation and Owner elects not to repair, restore, alter or reconstruct the same, either party may elect to terminate this Agreement by giving written notice within sixty (60) days after the date of the Condemnation Notice. Any such termination shall be effective as of the Condemnation Date. If this Agreement is terminated pursuant to this Section 14.1, Owner and Manager shall be released from any liability arising after the termination date, but all Rents and all other amounts payable under this Agreement shall be prorated and paid or remitted as of the termination date in the same manner Rents are to be prorated and paid or remitted under Section 13.2. Owner shall make such repairs and alterations necessary to restore the portion of the Project not condemned to a condition reasonably satisfactory for Manager’s use; provided that (i) at least three (3) years of the Initial Term or any Renewal Term remain, and (ii) that Owner’s obligation shall be limited to the amount of the Condemnation Award (as defined below) available therefore after deducting all costs of obtaining the Condemnation Award. Within sixty (60) days after the amount of the Condemnation Award available for restoration is known, Owner shall give Manager reasonable notice of the repairs and alteration Owner anticipates making to restore the portion of the Project not condemned. If Manager reasonably determines that the anticipated repairs and alterations are insufficient to restore such portion of the Project to a condition reasonably satisfactory for Manager’s use, Manager shall have the right to terminate this Agreement by giving notice to Owner within ten (10) days after receiving Owner’s notice describing the repairs and alterations.

14.2 **Award.** Owner shall be entitled to receive the entire award in any Condemnation (“**Condemnation Award**”), including any award for the value of any unexpired portion of the Term of this Agreement. Manager shall have a right to claim and recover from the Condemning Authority, but not from Owner, such compensation as may be separately recoverable by Manager. Manager shall be entitled to claim an award in a condemnation

proceeding for any loss resulting from loss of housing contract with students, Manager's relocation expenses and/or the taking of Manager's personal property, to the extent such claims are recoverable.

15. **Assignment and Subletting.**

15.1 **Restriction on Transfer.** Manager shall not sublet all or any portion of the Project, and not assign, mortgage, pledge or otherwise encumber or transfer this Agreement, or any interest herein, or in any manner assign, mortgage, pledge, or otherwise encumber or transfer its interest or estate in all or any portion of the Project (each a "**Transfer**"), and each such party a ("**Transferee**") without obtaining Owner's prior written consent in each and every instance, which consent shall be in Owner's sole discretion to condition, grant or deny, specifically including Owner's right to condition its consent upon Manager agreeing to remain liable to Owner under the terms of this Agreement. This preclusion, however, shall not apply to Manager merging with or otherwise becoming a part of any other institution for higher education.

15.2 **Transfer Requirements.** In the event Owner consents to a Transfer by Manager as contemplated in Section 15.1 above, such Transfer shall, at a minimum, comply with the following requirements:

(a) Any Transfer shall operate to transfer to the Transferee all of Manager's right, title and interest in this Agreement and all of Manager's estate or interest in the Project.

(b) Any Transferee shall assume, by written, recordable instrument, all of Manager's obligations under this Agreement arising and related to a period subsequent to the date of Transfer. Such assumption agreement shall state that the same is made by the Transferee for the express benefit of Owner as a third party beneficiary. A copy of the Agreement evidencing the Transfer, in a form and content satisfactory to Owner, fully executed and acknowledged by Transferee, together with a certified copy of a properly executed corporate resolution (if the Transferee is a corporation) authorizing the execution and delivery of such Transfer Agreement, shall be sent to Owner at least ten (10) days prior to the Effective Date of the Transfer.

(c) Any Transfer shall be subject to all the provisions, covenants and conditions of this Agreement. If Manager agrees to remain liable under this Agreement, Manager as well as Transferee shall remain liable for all obligations under this Agreement, as it may be amended from time to time, without notice to the Manager.

(d) Manager shall reimburse Owner for any and all reasonable costs incurred by Owner, including reasonable attorney's fees paid or payable to outside counsel, occasioned by such Transfer.

15.3 **Restriction From Further Assignment.** Notwithstanding any consent by Owner to any Transfer, no Transferee shall Transfer all or any portion of the Project, and no assignee shall further assign its interest in this Agreement or its interest or estate in all or any portion of the Project, or lease all or any portion of the Project, without Owner's prior written consent in each and every instance.

16. **Proprietary Marks.**

16.1 **Owner Marks.** Subject to Section 16.2 below, Manager will operate the Project under the Owner's proprietary name and Marks which may be used in any advertising by Manager but which shall remain the property of Owner. For the purposes of this Agreement, Owner hereby grants Manager a temporary, non-exclusive, royalty-free, fully paid-up license to use the Marks as permitted by this Agreement during the Initial Term and any Extended Terms. Any violation of this license by Manager shall be deemed to be an Event of Default.

16.2 **Manager Marks.** For purposes of advertising, Manager hereby grants owner a temporary, non-exclusive, royalty-free, fully paid-up license to use the Manager Marks in accordance with the terms and conditions of this Agreement during the Initial Term and any Extended Terms, provided that this authority to use Manager Marks shall only be for those specific uses related to the ongoing operation of this particular project.

16.3 **Protection of Marks.** The parties hereto acknowledge and agree that protection of the Owner Marks and Manager Marks is important; accordingly owner and Manager shall immediately notify the other party of any infringement of dilution of or challenge to the use of the respective Marks granted hereunder, and will not, absent a court order or the other party's prior written consent, communicate with any person regarding any such infringement, dilution, challenge or claim. The parties covenant to cooperate to the fullest extent possible in any action taken by a party to protect and/or defend their respective Mark from any such infringement, dilution, challenge or claim.

16.4 **Signage.** Manager may, at its sole cost, erect signs on the interior or the exterior of the Project buildings, provided that such sign or signs (a) do not cause any structural or other damage to the Project Buildings; (b) do not violate applicable governmental laws, ordinances, rules or regulations; (c) do not violate any existing restrictions affecting the Project; and (d) are approved in advance by Owner. Manager, upon vacating the Project or removing or altering its signs for any reason, shall repair, paint and/or replace the Project Buildings surfaces where its signs were attached. Manager shall not disturb signs placed by Owner on or in any part of the Project Buildings.

17. **Miscellaneous Provisions.**

17.1 **Access to Project.** For purposes of the Management Responsibility, Manager shall have free access to the project twenty-four (24) hours per day, seven (7) days per week basis. Owner and its authorized representatives shall have the right at any and all times to enter any part of the Project for the purpose of inspecting the same, making any necessary

changes or modifications to Buildings systems, making any repairs required or permitted by the terms of this Agreement or conducting any reasonable test or environmental audit of the Project or Manager's operation or use of the Project to determine Manager's compliance with this Agreement. Notwithstanding the foregoing, in the event Owner desires to enter any of the Residences pursuant to this Section 17.1.1, Owner shall provide Manager with notice of the same and Manager shall within three (3) business days provide notice to the Student tenants residing in the applicable Residences of Owner's intended entry thereon. In the event any consent is required to be obtained from any Student tenants pursuant to Owner's entry into any of the Residence, Manager shall obtain such necessary consents of the Students Tenants within not more than an additional three (3) business days. The consent requirement set out above shall not apply in the case of an emergency when Owner's immediate entry is reasonably necessary to prevent damage to deterioration of the Project. In the event of any Owner entry into the Residences, Owner shall at all times be accompanied by a representative of Manager. Owner may, during the progress of any such work, store necessary materials, tools and equipment at the Project, provided such storage does not interfere in any material respect with Manager's and its authorized Student tenant's use of the Project and provided such are stored in a safe and secure manner. Owner shall not be liable for, and the obligations of Manager shall not be affected by, inconvenience, disturbance, loss of business or other damage caused by Owner in connection therewith, provided that Owner makes reasonable efforts to avoid interfering with the conduct of Manager's business, except to the extent caused by Owner's negligence or willful misconduct. The provisions of this Section 17.1, and any other provisions in this Agreement that require Owner notice to Student tenant and/or mandate Student tenant consent to Owner's entry shall be included as provisions of the Rental Agreement.

17.2 **Exhibition of Project.** Owner shall have the right during normal business hours at any time during the Initial Term and any Renewal Term, following reasonable notice as required in this Agreement, to enter the Project for the purpose of exhibiting the same for the purpose of mortgaging or selling the property. During the final six (6) months of the Initial Term or any Renewal Term, as applicable, or any time after Manager gives Owner a termination notice pursuant to terms of this Agreement, Owner shall be authorized to exhibit the Project, including the Residences in accordance with the notice requirements of this Agreement, to prospective purchasers or replacement Managers. During the final six (6) months of the Initial Term or any Renewal Term, as applicable, or anytime after Manager gives Owner a termination notice pursuant to this Agreement, Owner shall have the right to display on and about the Project signs indicating that the Project is for sale or lease; provided that such signage does not unreasonably interfere with Manager's Management Responsibility.

17.3 **Estoppel Certificates.** Owner and Manager shall, each without charge at any time and from time to time, within ten (10) business days after written request by the other party, execute and deliver to the requesting party or any person whom the requesting party may designate, an estoppel certificate certifying; (a) that each of the terms of this Agreement is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect, as modified, and stating the modifications); (b) the dates to which the Rent Installments have been paid in advance; (c) whether or not there are then existing any breaches

or defaults by such party or the other party known by such party and specifying such breach or default, if any; (d) whether or not there are then any setoffs or defenses against the enforcement of any term of this Agreement (and, if so, specifying the same and the steps being taken to remedy the same); and (e) such other statement or certificates as Owner, Manager or any Mortgagee may reasonably request. It is the intention of the parties that any statement delivered pursuant to this Section 17.3, may be relied upon by any persons dealing with Owner, Manager or the Project.

17.4 **Notices.** All notices, demands and requests which may be or are required to be given by either party to the other shall be in writing and shall be sent by United States certified mail, postage prepaid, or by a nationally recognized independent overnight courier service, addressed to Owner at 202 East Spokane Falls Boulevard, Suite 400, Spokane, Washington, 99202, with a copy to Joe and Frances McCann Family Limited Partnership, Attention: Michael McCann, 202 26th Avenue, Lewiston, ID 83501; and to Manager addressed to Lewis-Clark State College, 500-8th Avenue, Lewiston, Idaho, 83501, Attention Vice-President for Administrative Services, with a copy to attorney, Robert Brown, 321-13th Street, Lewiston, Idaho, 83501, and any other address which is not a post office box as either party may from time to time designate by written notice to the other. Any notice, demand or request which is given as described shall be deemed to be given on the business day following the date it is delivered to a courier or three (3) days after it is deposited in the United States mail.

17.5 **Annual Statements.** Upon request by Owner, Manager shall promptly deliver to Owner a copy of Manager's rent roll (which shall not identify the residents by name consistent with the Family Educational Right Privacy Act, 20 U.S.C. 1232g) and other information related to the operation of the Project and the Buildings. Such records may contain confidential or propriety information and shall only be used by the Owner to communicate the current financial status of the project and shall, except as follows be kept confidential by the Owner. Owner may further disclose such financial statement to its mortgage lender (or potential lender), accountants or other financial advisors or analysts, or any potential purchaser of the Project, provided that they have also agreed to the foregoing limit on use and confidentiality.

17.6 **Owner's Continuing Obligations.** The term "Owner," as used in this Agreement so far as obligations on the part of Owner are concerned, shall mean only the Owner or Owners of fee title to the Property at the time in question, and upon any transfer, the then grantor shall, subject to the conditions set forth below, be automatically freed and relieved after the date of such transfer of all liability for the performance of any obligation on the part of the Owner contained in this Agreement thereafter to be performed. As conditions precedent to the foregoing relief from liability: (i) any funds in the hands of such Owner or the then grantor at the time of such transfer, in which Manager has an interest, shall be turned over to the grantee; (ii) any amount then due and payable to Manager by Owner or the then grantor under any provision of this Agreement shall be paid to Manager; and (iii) the grantee shall agree, in writing, for the benefit of Manager that it will assume, pay and perform all payments, terms, covenants and conditions of Owner under this Agreement. The Owner's obligations contained in this Agreement shall, subject to the aforesaid, be binding on Owner's successors and assigns, during and in respect of their respective successive periods of ownership. Nothing herein contained

shall be construed as relieving Owner of any of its obligations under this Agreement, or releasing Owner from any obligation to complete the cure of any breach by Owner during the period of its ownership of the Project.

17.7 **Severability.** If any covenant, condition, provision, term or agreement of this Agreement shall, to any extent, be held invalid or unenforceable, the remaining covenants, conditions, provisions, terms and agreements of this Agreement shall not be affected thereby, but each covenant, condition, provision, term of this Agreement shall be valid and in force to the fullest extent permitted by law.

17.8 **Successors and Assigns.** Subject to provisions of this Agreement limiting assignment or sublease by Manager, the covenants contained in this Agreement shall bind and inure to the benefit of Owner, its successors and assigns, and Manager and its permitted successors and assigns.

17.9 **Relationship of Parties** This Agreement creates the relationship of principal and agent and is not expressly or impliedly intended to create any partnership, joint venture, association or any other relationship between Owner and Manager.

17.10 **Prior Agreements.** This Agreement, together with the Restrictive Covenant executed in conjunction with the Transfer of Lots from Manager to Owner, and together with any and all attached Exhibits and the written agreements concurrently or hereafter executed and/or delivered pursuant to or in connection with this Agreement, embody the entire agreement between the parties relating to the subject matter hereof, and supersede all prior agreements and understandings between the Owner and Manager, if any, relating to the subject matter hereof. Manager acknowledges that neither Owner nor any agent of Owner has made any representation or warranty not contained in this Agreement with respect to the project, the Buildings or the suitability or fitness of either for the conduct of Manager's business or operations or for any other purpose.

17.11 **No Waiver.** No failure by owner or by Manager to insist upon the performance of any of the terms of this Agreement or to exercise any right or remedy available for a breach thereof, and no acceptance by owner of full or partial rent from Manager or any third party during the continuance of any such breach, shall constitute a waiver of any such breach or of any of the terms of this Agreement. None of the terms of this Agreement to be kept, observed or performed by Owner or by Manager, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the waiving party. No express waiver shall waive any default other than the default specified in the express waiver. An express waiver waives the specified default only for the time and to the extent herein stated.

17.12 **Owner's Liability Limited.** Manager recognizes that Owner is a limited liability company. Manager expressly agrees, anything herein to the contrary notwithstanding, that each and all of the representations and agreements made by Owner are intended to bind only the Owner's interest in the Project, and the rents and profits therefrom. No personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforced against, any

of the members, managers, shareholders, partners, directors, officers, employees or agents of Owner on account of any agreements of Owner contained in this Agreement.

17.13 **Force Majeure.** Whenever a period of time is herein prescribed for action to be taken by either party, said party shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to (“**Force Majeure**”): strikes, riots, terrorist acts, acts of God, delay caused by the failure of a governmental agency to issue a building or occupancy permit despite diligent pursuit thereof, shortages of labor or materials because of priority or similar regulations or order of any governmental or regulatory body, war, or any other causes of any kind which are beyond the reasonable control of said party. Lack of funds or inability to obtain financing shall not be an event of force majeure.

17.14 **Survival.** All obligations (together with interest on monetary obligations at the Agreed Rate) accruing before expiration of the Initial Term or any Renewal Terms shall survive the expiration or other termination of this Agreement. Additionally, Section 4.1 (Manager’s Compensation), Section 9 (Compliance with Laws), and Section 10 (General Liabilities), will survive the expiration or other termination of this Agreement.

17.15 **Quiet Enjoyment.** Owner agrees that to its actual knowledge it is the fee simple Owner and record title holder of all of the Project; that it has the full right, power and authority to execute this Agreement and to grant the management rights to Manager as provided herein, subject to the performance of this Agreement by Manager.

17.16 **Brokers; Agency Disclosure.** Owner and Manager each represent to the other that it has not been represented by any brokers or finders in connection with this Agreement. Owner and Manager shall each defend and hold harmless the other against all claims of brokers, finders or any like third party claiming any right to commission or compensation in connection with this Agreement by or through the acts of that party, to the extent permitted by law.

17.17 **Concessions.** Owner shall provide and shall receive all revenue from laundry appliances, soft drink and snack food vending machines and other similar concessions. Manager shall have no management or servicing responsibility for Owner’s concessions.

17.18 **Governing Law.** This Agreement shall be governed by the laws of the state of Idaho. Venue shall be in Nez Perce County, Idaho.

17.19 **Construction.** Words and phrases used in the singular shall be deemed to include the plural and vice versa. Nouns and pronouns used in any particular gender shall be deemed to include any other gender. When the word “including” is used in this Agreement, it shall mean “including, but not limited to.” Whenever words such as “herein,” “hereunder,” etc., are used in this Agreement, they shall mean and refer to this Agreement in its entirety and not to any specific section, paragraph or other part of this Agreement. The word “person” includes any natural person, corporation, firm, partnership, limited partnership, limited liability company, trust

estate, unincorporated organization, or other legal or business entity, however designated or constituted. "Business day" means days when national banks are open in Lewiston, Idaho. The caption of each section of this Agreement is for convenience of reference only, and in no way defines, limits or describes the scope or intent of such section.

17.20 **Time Is of the Essence**. Time is of the essence with respect to the performance of every provision of this Agreement in which time of performance is a factor.

17.21 **No Oral Amendments**. This Agreement may be modified or amended only by an agreement in writing signed by the parties hereto. No receipt of money by Owner from Manager or any other person after termination of this Agreement, the service of any notice, the commencement of any suit or final judgment for possession of the Project, shall reinstate, continue or extend the Term of this Agreement, affect any such notice, demand or suit, or imply consent for any action for which Owner's consent is required, unless specifically agreed to in writing by Owner. Any amounts received by Owner may be allocated to any specific amounts due from Manager to Owner as Owner determines.

17.22 **Exhibits** All exhibits now or hereafter attached to this Agreement are incorporated into this Agreement in full by this reference. Each party agrees to perform any obligations to be performed by it pursuant to the provisions of all such exhibits.

17.23 **Recording** Neither party shall record this Agreement. Promptly after request of either party, the parties hereto will execute and deliver to each other a memorandum of Agreement, in recordable form, setting forth (a) the date of this Agreement; (b) the parties to this Agreement; (c) the Commencement Date and Expiration Date of the Initial Term; and (d) such other matters as are reasonably requested by either party to be stated therein. Either party may then record the memorandum of Agreement.

17.24 **Public Records**. Owner and Manager acknowledge that all records, including but not limited to, design, construction, and Agreement documents will constitute public records. The Owner shall provide the Manager with a copy of all documents related to the design, construction and management of the Project.

17.25 **Rules and Regulations**. Manager shall perform, observe, and comply with all reasonable nondiscriminatory rules and regulations established by Owner for the Project from time to time.

17.26 **Attorneys' Fees**. If either party brings any lawsuit or arbitration proceeding to enforce or declare any rights under this agreement, including any appeal thereof, the party deemed as the prevailing party by the court or arbitrator hearing the matter, whether or not such action is pursued to decision or judgment, shall be entitled to collect reasonable "Attorney's Fees". The Owner's fee award shall not be computed in accordance with any court schedule, but shall be such to fully reimburse all attorneys' fees reasonably incurred by the prevailing party.

18. **Building Names.** Owner shall have the exclusive right, in its sole discretion and from time to time, to name the Building and any part of the Project and the Property, which such names shall be included in the Owner Marks.

19. **Arbitration.** If any controversy or claim arising out of this Agreement or the relationship of the parties cannot be settled between the parties, the controversy or claim shall be settled by arbitration before an arbitrator in Lewiston, Idaho, in accordance with the rules of the American Arbitration Association, as then in effect, and judgment on the award may be entered in any court having jurisdiction. Nothing herein, however, shall prevent either party from resort to a court of competent jurisdiction in those instances where injunctive relief may be appropriate. All costs of bringing any arbitration claim including reasonable attorney's fees may be assessed against either party and made a part of any award entered at the discretion of the arbitrator.

20. **Future Modifications.** This Agreement represents a new relationship between the parties and both parties recognize that mutually agreeable future modifications of some of its provisions because of unanticipated conditions, events or results, may be beneficial to both parties. Therefore, if a party believes that a provision of this Agreement should be modified, it will notify the other party of the proposed modification and the reason for that change. The parties will then discuss and consider the proposed modification in an effort to arrive at a mutually agreeable solution. However, unless and until the parties both execute a properly authorized and executed written amendment to this Agreement, nothing herein contained shall preclude a party from exercising all rights and remedies granted to that party under this Agreement, as validly amended, particularly including, but not limited to, the right to terminate this Agreement as provided herein.

21. **Termination for Failure of Appropriations.** Owner understands that Manager and State of Idaho are governmental entities. Therefore, to the extent, if any, that Manager's obligations hereunder are payable from appropriated funds, this Agreement shall in no way or manner be construed so as to bind or obligate the Manager or the State of Idaho beyond the term of any particular appropriation of funds by the State's Legislature as may exist from time to time. The Manager and State each reserves the right to terminate this Agreement in whole or in part if, in its sole judgment, if the Legislature of the State of Idaho fails, neglects, or refuses to appropriate sufficient funds as may be required for the Manager or State to continue such payments, or requires any return or "give-back" of funds required for the Manager to continue payments, or if the Executive Branch mandates any cuts or holdbacks in spending which results in insufficient funds. All affected future rights and liabilities of the parties hereto shall thereupon cease within ten (10) calendar days after notice to the Owner.

22. **Authority of Manager.** Manager warrants that execution of this Agreement by Manager has been duly authorized by Manager's board of trustees; and no further action, approval, legislative action or approval, or administrative action or approval, or any other action or approval of any kind, is necessary on the part of any branch or agency of the State of Idaho or on the part of Manager, to make this Agreement fully and completely binding upon Manager in accordance with its terms. If Manager does not have authority to enter into this Agreement in accordance with its terms, Manager shall be liable to Owner for all costs and damages arising

from such breach of warranty and lack of authority described in this Section 22, and Owner shall have all remedies available to it as described for a Manager Event of Default as described in Section 11.1, above.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed as of the day and year first above written.

OWNER:

THE COLLEGE PLACE, LLC,
an Idaho Limited Liability Company

AWL, LLC

By: _____
WILLIAM J. LAWSON

CHRISTOPHER R. ASHENBRENER

By: _____
CHRISTOPHER R. ASHENBRENER

JOE AND FRANCES MCCANN FAMILY LIMITED PARTNERSHIP

By: _____
MICHAEL MCCANN

MANAGER:

LEWIS-CLARK STATE COLLEGE

By: _____
Its: _____

STATE OF IDAHO)
)
COUNTY OF NEZ PERCE)

On this _____ day of _____ 2006, before me, the undersigned, a Notary Public in and for the State of Idaho, duly commissioned and sworn, personally appeared, Michael McCann, known to me to be a _____, whose name is subscribed to foregoing agreement and acknowledged to me that he executed the same for and on behalf of The Joe and Frances McCann Family Limited Partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

NOTARY PUBLIC in and for the State
Of Idaho, residing at _____
My Commission expires: _____

STATE OF IDAHO)
)
COUNTY OF NEZ PERCE)

On this _____ day of _____ 2006, before me, the undersigned, a Notary Public in and for the State of Idaho, duly commissioned and sworn, personally appeared, _____, known to me to be the President of Lewis-Clark State College, whose name is subscribed to foregoing agreement and acknowledged to me that he executed the same for and on behalf of the Idaho State Board of Education.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

NOTARY PUBLIC in and for the State
Of Idaho, residing at _____
My Commission expires: _____

STATE OF WASHINGTON)
)
COUNTY OF SPOKANE)

On this _____ day of _____ 2006, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, William J. Lawson, known to me to be a _____, whose name is subscribed to foregoing agreement and acknowledged to me that he executed the same for and on behalf of The College Place, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

NOTARY PUBLIC in and for the State
Of Washington, residing at _____
My Commission expires: _____

STATE OF WASHINGTON)
)
COUNTY OF SPOKANE)

On this _____ day of _____ 2006, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, Christopher R. Ashenbrener, known to me to be a _____, whose name is subscribed to foregoing agreement and acknowledged to me that he executed the same for and on behalf of The College Place, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

NOTARY PUBLIC in and for the State
Of Washington, residing at _____
My Commission expires: _____

EXHIBITS

Exhibit A: “Property”

Exhibit B: “Building”

Exhibit C “Financial Report”

Exhibit D: “Annual Budget”

Exhibit E: “Lease Session Reservation”

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

LEWIS-CLARK STATE COLLEGE

SUBJECT

Name the new nursing/health sciences building Sacajawea Hall

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies and Procedures, Section I.K.2.

BACKGROUND/DISCUSSION

Naming the newly constructed nursing/health sciences building Sacajawea Hall is in keeping with Lewis-Clark State College's (LCSC's) history and tradition of the Lewis and Clark journey. Sacajawea's guidance of Lewis and Clark was an act of help and caring, much in the nursing and health care tradition. LCSC is working to place a statue of Sacajawea at the entrance to the building, in keeping with our other public art in the same Lewis and Clark tradition. LCSC already has a "Clark Hall" and a "Meriwether-Lewis Hall" located near the new nursing/health sciences building—naming the new facility "Sacajawea Hall" will complement that existing theme and help preserve an important part of the College's heritage.

IMPACT

Letters for the building name are included in the building construction cost. No major donors have expressed interest in naming rights for the facility—future options for naming rights of specific building components or programs conducted within Sacajawea Hall are possible in the future.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

BOARD ACTION

A motion to approve the request by Lewis-Clark State College to name the new nursing/health sciences building "Sacajawea Hall."

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

LEWIS-CLARK STATE COLLEGE

SUBJECT

Approval to sell the property at 512 6th Ave, Lewiston, ID

REFERENCE

| | |
|------------|---|
| April 2005 | Board approved request to purchase the York House and two adjacent properties at 504, 508, and 512 6 th Ave in Lewiston, Idaho—primary goal of the acquisition was to support use of the York House as a learning laboratory for Hospitality Management students. |
| April 2008 | Board approved request to sell the York House (504 6 th Ave) after the College terminated Hospitality Management lab operations at that location. |
| Dec 2008 | Board approved request to sell the houses at 508 and 512 6 th Ave after a potential buyer had expressed interest in the possibility of buying all three properties as a package—approval was contingent upon later Board approval of terms, when offers were received. |

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.1.

BACKGROUND/DISCUSSION

This property, located one block north of Lewis-Clark State College's (LCSC's) Lewiston campus, was purchased in 2005 as part of a package of three properties which included the "York House," a former bed-and-breakfast operation used until the end of the Spring 2008 semester as a training laboratory for students in LCSC's Hospitality Management program. The subject property located at 512 6th Ave has been used as a student rental since its acquisition by the College in 2005. When LCSC ended Hospitality Management lab operations at the York house, it received permission from the Board to sell the three properties separately, or as a package. LCSC has accepted the latest offer made on the subject property (the buyer accepted LCSC's counter-offer of \$83K after making an initial offer for \$80K), contingent upon Board approval of the terms of purchase. The other two properties (the main York House unit at 504 6th Ave and the small house at 508 6th Ave) have generated interest, but firm offers have not yet been received.

The subject property was appraised for \$75K in 2005 (that appraisal is found in Attachment 3). The College had the property reappraised in June 2008 (prior to the sharp market slump accompanying the national/regional economic downturn)

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 16-17, 2009

and the appraised value was \$88K. The pending buyer and LCSC have agreed on a price of \$83K, after the buyer's building inspector identified a number of repairs that were needed for the facility, including elimination of termites and termite damage to a portion of the house, as described in the Purchase Sales Agreement found in Attachment 5. Arrangements to repair the most significant of the discrepancies in the rental unit have already been made by the College and will be complete before the proposed closing date in April, 2009.

IMPACT

Sale of the subject property, which lies outside LCSC's projected development zone and does not contribute to primary mission programs, makes financial sense for the College. Sale of the property would obviate the need for future costly repairs to the aging structure, which would exceed the minimal rent amounts collected from tenants. Proceeds from sale of the property will be used to support the College's core mission areas.

ATTACHMENTS

| | |
|---|---------|
| Attachment 1 – Overhead photo showing location of properties | Page 3 |
| Attachment 2 – Photo of house (front door profile) | Page 4 |
| Attachment 3 – Appraisal of property in 2005 (prior to LCSC purchase) | Page 5 |
| Attachment 4 – Appraisal of property in 2008 (prior to listing) | Page 15 |
| Attachment 5 – Purchase Sales Agreement | Page 35 |

STAFF COMMENTS AND RECOMMENDATIONS

The agreed upon price of \$83K appears reasonable compared to the June 2008 appraised value of \$88K considering the current real estate market.

Staff recommends approval.

BOARD ACTION

A motion to approve the request by Lewis-Clark State College to sell the property located at 512 6th Avenue, Lewiston, Idaho, for \$83,000, and to delegate authority to sign the Purchase Sales Agreement to the Financial Vice President for Lewis-Clark State College.

Moved by _____ Seconded by _____ Carried Yes _____ No _____





INVOICE

FROM:
 ANDY JOHANSEN & JOSEPH W. SCOTT
 WESTERN APPRAISALS
 1014 MAIN STREET
 LEWISTON, ID 83501

Telephone Number: (208)746-9891 **Fax Number:** (208)746-9895

| INVOICE NUMBER | |
|------------------------------|------------|
| RL5287 | |
| DATE | |
| 2/23/2005 | |
| REFERENCE | |
| Internal Order #: | RL5287 |
| Lender Case #: | |
| Client File #: | |
| Main File # on form: | RL5287 |
| Other File # on form: | |
| Federal Tax ID: | 82-0480131 |
| Employer ID: | |

TO:
 JULIE CREA
 LEWIS-CLARK STATE COLLEGE
 ADMINISTRATIVE SERVICES
 500 8TH AVENUE
 LEWISTON, ID 83501
Telephone Number: 208-792-2240 **Fax Number:** 208-792-2077
Alternate Number: **E-Mail:**

DESCRIPTION

Lender: LEWIS-CLARK STATE COLLEGE **Client:** LEWIS-CLARK STATE COLLEGE
Purchaser/Borrower: N.A.
Property Address: 512 6th Ave
City: LEWISTON
County: NEZ PERCE **State:** ID **Zip:** 83501-2423
Legal Description: NORTH PARK PLACE; E45', LOT 5, BLOCK 2

FEES

| FEES | AMOUNT |
|---------------------------------------|--------|
| LIMITED SUMMARY APPRAISAL REPORT 2055 | 300.00 |
| SUBTOTAL | 300.00 |

PAYMENTS

| PAYMENTS | AMOUNT | | | | | | | | | |
|--|------------------|---------------------|---------------------|----------|-------|--------------|----------|-------|--------------|--|
| <table border="0"> <tr> <td>Check #:</td> <td>Date:</td> <td>Description:</td> </tr> <tr> <td>Check #:</td> <td>Date:</td> <td>Description:</td> </tr> <tr> <td>Check #:</td> <td>Date:</td> <td>Description:</td> </tr> </table> | Check #: | Date: | Description: | Check #: | Date: | Description: | Check #: | Date: | Description: | |
| Check #: | Date: | Description: | | | | | | | | |
| Check #: | Date: | Description: | | | | | | | | |
| Check #: | Date: | Description: | | | | | | | | |
| SUBTOTAL | 0.00 | | | | | | | | | |
| TOTAL DUE | \$ 300.00 | | | | | | | | | |

FannieMae Summary Appraisal Report Western Appraisal (208)746-9891
Desktop Underwriter Quantitative Analysis Appraisal Report

File No. RL5287

THIS SUMMARY APPRAISAL REPORT IS INTENDED FOR USE BY THE LENDER/CLIENT FOR A MORTGAGE FINANCE TRANSACTION ONLY.

Property Address 512 6th Ave City LEWISTON State ID Zip Code 83501-2423
Legal Description NORTH PARK PLACE; E45', LOT 5, BLOCK 2 County NEZ PERCE
Assessor's Parcel No. RPL1060002005AA Tax Year 2004 R.E. Taxes \$ 1,504.18 Special Assessments \$ 0
Borrower N.A. Current Owner CHARLES G & NANCY L HUFF Occupant [] Owner [X] Tenant [] Vacant
Neighborhood or Project Name N/A Project Type [] PUD [] Condominium HOA \$ N/A /Mo.
Sales Price \$N/A Date of Sale N/A Description / \$ amount of loan charges/concessions to be paid by seller N/A
Property rights appraised [X] Fee Simple [] Leasehold Map Reference 4-A Census Tract 9903.00

Note: Race and the racial composition of the neighborhood are not appraisal factors.
Location [X] Urban [] Suburban [] Rural Property values [X] Increasing [] Stable [] Declining
Built up [X] Over 75% [] 25-75% [] Under 25% Demand/supply [X] Shortage [] In balance [] Over supply
Growth rate [] Rapid [X] Stable [] Slow Marketing time [X] Under 3 mos. [] 3-6 mos. [] Over 6 mos.
Neighborhood boundaries THE BOUNDARIES ARE CLEARWATER RIVER NORTH, LEWISTON ORCHARDS SOUTH, OLD GUN CLUB ROAD, EAST, SNAKE RIVER & CLARKSTON WEST. NEIGHBORHOOD IS SINGLE FAMILY AND SOME MULTI-FAMILY WITH VARIOUS AGES, STYLES, SIZES, AND ACREAGE. THE SUBJECT IS LOCATED NEAR LEWIS-CLARK STATE COLLEGE.

Dimensions 45' X 142' Site area 6,390 SQ FT (0.15 ACRES) Shape RECTANGULAR
Specific zoning classification and description R-4 HIGHER DENSITY RESIDENTIAL (7,500 SF MIN)
Zoning compliance [] Legal [X] Legal nonconforming (Grandfathered use) [] Illegal, attach description [] No zoning
Highest and best use of subject property as improved (or as proposed per plans and specifications): [X] Present use [] Other use, attach description.
Utilities Public Other Public Other Off-site Improvements Type Public Private
Electricity [X] OVERHEAD Water [X] Street ASPHALT [X] []
Gas [X] Sanitary sewer [X] Alley GRAVEL [X] []
Are there any apparent adverse site conditions (easements, encroachments, special assessments, slide areas, etc.)? [] Yes [X] No If Yes, attach description.

Source(s) used for physical characteristics of property: [X] Interior and exterior inspection [] Exterior inspection from street [] Previous appraisal files
[] MLS [X] Assessment and tax records [] Prior inspection [X] Property owner [] Other (Describe):
No. of Stories 1 STY Type (Det./Att.) DET Exterior Walls ASBESTOS SHNGL Roof Surface COMP SHNGL Manufactured Housing [] Yes [X] No
Does the property generally conform to the neighborhood in terms of style, condition and construction materials? [X] Yes [] No If No, attach description.
Are there any apparent physical deficiencies or conditions that would affect the soundness or structural integrity of the improvements or the livability of the property? [] Yes [X] No If Yes, attach description.
Are there any apparent adverse environmental conditions (hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property? [] Yes [X] No If Yes, attach description.

I researched the subject market area for comparable listings and sales that are the most similar and proximate to the subject property.
My research revealed a total of 4 sales ranging in sales price from \$ 69,000 to \$ 90,000 .
My research revealed a total of 3 listings ranging in list price from \$ 75,000 to \$ 95,000 .
The analysis of the comparable sales below reflects market reaction to significant variations between the sales and the subject property.

Table with 5 columns: FEATURE, SUBJECT, SALE 1, SALE 2, SALE 3. Rows include Address, Proximity to Subject, Sales Price, Price/Gross Living Area, Data & Verification Sources, VALUE ADJUSTMENTS, Sales or Financing Concessions, Date of Sale/Time, Location, Site, View, Design (Style), Actual Age (Yrs.), Condition, Above Grade Room Count, Gross Living Area, Basement & Finished Rooms Below Grade, Garage/Carport, Heating/AC, Fireplace, Extra Amenities, Net Adj. (total), Adjusted Sales Price of Comparables, Date of Prior Sale, Price of Prior Sale.

Analysis of any current agreement of sale, option, or listing of the subject property and analysis of the prior sales of subject and comparables: NO SALE OR LISTING OF THE SUBJECT IN THE LAST 3 YEARS. SALES COMPARISONS HAVE NOT RESOLD IN THE PAST YEAR. OWNER REPORTS HOME RENTS FOR \$1200/MONTH, FURNISHED.
Summary of sales comparison and value conclusion: THE MARKET CURRENTLY LACKS SALES AND LISTINGS IN THE LAST YEAR THAT WILL CLOSELY COMPARE TO THE SUBJECT PROPERTY. THE THREE SALES SHOWN GIVE A GOOD INDICATION OF MARKET VALUE FOR THE SUBJECT PROPERTY. THE SUBJECT IS A ONE STORY HOME WITH AN UN-SEALED BASEMENT/CELLAR. THE HOME IS HEATED WITH A GAS FORCED-AIR FURNACE AND CENTRAL AIR CONDITIONING. THE PROPERTY HAS A FENCE BUT NO CAR STORAGE OR ADDITIONAL AMENITIES. THE SUBJECT AND ALL SALES HAVE HAD SOME UPDATING AND HAVE BEEN GIVEN AN EFFECTIVE AGE AS SHOWN. SALE 1 IS SIMILAR IN SIZE, BUT LACKS AIR CONDITIONING AND A FENCE. THE PROPERTY HAS A FIREPLACE AND CAR STORAGE. SALE 2 IS SIMILAR IN AGE AND SIZE. THE HOME LACKS AIR CONDITIONING BUT HAS A CAR GARAGE. SALE 3 HAS BEEN UPDATED WITH A NEW ROOF, VINYL WINDOWS, FLOORING, AND TILE COUNTER TOPS IN THE KITCHEN. THE HOME HAS ELECTRIC WALL HEAT AND LACKS AIR-CONDITIONING. EQUAL CONSIDERATION IS GIVEN TO ALL SALES.
This appraisal is made [X] "as-is", [] subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, or [] subject to the following repairs, alterations or conditions THE MARKET VALUE CONCLUSION DOES NOT INCLUDE THE PERSONAL PROPERTY, (FURNISHINGS) OF THE HOME.

BASED ON AN [] EXTERIOR INSPECTION FROM THE STREET OR AN [X] INTERIOR AND EXTERIOR INSPECTION, I ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT TO BE \$ 75,000 , AS OF 2/17/2005

Desktop Underwriter Quantitative Analysis Appraisal Report

File No. RL5287

| | |
|---|---|
| PUD | Project Information for PUDs (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | Provide the following information for PUDs only if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit: |
| | Total number of phases <u>N/A</u> Total number of units _____ Total number of units sold _____ |
| | Total number of units rented _____ Total number of units for sale _____ Data Source(s) _____ |
| | Was the project created by the conversion of existing buildings into a PUD? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, date of conversion: _____ |
| Does the project contain any multi-dwelling units? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source: _____ | |
| Are the common elements completed? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe status of completion: _____ | |
| Are any common elements leased to or by the Home Owners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, attach addendum describing rental terms and options. | |
| Describe common elements and recreational facilities: _____ | |

| | |
|---|---|
| CONDOMINIUM | Project Information for Condominiums (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | Provide the following information for all Condominium Projects: |
| | Total number of phases <u>N/A</u> Total number of units _____ Total number of units sold _____ |
| | Total number of units rented _____ Total number of units for sale _____ Data Source(s) _____ |
| | Was the project created by the conversion of existing buildings into a condominium? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, date of conversion: _____ |
| Project Type: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Second Home or Recreational <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Midrise <input type="checkbox"/> Highrise <input type="checkbox"/> _____ | |
| Condition of the project, quality of construction, unit mix, etc.: _____ | |
| Are the common elements completed? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe status of completion: _____ | |
| Are any common elements leased to or by the Home Owners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, attach addendum describing rental terms and options. | |
| Describe common elements and recreational facilities: _____ | |

PURPOSE OF APPRAISAL: The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report based on a quantitative sales comparison analysis for use in a mortgage finance transaction.

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, 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 each acting in what he considers his own best interest; (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.

* Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

- The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
- The appraiser has provided any required sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
- The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
- The appraiser has noted in the appraisal report any adverse conditions (such as, but not limited to, needed repairs, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
- The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
- The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
- The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the report to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
- The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed.
- The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

Desktop Underwriter Quantitative Analysis Appraisal Report

File No. RL5287

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I performed this appraisal by (1) personally inspecting from the street the subject property and neighborhood and each of the comparable sales (unless I have otherwise indicated in this report that I also inspected the interior of the subject property); (2) collecting, confirming, and analyzing data from reliable public and/or private sources; and (3) reporting the results of my inspection and analysis in this summary appraisal report. I further certify that I have adequate information about the physical characteristics of the subject property and the comparable sales to develop this appraisal.
2. I have researched and analyzed the comparable sales and offerings/listings in the subject market area and have reported the comparable sales in this report that are the best available for the subject property. I further certify that adequate comparable market data exists in the general market area to develop a reliable sales comparison analysis for the subject property.
3. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware, have considered these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them, and have commented about the effect of the adverse conditions on the marketability of the subject property. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
4. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
5. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
6. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
7. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
8. I estimated the market value of the real property that is the subject of this report based on the sales comparison approach to value. I further certify that I considered the cost and income approaches to value, but, through mutual agreement with the client, did not develop them, unless I have noted otherwise in this report.
9. I performed this appraisal as a limited appraisal, subject to the Departure Provision of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of the appraisal (unless I have otherwise indicated in this report that the appraisal is a complete appraisal, in which case, the Departure Provision does not apply).
10. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value. The exposure time associated with the estimate of market value for the subject property is consistent with the marketing time noted in the Neighborhood section of this report. The marketing period concluded for the subject property at the estimated market value is also consistent with the marketing time noted in the Neighborhood section.
11. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. I further certify that no one provided significant professional assistance to me in the development of this appraisal.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have examined the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 5 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

APPRAISER:
 Signature: Joseph W. Scott
 Name: JOSEPH W. SCOTT
 Company Name: WESTERN APPRAISALS
 Company Address: 1014 MAIN STREET
LEWISTON, ID 83501
 Date of Report/Signature: February 28, 2005
 State Certification #: IN-TRAINING
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED):
 Signature: Andy Johansen
 Name: ANDY JOHANSEN
 Company Name: WESTERN APPRAISALS
 Company Address: 1014 MAIN STREET
LEWISTON, IDAHO 83501
 Date of Report/Signature: FEBRUARY 28, 2005
 State Certification #: CRA #148
 or State License #: _____
 State: IDAHO
 Expiration Date of Certification or License: 7/26/05

ADDRESS OF PROPERTY APPRAISED:
512 6th Ave
LEWISTON, ID 83501-2423

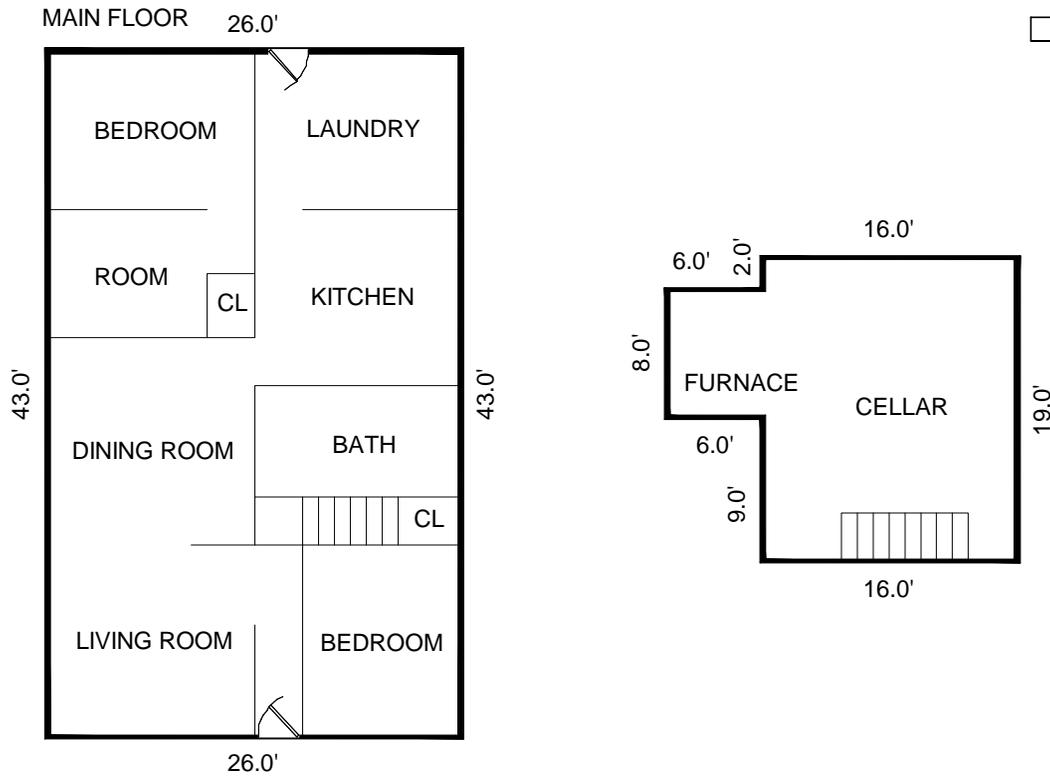
APPRAISED VALUE OF SUBJECT PROPERTY \$ 75,000
EFFECTIVE DATE OF APPRAISAL/INSPECTION 2/17/2005

LENDER/CLIENT:
 Name: ADMINISTRATIVE SERVICES
 Company Name: LEWIS-CLARK STATE COLLEGE
 Company Address: 500 8TH AVENUE

SUPERVISORY APPRAISER:
SUBJECT PROPERTY
 Did not inspect subject property
 Did inspect exterior of subject property from street
 Did inspect interior and exterior of subject property
COMPARABLE SALES
 Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street

Building Sketch (Page - 1)

| | | | |
|----------------------------------|------------------|----------|---------------------|
| Borrower/Client N.A. | | | |
| Property Address 512 6th Ave | | | |
| City LEWISTON | County NEZ PERCE | State ID | Zip Code 83501-2423 |
| Lender LEWIS-CLARK STATE COLLEGE | | | |



Sketch by Apex IV™

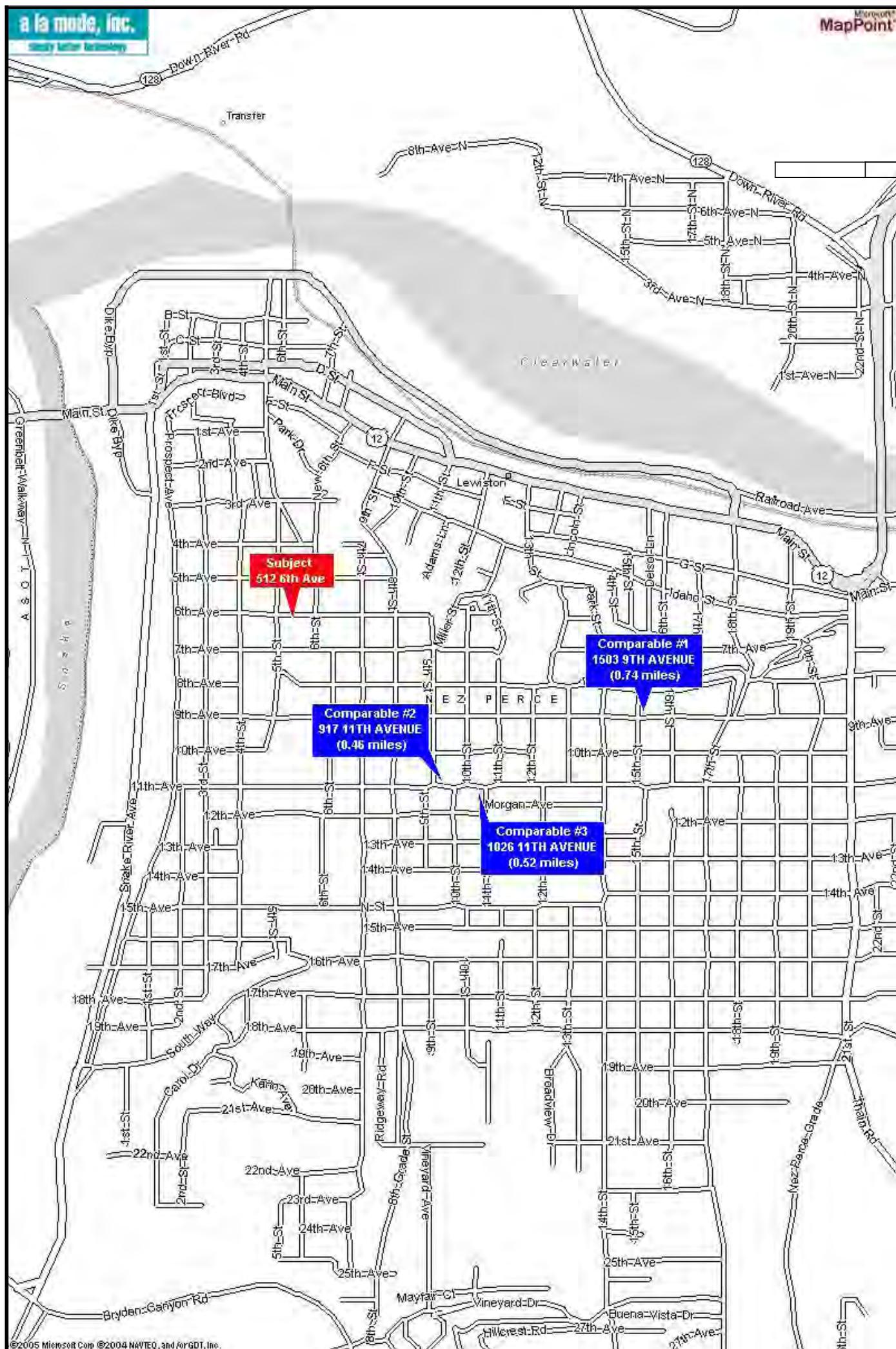
Comments:

| AREA CALCULATIONS SUMMARY | | | |
|---------------------------|-------------|---------|------------|
| Code | Description | Size | Net Totals |
| GLA1 | First Floor | 1118.00 | 1118.00 |
| BSMT | Cellar | 352.00 | 352.00 |
| TOTAL LIVABLE (rounded) | | | 1118 |

| LIVING AREA BREAKDOWN | | |
|-------------------------------|-----------|--|
| Breakdown | Subtotals | |
| First Floor | 1118.00 | |
| 26.0 x 43.0 | 1118.00 | |
| 1 Calculation Total (rounded) | 1118 | |

Location Map

| | | | |
|----------------------------------|------------------|----------|---------------------|
| Borrower/Client N.A. | | | |
| Property Address 512 6th Ave | | | |
| City LEWISTON | County NEZ PERCE | State ID | Zip Code 83501-2423 |
| Lender LEWIS-CLARK STATE COLLEGE | | | |



Subject Photo Page

| | | | |
|----------------------------------|------------------|----------|---------------------|
| Borrower/Client N.A. | | | |
| Property Address 512 6th Ave | | | |
| City LEWISTON | County NEZ PERCE | State ID | Zip Code 83501-2423 |
| Lender LEWIS-CLARK STATE COLLEGE | | | |



Subject Front

| | |
|-------------------|--------------|
| 512 6TH AVENUE | |
| Sales Price | N/A |
| Gross Living Area | 1,118 |
| Total Rooms | 6 |
| Total Bedrooms | 2 |
| Total Bathrooms | 1 |
| Location | LEWISTON |
| View | LOCAL |
| Site | 0.13 ACRES |
| Quality | |
| Age | 1930 EFF1955 |



Subject Rear



Subject Street

Comparable Photo Page

| | | | |
|----------------------------------|------------------|----------|---------------------|
| Borrower/Client N.A. | | | |
| Property Address 512 6th Ave | | | |
| City LEWISTON | County NEZ PERCE | State ID | Zip Code 83501-2423 |
| Lender LEWIS-CLARK STATE COLLEGE | | | |



Comparable 1

1503 9TH AVENUE

| | |
|-------------------|--------------|
| Prox. to Subject | 0.74 miles |
| Sale Price | 69,000 |
| Gross Living Area | 904 |
| Total Rooms | 4 |
| Total Bedrooms | 2 |
| Total Bathrooms | 1 |
| Location | LEWISTON |
| View | LOCAL |
| Site | 0.11 ACRES |
| Quality | |
| Age | 1925 EFF1955 |



Comparable 2

917 11TH AVENUE

| | |
|-------------------|--------------|
| Prox. to Subject | 0.46 miles |
| Sale Price | 72,900 |
| Gross Living Area | 936 |
| Total Rooms | 5 |
| Total Bedrooms | 3 |
| Total Bathrooms | 1 |
| Location | LEWISTON |
| View | LOCAL |
| Site | 0.16 ACRES |
| Quality | |
| Age | 1929 EFF1955 |



Comparable 3

1026 11TH AVENUE

| | |
|-------------------|--------------|
| Prox. to Subject | 0.52 miles |
| Sale Price | 76,400 |
| Gross Living Area | 994 |
| Total Rooms | 5 |
| Total Bedrooms | 3 |
| Total Bathrooms | 1 |
| Location | LEWISTON |
| View | LOCAL |
| Site | 0.11 ACRES |
| Quality | |
| Age | 1925 EFF1955 |

| | | | |
|----------------------------------|------------------|-----------------|---------------------|
| Borrower N.A. | | File No. RL5287 | |
| Property Address 512 6th Ave | | | |
| City LEWISTON | County NEZ PERCE | State ID | Zip Code 83501-2423 |
| Lender LEWIS-CLARK STATE COLLEGE | | | |

APPRAISAL AND REPORT IDENTIFICATION

This appraisal conforms to one of the following definitions:

- Complete Appraisal** (The act or process of estimating value, or an opinion of value, performed without invoking the Departure Rule.)
- Limited Appraisal** (The act or process of estimating value, or an opinion of value, performed under and resulting from invoking the Departure Rule.)

This report is one of the following types:

- Self Contained** (A written report prepared under Standards Rule 2-2(a) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Summary** (A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Restricted** (A written report prepared under Standards Rule 2-2(c) of a Complete or Limited Appraisal performed under STANDARD 1, restricted to the stated intended use by the specified client or intended user.)

Comments on Standards Rule 2-3

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions and conclusions.
 I have no (or the specified) present or prospective interest in the property that is the subject of this report, and no (or the specified) personal interest with respect to the parties involved.
 I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
 My engagement in this assignment was not contingent upon developing or reporting predetermined results.
 My 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.
 My analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
 I have (or have not) made a personal inspection of the property that is the subject of this report.
 No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

Comments on Appraisal and Report Identification

Note any departures from Standards Rules 1-3 and 1-4, plus any USPAP-related issues requiring disclosure:

This report is a limited appraisal made to the binding requirements of the Uniform Standards of Professional Appraisal Practice(USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The USPAP permits departures from some sections of the USPAP that are classified as guidelines. The USPAP places the burden of proof on the appraiser to decide by accepting an assignment which calls for something less than, or different from the work that would otherwise be USPAP guidelines, to determine that the appraisal is not so limited that the result assignment would tend to mislead or confuse the client or other intended users of the report. The appraiser must advise the client that a limited appraisal assignment may not be as reliable as a complete appraisal, and that the report will clearly identify and explain the departures. The client must agree that the performance of a limited appraisal service would be appropriate.

This report is intended for use in lending decisions by Lewis-Clark State College, only. This report is not intended for any other use. I am satisfied that the appraisal I performed is not so limited that the resulting assignment will tend to mislead or confuse the client or any other disclosed intended users of the report. I have indicated below those specific sections of the USPAP from which I departed. I have prominently disclosed in the appraisal report that this is a limited appraisal and that I have not performed all of the items of the appraisal process for a complete appraisal, and a limited appraisal would be appropriate.

The attached appraisal has departed from the following USPAP Standard Rules:

- 1-2(c)--in depth investigation of easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or items of a similar nature has not been accomplished.
- 1-4(a,b,c)--with prior agreement of the client, the cost and income capitalization approaches to value have not been accomplished.
- 2-2(h)--the summary reporting format of this limited appraisal may not contain sufficient information to fully understand the appraisal process without the additional information in the appraisers

APPRAISER:

Signature: Joseph W. Scott
 Name: JOSEPH W. SCOTT
 Date Signed: February 28, 2005
 State Certification #: IN-TRAINING
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

SUPERVISORY APPRAISER (only if required):

Signature: Andy Johansen
 Name: ANDY JOHANSEN
 Date Signed: FEBRUARY 28, 2005
 State Certification #: CRA #148
 or State License #: _____
 State: IDAHO
 Expiration Date of Certification or License: 7/26/05

Did Did Not Inspect Property

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INVOICE

FROM:
 Wayne T. Agee
 Western Appraisal
 1014 Main St.
 Lewiston, ID 83501

Telephone Number: (208) 746-9891 Fax Number: (208) 746-9895

| INVOICE NUMBER |
|--------------------|
| RL5592 |
| DATE |
| Fielded 06/26/2008 |

TO:

Lewis Clark State College
 500 8th Ave.
 Lewiston, ID 83501

Telephone Number: 792-2240 Fax Number:
 Alternate Number: E-Mail: lkloewen@lcsc.edu

| REFERENCE |
|-----------------------------|
| Internal Order #: RL5592 |
| Lender Case #: |
| Client File #: |
| Main File # on form: RL5592 |
| Other File # on form: |
| Federal Tax ID: |
| Employer ID: |

DESCRIPTION

Lender: Lewis Clark State College **Client:** Lewis Clark State College
Purchaser/Borrower: N/A
Property Address: 512 6th Ave.
 City: Lewiston
 County: Nez Perce State: ID Zip: 83501
Legal Description: Lewiston: North Park Place, E45' of Lot 5, Block 2

| FEES | AMOUNT |
|-----------------|--------|
| 1004 URAR | 300.00 |
| SUBTOTAL | 300.00 |

| PAYMENTS | AMOUNT |
|---------------------------------------|------------------|
| Check #: Date: Description: | |
| Check #: Date: Description: | |
| Check #: Date: Description: | |
| SUBTOTAL | |
| TOTAL DUE | \$ 300.00 |

Uniform Residential Appraisal Report

File # RL5592

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address 512 6th Ave. City Lewiston State ID Zip Code 83501
Borrower N/A Owner of Public Record Idaho State Board of Education County Nez Perce
Legal Description Lewiston: North Park Place, E45' of Lot 5, Block 2
Assessor's Parcel # RPL10600810205A Tax Year 2007 R.E. Taxes \$ N/A
Neighborhood Name Lewiston Map Reference 4-A Census Tract 9903.00
Occupant [] Owner [X] Tenant [] Vacant Special Assessments \$ N/A [] PUD HOA \$ N/A [] per year [] per month
Property Rights Appraised [X] Fee Simple [] Leasehold [] Other (describe)
Assignment Type [] Purchase Transaction [] Refinance Transaction [X] Other (describe) Estimate of Current Market Value for Possible Sale
Lender/Client Lewis Clark State College Address 500 8th Ave., Lewiston, ID 83501
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? [] Yes [X] No
Report data source(s) used, offering price(s), and date(s). MLS, Discussion with Owner Representative

CONTRACT

I [] did [] did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. N/A
Contract Price \$ N/A Date of Contract N/A Is the property seller the owner of public record? [] Yes [] No Data Source(s)
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? [] Yes [] No
If Yes, report the total dollar amount and describe the items to be paid.

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.
Neighborhood Characteristics One-Unit Housing Trends One-Unit Housing Present Land Use %
Location [X] Urban [] Suburban [] Rural Property Values [] Increasing [X] Stable [] Declining PRICE AGE One-Unit 75 %
Built-Up [X] Over 75% [] 25-75% [] Under 25% Demand/Supply [] Shortage [X] In Balance [] Over Supply \$ (000) (yrs) 2-4 Unit 7 %
Growth [] Rapid [X] Stable [] Slow Marketing Time [] Under 3 mths [X] 3-6 mths [] Over 6 mths 50 Low 0 Multi-Family 5 %
Neighborhood Boundaries The subject neighborhood is bounded by the Third Avenue to the North, Snake River to the West, 17th St. to the East and 18th Ave. to the South. 650 High 120 Commercial 10 %
135 Pred. 50 Other 3 %
Neighborhood Description The subject is located in a primarily single family residential neighborhood with commercial properties located on the arterial streets. Employment, schools and retail shopping are a short commute from the subject property. Single family residential properties in the neighborhood vary in size, style, age and value. Sites vary in size from 3,500 sq. ft. to 12,000 sq. ft.
Market Conditions (including support for the above conclusions) Sales have slowed over the past year after two years of appreciation in the market. Current market times average less than 111 days and sale prices are currently about 99% of list. Few concessions are necessary for sales, however, some sellers are offering to assist with closing costs. New construction continues at a decreased rate.
Dimensions 45' x 142' Area 6,390 Sq.Ft. Shape Rectangular View Average
Specific Zoning Classification R4 Zoning Description Higher Density Residential (7,500 sq. ft. minimum)
Zoning Compliance [] Legal [X] Legal Nonconforming (Grandfathered Use) [] No Zoning [] Illegal (describe)
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? [X] Yes [] No If No, describe

SITE

Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private
Electricity [X] [] Water [X] [] Street Asphalt [X] []
Gas [X] [] Sanitary Sewer [X] [] Alley [] []
FEMA Special Flood Hazard Area [] Yes [X] No FEMA Flood Zone C FEMA Map # 1601040001B FEMA Map Date 1/20/1982
Are the utilities and off-site improvements typical for the market area? [X] Yes [] No If No, describe
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? [] Yes [X] No If Yes, describe

IMPROVEMENTS

General Description Foundation Exterior Description materials/condition Interior materials/condition
Units [X] One [] One with Accessory Unit [] Concrete Slab [X] Crawl Space Foundation Walls Stone Masonry/Fair Floors Carpet, Tile/Av-
of Stories 1 Story [] Full Basement [X] Partial Basement Exterior Walls Asbestos Shngl/A- Walls Plstr, Dylw/Av-
Type [X] Det. [] Att. [] S-Det./End Unit Basement Area 240 sq.ft. Roof Surface Comp Shingle/Av- Trim/Finish Wood, Paint/Av-
[X] Existing [] Proposed [] Under Const. Basement Finish 0 % Gutters & Downspouts None Bath Floor Tile/Av
Design (Style) 1 Story/Bsmt [] Outside Entry/Exit [] Sump Pump Window Type Wood, Metal/Av Bath Wainscot Vinyl/Av
Year Built 1930 Evidence of [] Infestation Storm Sash/Insulated Mix/Av Car Storage [X] None
Effective Age (Yrs) 30-35 [] Dampness [] Settlement Screens Partial/Av [] Driveway # of Cars
Attic [] None Heating [X] FWA [] HWBB [] Radiant Amenities [] Woodstove(s) # Driveway Surface
[] Drop Stair [] Stairs [] Other Fuel Gas [] Fireplace(s) # [X] Fence [] Garage # of Cars
[] Floor [X] Scuttle Cooling [X] Central Air Conditioning [] Patio/Deck [X] Porch [] Carport # of Cars
[] Finished [] Heated [] Individual [] Other [] Pool [X] Other UGSS [] Att. [] Det. [] Built-in
Appliances [] Refrigerator [] Range/Oven [] Dishwasher [] Disposal [] Microwave [] Washer/Dryer [] Other (describe)
Finished area above grade contains: 7 Rooms 2 Bedrooms 1 Bath(s) 1,118 Square Feet of Gross Living Area Above Grade
Additional features (special energy efficient items, etc.). Energy efficiency is typical of a residence of this style, quality and condition in the market area.

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). Upon observation the appraiser found the subject residence to be in below average overall condition for it's effective age. Upon observation the appraiser noted that the subject roof and foundation are showing signs of deferred maintenance associated with age and use. The basement area had several indications of possible water intrusion and settlement of the stone masonry foundation which was visible from the exterior of the residence and interior of the residence. Therefore, this appraisal report is subject to a home inspection, of specifically the roof and foundation.
Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? [X] Yes [] No If Yes, describe
As indicated above the appraiser noted that the subject foundation and roof are showing numerous signs of deferred maintenance. These factors may or may not impose a serious threat to the current livability of the subject residence, however, a home inspection, by a licensed building inspector would provide greater detail as to the remaining economic life of the foundation and roof, as well as other possible needed repairs.
Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? [X] Yes [] No If No, describe

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There are **7** comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ **50,000** to \$ **110,000**.

There are **8** comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ **50,000** to \$ **110,000**.

| FEATURE | SUBJECT | COMPARABLE SALE # 1 | | | COMPARABLE SALE # 2 | | | COMPARABLE SALE # 3 | | |
|---------------------------------------|------------------------------------|--|--------------------|--------------------|--|--------------------|--------------------|---|--------------------|--|
| Address | 512 6th Ave. Lewiston, ID 83501 | 502 Delsol Lane Lewiston, ID 83501 | | | 330 14th Ave. Lewiston, ID 83501 | | | 1828 7th Ave. Lewiston, ID 83501 | | |
| Proximity to Subject | | 0.74 miles E | | | 0.56 miles S | | | 0.99 miles E | | |
| Sale Price | \$ N/A | \$ 66,000 | | | \$ 106,000 | | | \$ 85,000 | | |
| Sale Price/Gross Liv. Area | \$ sq.ft. | \$ 60.44 sq.ft. | | | \$ 120.18 sq.ft. | | | \$ 86.21 sq.ft. | | |
| Data Source(s) | | County Records, MLS | | | County Records, MLS | | | County Records, MLS | | |
| Verification Source(s) | | County Records, MLS | | | County Records, MLS | | | County Records, MLS | | |
| VALUE ADJUSTMENTS | DESCRIPTION | DESCRIPTION | +(-) \$ Adjustment | DESCRIPTION | +(-) \$ Adjustment | DESCRIPTION | +(-) \$ Adjustment | DESCRIPTION | +(-) \$ Adjustment | |
| Sales or Financing Concessions | | Conventional No Concession | | | FHA No Concession | | | Conventional No Concession | | |
| Date of Sale/Time | | 11/16/07 - 94 | | | 04/11/08 - 150 | | | 04/30/08 - 105 | | |
| Location | Lewiston | Dwntn Lewiston +10,000 | | | Lewiston | | | Lewiston | | |
| Leasehold/Fee Simple | Fee Simple | Fee Simple | | | Fee Simple | | | Fee Simple | | |
| Site | 6,390 Sq.Ft. | 4,250 sq. ft. +4,500 | | | 6,400 sq. ft. | | | 4,365 sq. ft. +4,500 | | |
| View | Average | Average | | | Average | | | Average | | |
| Design (Style) | 1 Story/Bsmt | 1 Story/Bsmt | | | 1 Story/Bsmt | | | 1.5 Story/Bsmt | | |
| Quality of Construction | Average | Average | | | Average | | | Average | | |
| Actual Age | A 78, E 30-35 | A 93, E 35-40 +2,500 | | | A 74, E 20-25 -2,500 | | | A 98, E 30-35 | | |
| Condition | Below Average | Fair +5,000 | | | Average -7,500 | | | Below Average | | |
| Above Grade Room Count | Total Bdrms. Baths | Total Bdrms. Baths | | Total Bdrms. Baths | | Total Bdrms. Baths | | Total Bdrms. Baths | | |
| | 7 2 1 | 5 2 1 | | 4 2 1 | | 6 3 1.75 | | | | |
| Gross Living Area | 1,118 sq.ft. | 1,092 sq.ft. +5,900 | | | 882 sq.ft. +5,900 | | | 986 sq.ft. +3,000 | | |
| Basement & Finished Rooms Below Grade | 240 Sq.Ft. Unfinished | 491 sq. ft. Unfinished -1,750 | | | 406 sq. ft. 203 Finished -1,150 | | | 150 sq. ft. Unfinished -2,450 | | |
| Functional Utility | Average | Average | | | Average | | | Average | | |
| Heating/Cooling | GFA/CAC | GFA/CAC | | | GFA/CAC | | | GFA/CAC | | |
| Energy Efficient Items | Average | Average | | | Average | | | Average | | |
| Garage/Carport | O.S.P. | O.S.P. | | | 1-G Att. -3,500 | | | O.S.P. | | |
| Porch/Patio/Deck | Porches | Porches | | | Porches | | | Porches | | |
| Aux Heat | None | None | | | Fireplace -1,000 | | | None | | |
| Other Amenities | Fence | Fence | | | Fence | | | Fence | | |
| Net Adjustment (Total) | | ☒ + ☐ - \$ 20,250 | | | ☐ + ☒ - \$ -11,200 | | | ☒ + ☐ - \$ 6,150 | | |
| Adjusted Sale Price of Comparables | | Net Adj. 30.7 % Gross Adj. 36.0 % \$ 86,250 | | | Net Adj. 10.6 % Gross Adj. 23.6 % \$ 94,800 | | | Net Adj. 7.2 % Gross Adj. 11.9 % \$ 91,150 | | |

SALES COMPARISON APPROACH

I did did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s) County Records, MLS

My research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data Source(s) County Records, MLS

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

| ITEM | SUBJECT | COMPARABLE SALE #1 | | | COMPARABLE SALE #2 | | | COMPARABLE SALE #3 | | |
|----------------------------------|---------------------|---------------------|--|--|---------------------|--|--|---------------------|--|--|
| Date of Prior Sale/Transfer | 05/2005 | None Found | | | None Found | | | None Found | | |
| Price of Prior Sale/Transfer | \$95,000 | N/A | | | N/A | | | N/A | | |
| Data Source(s) | County Records, MLS | County Records, MLS | | | County Records, MLS | | | County Records, MLS | | |
| Effective Date of Data Source(s) | 06/26/2008 | 06/27/2008 | | | 06/27/2008 | | | 07/01/2008 | | |

Analysis of prior sale or transfer history of the subject property and comparable sales According to the Nez Perce County Assessor's records and a discussion with Lewis Clark State College the subject property was purchased in May of 2005 for \$95,000. The purchase price is an allocation of value from a larger sale which included 504, 508 and 512 6th Ave. The total purchase price for all three properties was \$460,000. Therefore, the purchase price of \$95,000 may not have accurately reflected the market value of the subject property at that time. Comparable sale # 4 is currently subject to a listing agreement with Coldwell Banker Tomlinson for \$136,000 after having received several updates after the sale that occurred 07/09/2007.

None of the comparable sales have transferred in 1 year prior to the dates given.

Summary of Sales Comparison Approach Due to the slow down in sales over the past 1 1/2 years and the below average condition of the subject residence there are currently very few sales with some similarity to the subject property. None of the comparable sales available are a perfect match to the subject property which has resulted in higher than typically desired adjustment to the comparable sales. Comparable sales # 1 and # 3 are the most similar to the subject residence in size and condition. Comparable sale # 1 and # 3 were therefore given the most consideration in the indicated value by the Sales Comparison Approach. Due to the lack of comparable sales two competing listings are attached to this appraisal report. Upon adjustment the competing listings indicate a stable market and bolster the opinion of value indicated by the comparable sales. FOR FURTHER COMMENTS ON THE SUBJECT PROPERTY, COMPARABLE SALES AND THE ADJUSTMENTS MADE IN THE SALES COMPARISON APPROACH SEE THE COMMENTS SECTION ON PAGE # 3.

Indicated Value by Sales Comparison Approach \$ 88,000

Indicated Value by: Sales Comparison Approach \$ 88,000 Cost Approach (if developed) \$ 87,979 Income Approach (if developed) \$ 91,800

The Sales Comparison Approach is generally the most accurate reflection of what buyers are currently paying in the market area. The Cost and Income Approach support the indicated value by the Sales Comparison Approach. The Sales Comparison Approach was weighted in the final opinion of value.

This appraisal is made "as is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: Complete home inspection by a licensed home inspector.

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 88,000 , as of 06/26/2008 , which is the date of inspection and the effective date of this appraisal.

RECONCILIATION

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HIGHEST AND BEST USE: The current residential use of the subject property is legal, physically possible, financially feasible and appropriately supported. It is the appraiser's opinion that the "highest and best use" of the subject property is residential.

MARKET DATA: The comparable sales used in the Sales Comparison Approach for the subject property were the most recent in the subject market area with some similarity to the subject property. Following is a general discussion of the adjustments made in the Sales Comparison Approach. Adjustments are based on the appraiser's analysis of recent residential sales in the subject market area.

SUBJECT: The subject property consists of a 6,390 sq. ft. site with a 1 Story residence over a partial unfinished basement area. Upon observation the appraisers noted that the subject residence is showing several signs of deferred maintenance. The subject roof and foundation are in poor overall condition with little remaining economic life. The Stone Masonry foundation on the west side of the residence appears to have settled causing the interior floors of the bathroom and kitchen area to slope. The foundation of the rear bedroom and utility room area is of treated wood construction and has also settled/deteriorated causing the floors to slope to the south or rear of the property. Due to the numerous signs of deferred maintenance associated with age and use, this appraisal report is subject to the completion of a home inspection, particularly focusing on the foundation and roof.

ADDITIONAL COMMENTS

COMPARABLE 1: The comparable property is located in a less marketable neighborhood of Lewiston. Upon analysis of recent residential site sales in the market area the appraiser determined that an adjustment was necessary for the comparable's smaller site. The comparable residence is older and shows more wear and tear associated with age and use. No adjustment for above grade living area was necessary as the comparable's and subject's living areas are similar in size, utility and function. Unfinished basement area was adjusted at \$7 per sq. ft. and rounded to the nearest \$50.

COMPARABLE 2: The comparable residence is in superior overall condition showing fewer signs of wear and tear associated with age and use. Living area was adjusted at \$25 per sq. ft. and rounded to the nearest \$50. Unfinished basement area was adjusted at \$7 per sq. ft. and rounded to the nearest \$50. Finished basement area was adjusted at \$12 per sq. ft. and rounded to the nearest \$50. The comparable property has a garage which provides additional exterior storage and work space. The comparable residence has a secondary heat source which is more functional for year round use.

COMPARABLE 3: Site was adjusted as before. The comparable residence has a more marketable above grade bedroom and bathroom count. Living area and unfinished basemen area were adjusted as before.

COMPARABLE 4: Site, wear and tear associated with age and use, living area, unfinished basement area and garage were adjusted as before. The comparable's exterior improvements are larger and more functional. Secondary heat source was adjusted as before.

FOR FURTHER COMMENTS ON THE COMPETING LISTINGS, SEE THE COMMENTS SECTION BELOW THE ADDITIONAL LISTINGS GRID.

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) The most recent residential site sales with similarity to the subject site in location, access, topography and utility for development would have a dollar per square foot range of \$2.38 to \$4.50. The subject site has an average location, level topography average access and utility as it is an interior lot with alley access. Therefore, the appraiser has determined that the subject site would have a dollar per square foot value of approximately \$4.25 or \$27,150

COST APPROACH

| | | | | |
|--|--|-------------------|---------------------|---------------|
| ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW | OPINION OF SITE VALUE..... | | | =\$ 27,150 |
| Source of cost data Marshall and Swift Cost Handbook | DWELLING | 1,118 Sq.Ft. @ \$ | 81.80 | =\$ 91,452 |
| Quality rating from cost service Average Effective date of cost data 12/2006 | Basement | 240 Sq.Ft. @ \$ | 35.47 | =\$ 8,513 |
| Comments on Cost Approach (gross living area calculations, depreciation, etc.) | Floor Cover | | | =\$ 3,494 |
| Site value is based upon the analysis given above. Cost was developed from Marshall & Swift Cost Manual, adjusted by the appraiser's files and with local cost data obtained through discussions with local contractors. | Garage/Carport | Sq.Ft. @ \$ | | =\$ |
| Physical depreciation is based on the age/life method and adjusted for the local market. See attached building sketch for residence dimensions. | Total Estimate of Cost-New | | | =\$ 103,459 |
| | Less | Physical | Functional External | |
| | Depreciation | 51,730 | | = \$(51,730) |
| | Depreciated Cost of Improvements | | | =\$ 51,729 |
| | "As-is" Value of Site Improvements | | | =\$ 9,100 |
| Estimated Remaining Economic Life (HUD and VA only) 30 Years | Porches, Water, Sewer, Fence | | | |
| | INDICATED VALUE BY COST APPROACH | | | =\$ 87,979 |

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$ 600 X Gross Rent Multiplier 153 = \$ 91,800 Indicated Value by Income Approach
 Summary of Income Approach (including support for market rent and GRM) The GRM was developed using the market data collected by the appraiser of similar single-family residences that were rented at the time of sale.

INCOME

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

PUD INFORMATION

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Data source(s)

Was the project created by the conversion of existing building(s) into a PUD? Yes No If Yes, date of conversion.

Does the project contain any multi-dwelling units? Yes No Data Source

Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

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This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

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, 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 each acting in what he or she considers his or her own best interest; (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.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

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21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature Wayne T. Agee
 Name Wayne T. Agee
 Company Name Western Appraisals
 Company Address 1014 Main St., Lewiston, ID 83501

Telephone Number (208) 746-9891
 Email Address wayne@westernapp.com
 Date of Signature and Report July 03, 2008
 Effective Date of Appraisal 06/26/2008
 State Certification # _____
 or State License # LRA-1868
 or Other (describe) _____ State # _____
 State ID _____
 Expiration Date of Certification or License 12/30/2008

ADDRESS OF PROPERTY APPRAISED

512 6th Ave.
Lewiston, ID 83501

APPRAISED VALUE OF SUBJECT PROPERTY \$ 88,000

LENDER/CLIENT

Name _____
 Company Name Lewis Clark State College
 Company Address 500 8th Ave., Lewiston, ID 83501
 Email Address lkloewen@lcsc.edu

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature Don A. Kerby
 Name Don Kerby
 Company Name Western Appraisals
 Company Address 1014 Main St., Lewiston, ID 83501

Telephone Number (208) 746-9891
 Email Address western@westernapp.com
 Date of Signature July 03, 2008
 State Certification # CGA # 120
 or State License # _____
 State ID _____
 Expiration Date of Certification or License 4/4/2009

SUBJECT PROPERTY

- Did not inspect subject property
 Did inspect exterior of subject property from street
 Date of Inspection _____
 Did inspect interior and exterior of subject property
 Date of Inspection 06/26/2008

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street
 Date of Inspection _____

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| FEATURE | SUBJECT | COMPARABLE SALE # 4 | | | COMPARABLE SALE # 5 | | | COMPARABLE SALE # 6 | | |
|---|------------------------------------|--|---|-------------------|--|---|-------------------|--|---|-------------------|
| Address | 512 6th Ave. Lewiston, ID 83501 | 309 11th Ave. Lewiston, ID 83501 | | | | | | | | |
| Proximity to Subject | | 0.36 miles SW | | | | | | | | |
| Sale Price | \$ N/A | \$ 97,500 | | | \$ | | | \$ | | |
| Sale Price/Gross Liv. Area | \$ sq.ft. | \$ 102.42 sq.ft. | | | \$ sq.ft. | | | \$ sq.ft. | | |
| Data Source(s) | | County Records, MLS | | | | | | | | |
| Verification Source(s) | | County Records, MLS | | | | | | | | |
| VALUE ADJUSTMENTS | DESCRIPTION | DESCRIPTION | + | (-) \$ Adjustment | DESCRIPTION | + | (-) \$ Adjustment | DESCRIPTION | + | (-) \$ Adjustment |
| Sales or Financing Concessions | | Cash No Concession | | | | | | | | |
| Date of Sale/Time | | 07/09/07 - 45 | | | | | | | | |
| Location | Lewiston | Lewiston | | | | | | | | |
| Leasehold/Fee Simple | Fee Simple | Fee Simple | | | | | | | | |
| Site | 6,390 Sq.Ft. | 4,200 sq. ft. | | | +4,500 | | | | | |
| View | Average | Average | | | | | | | | |
| Design (Style) | 1 Story/Bsmt | 1 Story/Bsmt | | | | | | | | |
| Quality of Construction | Average | Average | | | | | | | | |
| Actual Age | A 78, E 30-35 | A 82, E 15-20 | | | -2,500 | | | | | |
| Condition | Below Average | Average | | | -7,500 | | | | | |
| Above Grade | Total Bdrms. Baths | Total Bdrms. Baths | | | Total Bdrms. Baths | | | Total Bdrms. Baths | | |
| Room Count | 7 2 1 | 4 1 1 | | | | | | | | |
| Gross Living Area | 1,118 sq.ft. | 952 sq.ft. | | | +4,150 | | | sq.ft. | | |
| Basement & Finished Rooms Below Grade | 240 Sq.Ft. Unfinished | 672 sq. ft. Unfinished | | | -3,000 | | | | | |
| Functional Utility | Average | Average | | | | | | | | |
| Heating/Cooling | GFA/CAC | GFA/None | | | | | | | | |
| Energy Efficient Items | Average | Average | | | | | | | | |
| Garage/Carport | O.S.P. | 1-G Det. | | | -3,500 | | | | | |
| Porch/Patio/Deck | Porches | Porch,Patio | | | -1,000 | | | | | |
| Aux Heat | None | Fireplace | | | -1,000 | | | | | |
| Other Amenities | Fence | Fence | | | | | | | | |
| Net Adjustment (Total) | | <input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -9,850 | | | <input type="checkbox"/> + <input type="checkbox"/> - \$ | | | <input type="checkbox"/> + <input type="checkbox"/> - \$ | | |
| Adjusted Sale Price of Comparables | | Net Adj. 10.1 % | | | Net Adj. % | | | Net Adj. % | | |
| | | Gross Adj. 27.8 % | | \$ 87,650 | Gross Adj. % | | \$ | Gross Adj. % | | \$ |
| Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3). | | | | | | | | | | |
| ITEM | SUBJECT | COMPARABLE SALE # 4 | | | COMPARABLE SALE # 5 | | | COMPARABLE SALE # 6 | | |
| Date of Prior Sale/Transfer | 05/2005 | None Found | | | | | | | | |
| Price of Prior Sale/Transfer | \$95,000 | N/A | | | | | | | | |
| Data Source(s) | County Records, MLS | County Records, MLS | | | | | | | | |
| Effective Date of Data Source(s) | 06/26/2008 | 07/01/2008 | | | | | | | | |
| Analysis of prior sale or transfer history of the subject property and comparable sales See comments on page # 2 | | | | | | | | | | |
| Analysis/Comments See comments section on page # 3 for further comments on the comparable sale. | | | | | | | | | | |

Supplemental Addendum

File No. RL5592

| | | | | | |
|------------------|---------------------------|--------|-----------|-------|-------------------|
| Borrower/Client | N/A | | | | |
| Property Address | 512 6th Ave. | | | | |
| City | Lewiston | County | Nez Perce | State | ID Zip Code 83501 |
| Lender | Lewis Clark State College | | | | |

Subject Photo Page

| | | | | | |
|------------------|---------------------------|--------|-----------|----------|----------------|
| Borrower/Client | N/A | | | | |
| Property Address | 512 6th Ave. | | | | |
| City | Lewiston | County | Nez Perce | State ID | Zip Code 83501 |
| Lender | Lewis Clark State College | | | | |

**Subject Front**

512 6th Ave.
Sales Price N/A
Gross Living Area 1,118
Total Rooms 7
Total Bedrooms 2
Total Bathrooms 1
Location Lewiston
View Average
Site 6,390 Sq.Ft.
Quality Average
Age A 78, E 30-35

**Subject Rear****Subject Street**

Comparable Photo Page

| | | | | | |
|------------------|---------------------------|--------|-----------|----------|-------|
| Borrower/Client | N/A | | | | |
| Property Address | 512 6th Ave. | | | | |
| City | Lewiston | County | Nez Perce | State | ID |
| Lender | Lewis Clark State College | | | | |
| | | | | Zip Code | 83501 |

**Comparable 1**

| | |
|-------------------|-----------------|
| 502 Delsol Lane | |
| Prox. to Subject | 0.74 miles E |
| Sales Price | 66,000 |
| Gross Living Area | 1,092 |
| Total Rooms | 5 |
| Total Bedrooms | 2 |
| Total Bathrooms | 1 |
| Location | Dwntrn Lewiston |
| View | Average |
| Site | 4,250 sq. ft. |
| Quality | Average |
| Age | A 93, E 35-40 |

**Comparable 2**

| | |
|-------------------|---------------|
| 330 14th Ave. | |
| Prox. to Subject | 0.56 miles S |
| Sales Price | 106,000 |
| Gross Living Area | 882 |
| Total Rooms | 4 |
| Total Bedrooms | 2 |
| Total Bathrooms | 1 |
| Location | Lewiston |
| View | Average |
| Site | 6,400 sq. ft. |
| Quality | Average |
| Age | A 74, E 20-25 |

**Comparable 3**

| | |
|-------------------|---------------|
| 1828 7th Ave. | |
| Prox. to Subject | 0.99 miles E |
| Sales Price | 85,000 |
| Gross Living Area | 986 |
| Total Rooms | 6 |
| Total Bedrooms | 3 |
| Total Bathrooms | 1.75 |
| Location | Lewiston |
| View | Average |
| Site | 4,365 sq. ft. |
| Quality | Average |
| Age | A 98, E 30-35 |

Comparable Photo Page

| | | | | |
|------------------|---------------------------|--------|-----------|------------------------------|
| Borrower/Client | N/A | | | |
| Property Address | 512 6th Ave. | | | |
| City | Lewiston | County | Nez Perce | State ID Zip Code 83501 |
| Lender | Lewis Clark State College | | | |

**Comparable 4**

309 11th Ave.
Prox. to Subject 0.36 miles SW
Sales Price 97,500
Gross Living Area 952
Total Rooms 4
Total Bedrooms 1
Total Bathrooms 1
Location Lewiston
View Average
Site 4,200 sq. ft.
Quality Average
Age A 82, E 15-20

Comparable 5

Prox. to Subject
Sales Price
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location
View
Site
Quality
Age

Comparable 6

Prox. to Subject
Sales Price
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location
View
Site
Quality
Age

Listing Photo Page

| | | | | | |
|------------------|---------------------------|--------|-----------|----------|----------------|
| Borrower/Client | N/A | | | | |
| Property Address | 512 6th Ave. | | | | |
| City | Lewiston | County | Nez Perce | State ID | Zip Code 83501 |
| Lender | Lewis Clark State College | | | | |



Listing 1

1726 3rd St.
 Proximity to Subject 0.80 miles S
 List Price 95,000
 Days on Market 28
 Gross Living Area 616
 Total Rooms 4
 Total Bedrooms 2
 Total Bathrooms 1
 Age A 70, E 15-20



Listing 2

925 7th Ave.
 Proximity to Subject 0.33 miles E
 List Price 107,100
 Days on Market 39
 Gross Living Area 1,152
 Total Rooms 5
 Total Bedrooms 2
 Total Bathrooms 1
 Age A 73, E 15-20

Listing 3

Proximity to Subject
 List Price
 Days on Market
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Age

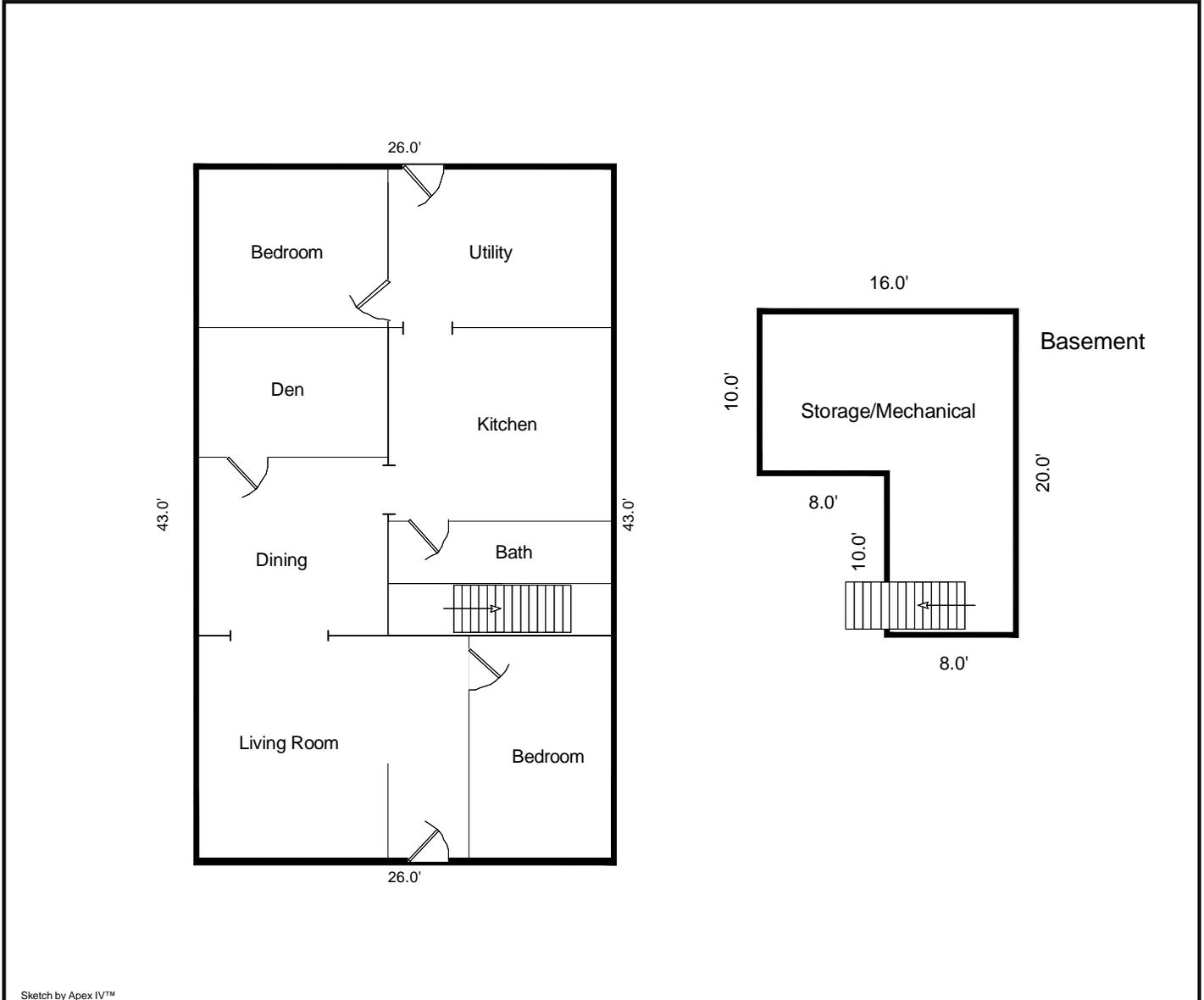
Site Plat

| | | | | |
|------------------|---------------------------|--------|-----------|------------------------------|
| Borrower/Client | N/A | | | |
| Property Address | 512 6th Ave. | | | |
| City | Lewiston | County | Nez Perce | State ID Zip Code 83501 |
| Lender | Lewis Clark State College | | | |



Building Sketch

| | | | | |
|------------------|---------------------------|--------|-----------|------------------------------|
| Borrower/Client | N/A | | | |
| Property Address | 512 6th Ave. | | | |
| City | Lewiston | County | Nez Perce | State ID Zip Code 83501 |
| Lender | Lewis Clark State College | | | |



Sketch by Apex IV™

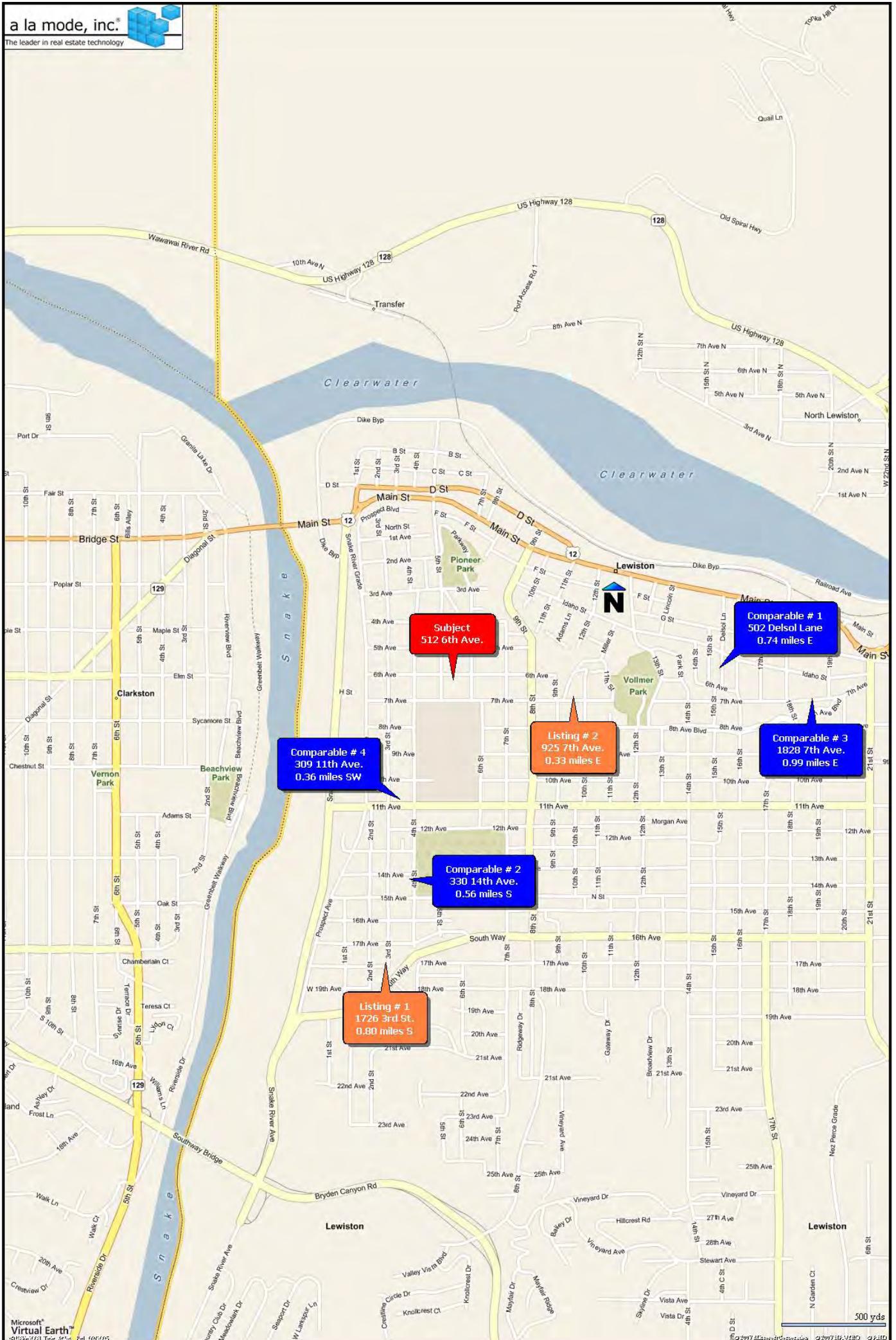
Comments:

| AREA CALCULATIONS SUMMARY | | | |
|---------------------------|-------------|---------|------------|
| Code | Description | Size | Net Totals |
| GLA1 | First Floor | 1118.00 | 1118.00 |
| BSMT | Basement | 240.00 | 240.00 |
| TOTAL LIVABLE (rounded) | | | 1118 |

| LIVING AREA BREAKDOWN | | |
|-------------------------------|-----------|--|
| Breakdown | Subtotals | |
| First Floor | 1118.00 | |
| 26.0 x 43.0 | 1118.00 | |
| 1 Calculation Total (rounded) | 1118 | |

Location Map

| | | | | |
|------------------|---------------------------|--------|-----------|------------------------------|
| Borrower/Client | N/A | | | |
| Property Address | 512 6th Ave. | | | |
| City | Lewiston | County | Nez Perce | State ID Zip Code 83501 |
| Lender | Lewis Clark State College | | | |



License

| | | | | |
|------------------|---------------------------|--------|-----------|------------------------------|
| Borrower/Client | N/A | | | |
| Property Address | 512 6th Ave. | | | |
| City | Lewiston | County | Nez Perce | State ID Zip Code 83501 |
| Lender | Lewis Clark State College | | | |

**Bureau of Occupational Licenses
Department of Self Governing Agencies**

The person named has met the requirements for licensure and is entitled
under the laws and rules of the State of Idaho to operate as a(n)

LICENSED RESIDENTIAL APPRAISER

**WAYNE T. AGEE
1014 MAIN ST
LEWISTON ID 83501**

Tana Cory
Tana Cory
Chief, B.O.L.

LRA-1868
Number

12/30/2008
Expires

License

| | | | | |
|------------------|---------------------------|--------|-----------|------------------------------|
| Borrower/Client | N/A | | | |
| Property Address | 512 6th Ave. | | | |
| City | Lewiston | County | Nez Perce | State ID Zip Code 83501 |
| Lender | Lewis Clark State College | | | |

**Bureau of Occupational Licenses
Department of Self Governing Agencies**

The person named has met the requirements for licensure and is entitled
under the laws and rules of the State of Idaho to operate as a(n)

CERTIFIED GENERAL APPRAISER

**DON KERBY
C/O WESTERN APPRAISALS
1014 MAIN STREET
LEWISTON ID 83501**

Tana Cory

**Tana Cory
Chief, B.O.L.**

**CGA-120
Number**

**04/04/2009
Expires**

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RE-21 REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS IS A LEGALLY BINDING CONTRACT, READ THE ENTIRE DOCUMENT, INCLUDING ANY ATTACHMENTS. IF YOU HAVE ANY QUESTIONS, CONSULT YOUR ATTORNEY AND/OR ACCOUNTANT BEFORE SIGNING.



ID# 25519103 DATE 2/26/09

LISTING AGENCY Ray J. White's Office Phone # 743-6575 Fax #

Listing Agent Dick White E-Mail Phone #

SELLING AGENCY Realty Executives Office Phone # 758-1177 Fax #

Selling Agent JOYNER-ADAMS TEAM E-Mail Phone #

1. BUYER: Trixie Groat (a single woman) (Hereinafter called "BUYER") agrees to purchase, and the undersigned SELLER agrees to sell the following described real estate hereinafter referred to as "PROPERTY" COMMONLY KNOWN AS 512 6th Ave Lewiston City Nez Perce County, ID, Zip 83501 legally described as: E 45' of Lot 5, Blk 2 North Park OR Legal Description Attached as addendum # (Addendum must accompany original offer.)

2. \$ 80,000.00 PURCHASE PRICE: Eighty Thousand and Zero/100 DOLLARS, payable upon the following TERMS AND CONDITIONS (not including closing costs):

3. FINANCIAL TERMS: Note: A+C+D+E must add up to total purchase price.

(A). \$ 500.00 EARNEST MONEY: BUYER hereby deposits Five Hundred and Zero/100 DOLLARS as Earnest Money evidenced by: [] cash [X] personal check [] cashier's check [] note (due date): [] other and a receipt is hereby acknowledged. Earnest Money to be deposited in trust account [] upon receipt, or [X] upon acceptance by all parties and shall be held by: [] Listing Broker [X] Selling Broker [] other for the benefit of the parties hereto.

(B). ALL CASH OFFER: [X] NO [] YES If this is an all cash offer do not complete lines 35 through 61, fill blanks with "0" (ZERO). IF CASH OFFER, BUYER'S OBLIGATION TO CLOSE SHALL NOT BE SUBJECT TO ANY FINANCIAL CONTINGENCY. BUYER agrees to provide SELLER within business days from the date of acceptance of this agreement by all parties, evidence of sufficient funds and/or proceeds necessary to close transaction. Acceptable documentation includes, but is not limited to, a copy of a recent bank or financial statement or contract(s) for the sale of BUYER'S current residence or other property to be sold.

(C). \$ 76,000.00 NEW LOAN PROCEEDS: This Agreement is contingent upon BUYER obtaining the following financing: [X] FIRST LOAN of \$ 76,000.00 not including mortgage insurance, through [X] FHA, [] VA, [] CONVENTIONAL, [] IHFA, [] RURAL DEVELOPMENT, [] OTHER with interest not to exceed 6.0 % for a period of 30 year(s) at: [X] Fixed Rate [] Other BUYER shall pay no more than 0 point(s) plus origination fee if any. SELLER shall pay no more than 0 point(s). Any reduction in points shall first accrue to the benefit of the [] BUYER [] SELLER [] Divided Equally [X] N/A. [] SECOND LOAN of \$ with interest not to exceed % for a period of year(s) at: [] Fixed Rate [] Other BUYER shall pay no more than point(s) plus origination fee if any. SELLER shall pay no more than point(s). Any reduction in points shall first accrue to the benefit of the [] BUYER [] SELLER [] Divided Equally [] N/A.

LOAN APPLICATION: BUYER [X] has applied [] shall apply for such loan(s) within business day(s) of SELLER'S acceptance. Within business days of final acceptance of all parties, BUYER agrees to furnish SELLER with a written confirmation showing lender approval of credit report, income verification, debt ratios in a manner acceptable to the SELLER(S) and subject only to satisfactory appraisal and final lender underwriting. If such written confirmation is not received by SELLER(S) within the strict time allotted, SELLER(S) may at their option cancel this agreement by notifying BUYER(S) in writing of such cancellation within 5 business day(s) after written confirmation was required. If SELLER does not cancel within the strict time period specified as set forth herein, SELLER shall be deemed to have accepted such written confirmation of lender approval and shall be deemed to have elected to proceed with the transaction. SELLER'S approval shall not be unreasonably withheld. If an appraisal is required by lender, the PROPERTY must appraise at not less than purchase price or BUYER'S Earnest Money may be returned at BUYER'S request. BUYER may also apply for a loan with different conditions and costs and close transaction provided all other terms and conditions of this Agreement are fulfilled, and the new loan does not increase the costs or requirements to the SELLER.

FHA / VA: If applicable, it is expressly agreed that notwithstanding any other provisions of this contract, BUYER shall not be obligated to complete the purchase of the PROPERTY described herein or to incur any penalty or forfeiture of Earnest Money deposits or otherwise unless BUYER has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Veterans Administration or a Direct Endorsement lender setting forth the appraised value of the PROPERTY of not less than the sales price as stated in the contract. SELLER agrees to pay fees required by FHA or VA.

(D). \$ ADDITIONAL FINANCIAL TERMS: [X] Additional financial terms are specified under the heading "OTHER TERMS AND/OR CONDITIONS" (Section 4). [] Additional financial terms are contained in a FINANCING ADDENDUM of same date, attached hereto, signed by both parties.

(E). \$ 3,500.00 APPROXIMATE FUNDS DUE FROM BUYERS AT CLOSING (Not including closing costs): Cash at closing to be paid by BUYER at closing in GOOD FUNDS, includes: cash, electronic transfer funds, certified check or cashier's check. NOTE: If any of above loans being Assumed or taken "subject to", any net differences between the approximate balances and the actual balance of said loan(s) shall be adjusted at closing of escrow in: [] Cash [] Other

BUYER'S Initials (TA) Date 2-26-09 SELLER'S Initials (EJH) Date 3-2-09

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PROPERTY ADDRESS: 512 6th Ave Lewiston ID#: 25519103

4. OTHER TERMS AND/OR CONDITIONS: This Agreement is made subject to the following special terms, considerations and/or contingencies which must be satisfied prior to closing

Seller to pay up to \$2000.00 in closing costs and prepays

Sellers must have renters evicted before closing

5. ITEMS INCLUDED & EXCLUDED IN THIS SALE: All existing fixtures and fittings that are attached to the PROPERTY are INCLUDED IN THE PURCHASE PRICE (unless excluded below), and shall be transferred free of liens. These include, but are not limited to, all seller-owned attached floor coverings, attached television antennae, satellite dish, attached plumbing, bathroom and lighting fixtures, window screens, screen doors, storm doors, storm windows, window coverings, garage door opener(s) and transmitter(s), exterior trees, plants or shrubbery, water heating apparatus and fixtures, attached fireplace equipment, awnings, ventilating, cooling and heating systems, all ranges, ovens, built-in dishwashers, fuel tanks and irrigation fixtures and equipment, that are now on or used in connection with the PROPERTY and shall be included in the sale unless otherwise provided herein. BUYER should satisfy himself/herself that the condition of the included items is acceptable. It is agreed that any item included in this section is of nominal value less than \$100.

(A). ADDITIONAL ITEMS SPECIFICALLY INCLUDED IN THIS SALE: Refrigerator, stove

(B). ITEMS SPECIFICALLY EXCLUDED IN THIS SALE: Tenants personal property

6. MINERAL RIGHTS: Any and all mineral rights appurtenant to the PROPERTY are included in and are part of the sale of this PROPERTY unless otherwise agreed to by the parties in writing.

7. WATER RIGHTS: Any and all water rights including but not limited to water systems, wells, springs, lakes, streams, ponds, rivers, ditches, ditch rights, and the like, if any, appurtenant to the PROPERTY are included in and are a part of the sale of this PROPERTY unless otherwise agreed to by the parties in writing.

8. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, and is to be marketable and insurable except for rights reserved in federal patents, state or railroad deeds, building or use restrictions, building and zoning regulations and ordinances of any governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement.

9. TITLE INSURANCE: There may be types of title insurance coverages available other than those listed below and parties to this agreement are advised to talk to a title company about any other coverages available that will give the BUYER additional coverage.

(A). PRELIMINARY TITLE COMMITMENT: Prior to closing the transaction, [X]SELLER or []BUYER shall furnish to BUYER a preliminary commitment of a title insurance policy showing the condition of the title to said PROPERTY. BUYER shall have 10 business day(s) from receipt of the preliminary commitment or not fewer than twenty-four (24) hours prior to closing, within which to object in writing to the condition of the title as set forth in the preliminary commitment. If BUYER does not so object, BUYER shall be deemed to have accepted the conditions of the title. It is agreed that if the title of said PROPERTY is not marketable, or cannot be made so within 10 business day(s) after notice containing a written statement of defect is delivered to SELLER, BUYER'S Earnest Money deposit will be returned to BUYER and SELLER shall pay for the cost of title insurance cancellation fee, escrow and legal fees, if any.

(B). TITLE COMPANY: The parties agree that Land Title Company located at 1230 Idaho Street shall provide the title policy and preliminary report of commitment.

(C). STANDARD COVERAGE OWNER'S POLICY: SELLER shall within a reasonable time after closing furnish to BUYER a title insurance policy in the amount of the purchase price of the PROPERTY showing marketable and insurable title subject to the liens, encumbrances and defects elsewhere set out in this Agreement to be discharged or assumed by BUYER unless otherwise provided herein. The risk assumed by the title company in the standard coverage policy is limited to matters of public record. BUYER shall receive a ILTA/ALTA Owner's Policy of Title Insurance. A title company, at BUYER'S request, can provide information about the availability, desirability, coverage and cost of various title insurance coverages and endorsements. If BUYER desires title coverage other than that required by this paragraph, BUYER shall instruct Closing Agency in writing and pay any increase in cost unless otherwise provided herein.

(D). EXTENDED COVERAGE LENDER'S POLICY (Mortgagee policy): The lender may require that BUYER (Borrower) furnish an Extended Coverage Lender's Policy. This extended coverage lender's policy considers matters of public record and additionally insures against certain matters not shown in the public record. This extended coverage lender's policy is solely for the benefit of the lender and only protects the lender.

BUYER'S Initials (TG) Date 2-26-09 SELLER'S Initials (CSH) Date 3-2-09

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10. INSPECTION:

(A). BUYER chooses [X] to have inspection [] not to have inspection. If BUYER chooses not to have inspection, skip Section 10C. BUYER shall have the right to conduct inspections, investigations, tests, surveys and other studies at BUYER'S expense. BUYER shall, within 15 business day(s) of acceptance, complete these inspections and give to SELLER written notice of disapproved items. BUYER is strongly advised to exercise these rights and to make BUYER'S own selection of professionals with appropriate qualifications to conduct inspections of the entire PROPERTY. SELLER shall make PROPERTY available for inspection and agrees to accept the responsibility and expense for making sure all the utilities are turned on for the inspection except for phone and cable. Some inspections, investigations, tests, surveys and other studies may require additional days to complete. The parties agree that unless specifically set forth below, the above timeframe for investigations, tests, surveys and other studies shall govern.

Additional inspections/timeframes: _____

(B). FHA INSPECTION REQUIREMENT, If applicable: "For Your Protection: Get a Home Inspection", HUD 92564-CN must be signed on or before execution of this agreement.

(C). SATISFACTION/REMOVAL OF INSPECTION CONTINGENCIES:

1). If BUYER does not within the strict time period specified give to SELLER written notice of disapproved items, BUYER shall conclusively be deemed to have: (a) completed all inspections, investigations, review of applicable documents and disclosures; (b) elected to proceed with the transaction and (c) assumed all liability, responsibility and expense for repairs or corrections other than for items which SELLER has otherwise agreed in writing to repair or correct.

2). If BUYER does within the strict time period specified give to SELLER written notice of disapproved items, BUYER shall provide to SELLER pertinent section(s) of written inspection reports. SELLER shall have 10 business day(s) in which to respond in writing. The SELLER, at their option, may correct the items as specified by the BUYERS in their letter or may elect not to do so. If the SELLER agrees to correct the items asked for in the BUYERS letter, then both parties agree that they will continue with the transaction and proceed to closing. This will remove the BUYER'S inspection contingency.

3). If the SELLER elects not to correct the disapproved items, or does not respond in writing within the strict time period specified, then the BUYER(S) have the option of either continuing the transaction without the SELLER being responsible for correcting these deficiencies or giving the SELLER written notice within 10 business days that they will not continue with the transaction and will receive their Earnest Money back.

4). If BUYER does not give such written notice of cancellation within the strict time periods specified, BUYER shall conclusively be deemed to have elected to proceed with the transaction without repairs or corrections other than for items which SELLER has otherwise agreed in writing to repair or correct. SELLER shall make the PROPERTY available for all inspections. BUYER shall keep the PROPERTY free and clear of liens; indemnify and hold SELLER harmless from all liability, claims, demands, damages and costs; and repair any damages arising from the inspections. No inspections may be made by any governmental building or zoning inspector or government employee without the prior consent of SELLER unless required by local law.

11. LEAD PAINT DISCLOSURE: The subject PROPERTY [X] is [] is not defined as "Target Housing" regarding lead-based paint or lead-based paint hazards. The term lead-based paint hazards is intended to identify lead-based paint and all residential lead-containing dusts and soils regardless of the source of the lead. If yes, BUYER hereby acknowledges the following: (a) BUYER has been provided an EPA approved lead-based paint hazard information pamphlet, "Protect Your Family From Lead in Your Home", (b) receipt of SELLER'S Disclosure of Information and Acknowledgment Form and have been provided with all records, test reports or other information, if any, related to the presence of lead-based paint hazards on said PROPERTY, (c) that this contract is contingent upon BUYERS right to have the PROPERTY tested for lead-based paint hazards to be completed no later than 3/15/09 or the contingency will terminate, (d) that BUYER hereby [] waives [X] does not waive this right, (e) that if test results show unacceptable amounts of lead-based paint on the PROPERTY, BUYER has the right to cancel the contract subject to the option of the SELLER (to be given in writing) to elect to remove the lead-based paint and correct the problem which must be accomplished before closing, (f) that if the contract is canceled under this clause, BUYER'S earnest money deposit will be returned to BUYER.

12. SQUARE FOOTAGE VERIFICATION: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE REAL PROPERTY OR IMPROVEMENTS IS APPROXIMATE. IF SQUARE FOOTAGE IS MATERIAL TO THE BUYER, IT MUST BE VERIFIED DURING THE INSPECTION PERIOD.

13. SELLER'S PROPERTY CONDITION DISCLOSURE FORM: If required by Title 55, Chapter 25 Idaho Code, SELLER shall within ten (10) days after execution of this Agreement provide to BUYER or BUYER'S agent, "SELLER'S Property Condition Disclosure Form" or other acceptable form. BUYER has received the "SELLER'S Property Condition Disclosure Form" or other acceptable form prior to signing this Agreement: [X] Yes [] No [] N/A

BUYER'S Initials (JA) () Date 2-26-09 SELLER'S Initials (est) () Date 3-2-09

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PROPERTY ADDRESS: 512 6th Ave Lewiston ID#: 25519103

14. COVENANTS, CONDITIONS AND RESTRICTIONS (CC&R'S): As part of the BUYER'S inspection of the PROPERTY as set forth above in Section 10, BUYER is responsible for obtaining and reviewing a copy of any CC&Rs which may affect the PROPERTY. BUYER shall have 10 days (but in no event shall such time period exceed that time period set forth for inspections in Section 10) to review and approve of any such CC&Rs that may affect the PROPERTY. Unless BUYER delivers to SELLER a written and signed objection to the terms of any applicable CC&Rs with particularity describing BUYER's reasonable objections within such time period as set forth above, BUYER shall be deemed to have conclusively waived any objection to the terms of any CC&Rs affecting the PROPERTY.

15. SUBDIVISION HOMEOWNER'S ASSOCIATION: BUYER is aware that membership in a Home Owner's Association may be required and BUYER agrees to abide by the Articles of Incorporation, Bylaws and rules and regulations of the Association. BUYER is further aware that the PROPERTY may be subject to assessments levied by the Association described in full in the Declaration of Covenants, Conditions and Restrictions. BUYER has reviewed Homeowner's Association Documents: Yes No N/A. Association fees/dues are \$ _____ per _____. BUYER SELLER N/A to pay Homeowner's Association SET UP FEE of: \$ _____ and/or PROPERTY TRANSFER FEES of \$ _____ at closing.

16. HOME WARRANTY PLAN: Home Warranty Plans available for purchase can vary in many respects including, but not limited to, scope of coverage, options, exclusions, limitations, service fees, and pre-existing conditions. BUYER and SELLER are advised to investigate Home Warranty Plans before purchasing a plan and BUYER and SELLER acknowledge that Home Warranty Plans vary from plan to plan. Further, BUYER and SELLER acknowledge that a Home Warranty Plan is separate and apart from any terms contained within this Real Estate Purchase and Sale Agreement and does not create any warranties, including, without limitation, any warranty of habitability, agreements or representations not expressly set forth herein. A Home Warranty Plan will be included in this transaction. BUYER SELLER shall order a Home Warranty Plan which shall be issued by a company selected by BUYER SELLER. The cost of the Home Warranty Plan shall not exceed \$ _____ and shall be paid for at closing by BUYER SELLER. BUYER declines the purchase of a Home Warranty Plan.

17. COSTS PAID BY: Costs in addition to those listed below may be incurred by BUYER and SELLER unless otherwise agreed herein, or provided by law or required by lender, or otherwise stated herein. The below costs will be paid as indicated. Some costs are subject to loan program requirements. This section relates ONLY to the costs to be paid by the parties. None of the costs to be paid by the parties in this section create an inspection or performance obligation other than strictly for the payment of cost.

| | BUYER | SELLER | Shared Equally | N/A | | BUYER | SELLER | Shared Equally | N/A |
|---|-------|--------|----------------|-----|---|-------|--------|----------------|-----|
| Appraisal Fee | X | | | | Title Ins. Standard Coverage Owner's Policy | | X | | |
| Appraisal Re-Inspection Fee | | X | | | Title Ins. Extended Coverage Lender's Policy - Mortgagee Policy | X | | | |
| Closing Escrow Fee | | | X | | Additional Title Coverage | X | | | |
| Lender Document Preparation Fee | X | | | | Fuel in Tank - Amount to be Determined by Supplier | | | | X |
| Tax Service Fee | X | | | | Well Inspection | | | | X |
| Flood Certification/Tracking Fee | X | | | | Septic Inspections | | | | X |
| Lender Required Inspections | X | | | | Septic Pumping | | | | X |
| Attorney Contract Preparation or Review Fee | | | | X | Survey | | | | X |
| Deed | | X | | | | | | | |

SELLER agrees to pay up to \$250 of lender required repair costs only. BUYER or SELLER has the option to pay any lender required repair costs in excess of this amount.

18. OCCUPANCY: BUYER does does not intend to occupy PROPERTY as BUYER'S primary residence.

19. FINAL WALK THROUGH: The SELLER grants BUYER and any representative of BUYER reasonable access to conduct a final walk through inspection of the PROPERTY approximately _____ calendar day(s) prior to close of escrow, NOT AS A CONTINGENCY OF THE SALE, but for purposes of satisfying BUYER that any repairs agreed to in writing by BUYER and SELLER have been completed and PROPERTY are in substantially the same condition as on acceptance date of this contract. SELLER shall make PROPERTY available for the final walk through and agrees to accept the responsibility and expense for making sure all the utilities are turned on for the walk through except for phone and cable. If BUYER does not conduct a final walk through, BUYER specifically releases the SELLER and Broker(s) of any liability.

BUYER'S Initials (JB) (_____) Date 2-26-09

SELLER'S Initials (CAH) (_____) Date 3-2-09

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PROPERTY ADDRESS: 512 6th Ave Lewiston ID#: 25519103

245 20. RISK OF LOSS: Prior to closing of this sale, all risk of loss shall remain with SELLER. In addition, should the PROPERTY be materially
246 damaged by fire or other destructive cause prior to closing, this agreement shall be void at the option of the BUYER.
247

248 21. SINGULAR AND PLURAL terms each include the other, when appropriate.
249
250

251 22. FORECLOSURE NOTICE: If the PROPERTY described above is currently involved in a foreclosure proceeding (pursuant to Idaho Code §45-1506)
252 any contract or agreement with the owner or owners of record that involves the transfer of any interest in residential real property, as defined in §45-
253 525(5)(b), Idaho Code, subject to foreclosure must be in writing and must be accompanied by and affixed to RE-42 Property Foreclosure Disclosure Form.
254

255 23. MECHANIC'S LIENS - GENERAL CONTRACTOR DISCLOSURE STATEMENT NOTICE: BUYER and SELLER are hereby notified that,
256 subject to Idaho Code §45-525 *et seq.*, a "General Contractor" must provide a Disclosure Statement to a homeowner that describes certain rights afforded to
257 the homeowner (e.g. lien waivers, general liability insurance, extended policies of title insurance, surety bonds, and sub-contractor information). The
258 Disclosure Statement must be given to a homeowner prior to the General Contractor entering into any contract in an amount exceeding \$2,000 with a
259 homeowner for construction, alteration, repair, or other improvements to real property, or with a residential real property purchaser for the purchase and sale
260 of newly constructed property. Such disclosure is the responsibility of the General Contractor and it is not the duty of your agent to obtain this information on
261 your behalf. You are advised to consult with any General Contractor subject to Idaho Code §45-525 *et seq.* regarding the General Contractor Disclosure
262 Statement.
263

264 24. SALES PRICE INFORMATION: Pursuant to Idaho Code §54-2083(6)(d), a "sold" price of real property is not confidential client information.
265
266

267 25. FACSIMILE TRANSMISSION: Facsimile or electronic transmission of any signed original document, and retransmission of any signed facsimile or
268 electronic transmission shall be the same as delivery of an original. At the request of either the BUYER or SELLER, or the LENDER, or the Closing Agency,
269 the BUYER and SELLER will confirm facsimile or electronic transmitted signatures by signing an original document.
270

271 26. BUSINESS DAYS: A business day is herein defined as Monday through Friday, 8:00 A.M. to 5:00 P.M. in the local time zone where the subject real
272 PROPERTY is physically located. A business day shall not include any Saturday or Sunday, nor shall a business day include any legal holiday recognized
273 by the state of Idaho as found in Idaho Code §73-108. The time in which any act required under this agreement is to be performed shall be computed by
274 excluding the date of execution and including the last day. The first day shall be the day after the date of execution. If the last day is a legal holiday, then the
275 time for performance shall be the next subsequent business day.
276
277

278 27. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings which are in any way connected with this
279 Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorney's fees, including such costs and fees
280 on appeal.
281

282 28. DEFAULT: If BUYER defaults in the performance of this Agreement, SELLER has the option of: (1) accepting the Earnest Money as liquidated
283 damages or (2) pursuing any other lawful right and/or remedy to which SELLER may be entitled. If SELLER elects to proceed under (1), SELLER shall make
284 demand upon the holder of the Earnest Money, upon which demand said holder shall pay from the Earnest Money the costs incurred by SELLER'S Broker
285 on behalf of SELLER and BUYER related to the transaction, including, without limitation, the costs of title insurance, escrow fees, appraisal, credit report
286 fees, inspection fees and attorney's fees; and said holder shall pay any balance of the Earnest Money, one-half to SELLER and one-half to SELLER'S
287 Broker, provided that the amount to be paid to SELLER'S Broker shall not exceed the Broker's agreed to commission. SELLER and BUYER specifically
288 acknowledge and agree that if SELLER elects to accept the Earnest Money as liquidated damages, such shall be SELLER'S sole and exclusive remedy, and
289 such shall not be considered a penalty or forfeiture. If SELLER elects to proceed under (2), the holder of the Earnest Money shall be entitled to pay the costs
290 incurred by SELLER'S Broker on behalf of SELLER and BUYER related to the transaction, including, without limitation, the costs of brokerage fee, title
291 insurance, escrow fees, appraisal, credit report fees, inspection fees and attorney's fees, with any balance of the Earnest Money to be held pending
292 resolution of the matter.
293

294 If SELLER defaults, having approved said sale and fails to consummate the same as herein agreed, BUYER'S Earnest Money deposit shall be returned to
295 him/her and SELLER shall pay for the costs of title insurance, escrow fees, appraisals, credit report fees, inspection fees, brokerage fees and attorney's
296 fees, if any. This shall not be considered as a waiver by BUYER of any other lawful right or remedy to which BUYER may be entitled.
297
298

299 29. EARNEST MONEY DISPUTE / INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event
300 of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, unless mutual written instructions are received by the
301 holder of the Earnest Money and things of value, Broker or closing agency shall not be required to take any action but may await any proceeding, or at
302 Broker's or closing agency's option and sole discretion, may interplead all parties and deposit any monies or things of value into a court of competent
303 jurisdiction and shall recover court costs and reasonable attorney's fees.
304

305 30. COUNTERPARTS: This Agreement may be executed in counterparts. Executing an agreement in counterparts shall mean the signature of two
306 identical copies of the same agreement. Each identical copy of an agreement signed in counterparts is deemed to be an original, and all identical copies
307 shall together constitute one and the same instrument.
308
309

310 31. "NOT APPLICABLE" DEFINED: The letters "n/a," "N/A," "n.a.," and "N.A." as used herein are abbreviations of the term "not applicable." Where this
311 agreement uses the term "not applicable" or an abbreviation thereof, it shall be evidence that the parties have contemplated certain facts or conditions and
312 have determined that such facts or conditions do not apply to the agreement or transaction herein.

BUYER'S Initials (TA) (_____) Date 2-28-09

SELLER'S Initials (CBW) (_____) Date 3-2-09

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RE-21 REAL ESTATE PURCHASE AND SALE AGREEMENT

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PROPERTY ADDRESS: 512 6th Ave Lewiston ID#: 25519103

32. THE RESPONSIBLE BROKER SHALL BE: Kevin Heone

33. SEVERABILITY: In the case that any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

34. REPRESENTATION CONFIRMATION: Check one (1) box in Section 1 and one (1) box in Section 2 below to confirm that in this transaction, the brokerage(s) involved had the following relationship(s) with the BUYER(S) and SELLER(S).

Section 1:

- A. The brokerage working with the BUYER(S) is acting as an AGENT for the BUYER(S).
B. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S), without an ASSIGNED AGENT.
C. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S) and has an ASSIGNED AGENT acting solely on behalf of the BUYER(S).
D. The brokerage working with the BUYER(S) is acting as a NONAGENT for the BUYER(S).

Section 2:

- A. The brokerage working with the SELLER(S) is acting as an AGENT for the SELLER(S).
B. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S), without an ASSIGNED AGENT.
C. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S) and has an ASSIGNED AGENT acting solely on behalf of the SELLER(S).
D. The brokerage working with the SELLER(S) is acting as a NONAGENT for the SELLER(S).

Each party signing this document confirms that he has received, read and understood the Agency Disclosure Brochure adopted or approved by the Idaho real estate commission and has consented to the relationship confirmed above. In addition, each party confirms that the brokerage's agency office policy was made available for inspection and review. EACH PARTY UNDERSTANDS THAT HE IS A "CUSTOMER" AND IS NOT REPRESENTED BY A BROKERAGE UNLESS THERE IS A SIGNED WRITTEN AGREEMENT FOR AGENCY REPRESENTATION.

35. ASSIGNMENT: unless otherwise set forth by checking the box below, this Agreement is freely assignable.
This Agreement and any rights or interests created herein may not be sold, transferred or otherwise assigned unless permission is granted in writing and signed by both parties under this Agreement.

36. CLOSING: On or before the closing date, BUYER and SELLER shall deposit with the closing agency all funds and instruments necessary to complete this transaction. Closing means the date on which all documents are either recorded or accepted by an escrow agent and the sale proceeds are available to SELLER. The closing shall be no later than (Date) 4/05/09

The parties agree that the CLOSING AGENCY for this transaction shall be LAND TITLE located at 1230 Idaho Street

If a long-term escrow / collection is involved, then the long-term escrow holder shall be

37. POSSESSION: BUYER shall be entitled to possession upon closing or date time 12:01 P.M. Property taxes and water assessments (using the last available assessment as a basis), rents, interest and reserves, liens, encumbrances or obligations assumed and utilities shall be pro-rated as of closing

38. ENTIRE AGREEMENT: This Agreement contains the entire Agreement of the parties respecting the matters herein set forth and supersedes all prior Agreements between the parties respecting such matters. No warranties, including, without limitation, any warranty of habitability, agreements or representations not expressly set forth herein shall be binding upon either party.

39. TIME IS OF THE ESSENCE IN THIS AGREEMENT.

40. AUTHORITY OF SIGNATORY: If BUYER or SELLER is a corporation, partnership, trust, estate, or other entity, the person executing this agreement on its behalf warrants his or her authority to do so and to bind BUYER or SELLER.

41. ACCEPTANCE: This offer is made subject to the acceptance of SELLER and BUYER on or before (Date) 3/02/09 at (Local Time in which PROPERTY is located) 5:00 P.M. If acceptance of this Agreement is not received within the time specified, the offer is withdrawn and the entire Earnest Money, if any, shall be refunded to BUYER on demand.

BUYER'S Initials (TE) Date 2-26-09 SELLER'S Initials (CCH) Date 3-2-09

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PROPERTY ADDRESS: 512 6th Ave Lewiston ID#: 25519103

380 42. BUYER'S SIGNATURES:

381 SEE ATTACHED BUYER'S ADDENDUM(S): (Specify number of BUYER addendum(s) attached.)

382 BUYER Signature Trixie Groot

383 BUYER (Print Name) Trixie Groot

384 Date 2-26-09 Time 11 A.M. P.M.

385 Phone # _____ Cell # _____

386 Address 1326 Alder Ave Apt #2

387 City _____ State _____ Zip _____

388 E-Mail _____

389 Fax # _____

390 BUYER Signature _____

391 BUYER (Print Name) _____

392 Date _____ Time _____ A.M. P.M.

393 Phone # _____ Cell # _____

394 Address _____

395 City _____ State _____ Zip _____

396 E-Mail _____

397 Fax # _____

411 43. SELLER'S SIGNATURES:

412 On this date, I/We hereby approve and accept the transaction set forth in the above Agreement and agree to carry out all the terms thereof on the part of the SELLER.

413 SIGNATURE(S) SUBJECT TO ATTACHED COUNTER OFFER

414 SIGNATURE(S) SUBJECT TO ATTACHED ADDENDUM(S) # _____

415 SELLER Signature Chet Herbst

416 SELLER (Print Name) _____

417 Date 3-2-09 Time 1:20 A.M. P.M.

418 Phone # _____ Cell # _____

419 Address 500 8th Ave, Lewiston ID 83501

420 City _____ State _____ Zip _____

421 E-Mail cgherbst@lcsc.edu

422 Fax # _____

423 SELLER Signature _____

424 SELLER (Print Name) _____

425 Date _____ Time _____ A.M. P.M.

426 Phone # _____ Cell # _____

427 Address _____

428 City _____ State _____ Zip _____

429 E-Mail _____

430 Fax # _____

431 CONTRACTOR REGISTRATION # (if applicable) _____

COUNTEROFFER NO. 1
 LCSC/GROAT AGREEMENT # 25519103
 512 6TH AVENUE
 E. 45' LOT 5, BLOCK 2, NORTH PARK PLACE
 CITY OF LEWISTON, NEZ PERCE COUNTY, IDAHO
 MARCH 2, 2009

1. Section 2 - The sales price shall be \$83,000 and the loan amount on Lines 35 and 36 shall be adjusted accordingly in an amount satisfactory to Buyer.
2. Line 46 - Insert "5" into the blank on this line.
3. Line 68 - Check the "other" box and add "certified funds".
4. Section 5 (A) - Add "used washer and dryer". It is possible that some furniture, pictures and other personal property owned by the Seller may remain after the tenant has vacated. Buyer shall decide before closing what items of such property Buyer wishes to keep and the remainder shall be removed by the Seller prior to closing.
5. Section 9 (A), Lines 117 and 120 - Change to "5"
6. Section 10. (A), Line 141 - Change to "10"
7. Section 10. (C), Lines 170 and 177 - Change to "5".
8. Section 18 - Check the "does" box.
9. Section 19, Line 240 - Insert "2" into the blank on this line
10. Section 36 - The closing date shall be April 17, 2009
11. The Seller's obligation to close shall be subject to the Seller's formal Board approval which shall be on or before April 16, 2009.
12. Any other terms and conditions of the Agreement not modified by this Counteroffer No. 1 shall remain in full force and effect.
13. This Counteroffer shall remain open until Thursday, March 5, 2009 at 5:00 PM at which time it will expire if not accepted by the Buyer.

Seller: Lewis Clark State College

By: Chet Hebert Date 3-2-09

Buyer: Trina Groat Date 3-3-09

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RE-10 INSPECTION CONTINGENCY RELEASE

ADDENDUM # 1 (1,2,3 etc.)



THIS IS A LEGALLY BINDING CONTRACT, READ THE ENTIRE DOCUMENT, INCLUDING ANY ATTACHMENTS. IF YOU HAVE ANY QUESTIONS, CONSULT YOUR ATTORNEY AND/OR ACCOUNTANT BEFORE SIGNING.

This is an ADDENDUM to the Purchase and Sale Agreement Dated: 2/26/09

ADDRESS: ID#: 255191103

BUYER: Trixie Groat (a single woman)

SELLER: LCSC

[X] This is a BUYER Addendum. [] This is a SELLER Addendum.

1. ITEMS IN NEED OF REPAIR. The SELLER agrees to service, repair or replace, in a good and workmanlike manner, the following items on or in the property prior to closing, as set forth in the Purchase and Sale Agreement. BUYER reserves the right to have only the items which are specifically set forth in this paragraph re-inspected prior to closing to satisfy the BUYER that such service, repair or replacement is acceptable to the BUYER. BUYER shall not unreasonably withhold acceptance of such service, repair or replacement.

1. Replace or rebuild back steps to a safe manner with no earth to wood contact.

2. Have a licensed pest control specialist treat termites, and guarantee for a five year term.

3. Replace and or repair damaged lumber created by termites (special attention paid to southeast corner post). further more alleviate all earth to wood contact.

4. Replace or repair door leading to crawl space, its of its hinges.

cf IA 3-12-09

The above mentioned items can me located on the Defective Summary Report in lines 1,6,7,8 provided by ARK Home Inspections.

5. Moss removed from roof.

6 Furnace and A/c service IG 3-12-09

2. WAIVER OF FURTHER INSPECTIONS AND REMOVAL OF INSPECTION CONTINGENCY. BUYER has made an inspection of the property or has had the property inspected by inspector(s) chosen by the BUYER. BUYER hereby confirms and asserts that such inspection(s) was/were performed in a diligent, prudent, thorough and competent manner and that such inspector(s) was/were qualified to inspect the property. Further, BUYER hereby confirms and asserts that BUYER has completed all inspections, investigations, tests, surveys and has reviewed all applicable documents and disclosures. Excepting only those items specifically set forth in Paragraph 1 above, BUYER hereby elects to proceed with the transaction and hereby waives the right to further inspection of the property (except for any final walk through inspection provision set forth in the Purchase and Sale Agreement) and removes the BUYER'S inspection contingency.

To the extent the terms of this ADDENDUM modify or conflict with any provisions of the Purchase and Sale Agreement including all prior Addendums, these terms shall control. All other terms of the Purchase and Sale Agreement including all prior Addendums, or Counter Offers not modified by this ADDENDUM shall remain the same.

The herein agreement, upon execution by both parties, is made an integral part of the aforementioned Agreement.

BUYER: Trixie Groat Date: 3-12-09

BUYER: Date:

SELLER: Chet Heutot Date: 3-13-09

SELLER: Date:

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