

**BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011**

TAB	DESCRIPTION	ACTION
1	AMENDMENT TO BOARD POLICY Section II.B. – Appointment Authority and Procedures – Second Reading	Motion to approve
2	AMENDMENT TO BOARD POLICY Section II. D. – Categories of Employees – General Definitions – First Reading	Motion to approve
3	AMENDMENT TO BOARD POLICY Section II.F. -- Policies Regarding Non-classified Employees and Section II. G. -- Policies Regarding Faculty (Institutional Faculty Only) First Reading	Motion to approve
4	AMENDMENT TO BOARD POLICY Section II.M. – Grievance and Appeal Procedures – All Employees – Second Reading	Motion to approve
5	AMENDMENT TO BOARD POLICY Board Supplemental 403(b) Retirement Plan Revisions	Motion to approve
6	BOISE STATE UNIVERSITY Employment Agreement - Provost and Vice President for Academic Affairs	Motion to approve
7	IDAHO STATE UNIVERSITY Employment Agreement – Head Women’s Basketball Coach	Motion to approve
8	UNIVERSITY OF IDAHO Employment Agreement – Head Women’s Soccer Coach	Motion to approve

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

TAB	DESCRIPTION	ACTION
9	UNIVERSITY OF IDAHO Employee Benefits Enrollment System RFP	Motion to approve

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

SUBJECT

Appointment Authority and Procedures, Board Policy II.B. – Second Reading

REFERENCE

February 2010

Clarified the broad authority of the institution chief executive officers for personnel matters affecting the institutions

April 2011

Board approved first reading

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section II.B.

BACKGROUND / DISCUSSION

In April 2011 the Board approved the first reading to amend Board Policy II.B.3. on Appointment Authority and Procedures.

IMPACT

This proposed revision would make the Board's policy internally consistent by giving the institution chief executive officers the authority to create new positions and hire employees below the vice president level without Board approval.

ATTACHMENTS

Attachment 1 – Proposed Revised Policy, Section II.B.3.

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

There were no changes from the first reading. Board staff recommends approval of the second reading of Board Policy II.B.3.

BOARD ACTION

I move to approve the second reading of the proposed amendments to Board Policy II.B.3., Appointment Authority and Procedures, as presented.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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1. Nothing herein may be construed to be in limitation of the powers of the Board as defined by Sections 33-3006, 33-3104, 33-2806, and 33-4005, Idaho Code, or as otherwise defined in the Idaho Constitution or Code.
2. Delegation of Authority
 - a. The Board delegates all authority for personnel management not specifically retained to the executive director and the chief executive officers consistent with the personnel policies and procedures adopted by the Board. In fulfilling this responsibility, the executive director and chief executive officers, or their designees, may exercise their authority consistent with these policies and procedures. Provided, however, that the Board retains the authority for taking final action on any matter so identified anywhere in these policies and procedures.
 - b. Within the general delegation of authority in the preceding paragraph a. above, the chief executive officers shall have the authority to manage, supervise and control the personnel and human resources of the institutions and agencies. Organizational structure, duty assignments, place of work, shift placement, salaries, work hour adjustments, benefit determinations, reductions in force and all similar and related work place decisions are the prerogative of the chief executive officers except or unless as limited by other applicable provisions of Board or institutional policy.
 - c. Without limiting the general description of b. above, the authority delegated to each chief executive officer includes the authority, in the chief executive officer's discretion, to reduce expenditures to respond to financial challenges (without a financial exigency declaration by the Board) and to maintain sound fiscal management. In such cases, the chief executive officer may take employment actions which are uniform across the entire institution, or uniform across institution budgetary units, but may not include actions requiring a financial exigency declaration by the Board. Such actions may include work hour adjustments such as furloughs or other unpaid leave as long as such are uniform across budgetary units or uniformly tiered as applied to certain salary levels or classifications. Work hour adjustments may be pro-rated based on annual salary levels to equitably reduce the financial hardship of the adjustments on lower level employees. Institutions shall adopt internal policies for implementing the employment actions in a manner consistent with the Board's policies and procedures, and furnish these policies to the Board.
 - d. In implementing any such actions described in the preceding paragraph c. above, the institution shall seek the input from the faculty, non-classified staff and classified staff employee groups. Such groups will be given at least twenty-one (21) calendar days to provide their input on the proposed actions as provided for

in the policies of the institution. The institution shall, once such input is taken and considered by the chief executive officer, establish procedures that provide for at least thirty (30) days written notice prior to the effective date of the action and an opportunity for an affected employee to be heard. The notice must include the effective date of the employment action, a statement of the basis for the employment action, and a description of the process to be heard. Such process shall be comparable to the process for review described in Board Policy II.N.7.a. The employee may contest the action only based on whether the action, with respect to that employee, violates the procedural requirements of this policy, applicable institutional policy or constitutional or statutory protections for that employee. The employee may not challenge the chief executive officer's determination that a reduction in budgetary expenditures is necessary, nor contest the chief executive officer's chosen means of addressing the reduction need, unless such means violate constitutional or statutory protections for the employee.

3. Specifically Reserved Board Authority

(Note: This is not an exclusive or exhaustive list and other reservations of Board authority may be found in other areas of these policies and procedures.) Board approval is required for the following:

a. Position Authorizations

Any position at a level of vice-president (or equivalent) and above, regardless of funding source, requires Board approval.

Agenda Item Format: Requests for new position authorizations must include the following information:

- (a) position title;
- (b) type of position;
- (c) FTE;
- (d) Term of appointment;
- (e) Effective date;
- (f) approximate salary range;
- (g) funding source; and
- (h) a description of the duties and responsibilities of the position.

b. The initial appointment of an employee to any type of position at a salary that is equal to or higher than 75% of the chief executive officer's annual salary.

c. The employment agreement of any head coach or athletic director (at the institutions only) longer than one year, and all amendments thereto.

- d. The criteria established by the institutions for initial appointment to faculty rank and for promotion in rank, as well as any additional faculty ranks and criteria as may be established by an institution other than those provided for in these policies (see subsection II. G.) Any exceptions to the approved criteria also require Board approval.

For the procedures established for periodic performance reviews of tenured faculty members see subsection II. G.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

SUBJECT

Categories of Employees, Board Policy II.D. – First Reading

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section II.D.2.

BACKGROUND / DISCUSSION

This proposed change to Board policy is a companion to proposed changes to policy on appointment authority (II.B.). If the Board approves the second reading of the changes to II.B. (which delegates authority to the presidents to create new positions and hire employees below the vice president level without Board approval), then the Board will also need to clarify the definition of a “non-classified employee” in its policy to ensure it is consistent with the term as defined in Idaho Code.

IMPACT

Adoption of this revision to Board policy will ensure that an institution’s classification of a position as “non-classified” will also constitute Board “designation,” when applicable and required in Idaho Code.

ATTACHMENTS

Attachment 1 – Proposed Revised Policy, Section II.D.2.

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

Upon further review of the proposed changes to the Appointment and Procedures Policy, staff determined that the changes impact a separate section of policy. This first reading would ensure consistency between Board policy and Idaho Code. Staff recommends approval

BOARD ACTION

I move to approve the first reading of the proposed amendments to Board policy II.D.2. as presented.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: D. Categories of Employees – General Definitions ~~December 2008~~ August 2011

1. Classified Employee

"Classified employee" means any person appointed to or holding a position at an institution, or agency whose position is subject to the provisions of the merit examination, selection, retention, promotion, and dismissal requirements of the Idaho Division of Human Resources as provided under Chapter 53, Title 67, Idaho Code, or the policies and procedures of the University of Idaho for classified employees.

a. Classified Employees -- Idaho Division of Human Resources

Appointments, employment status, personnel actions, and primary employment benefits concerning classified employees of the Board must be administered in accordance with the rules and regulations established by the Idaho Division of Human Resources.

b. Classified Employees -- University of Idaho

Classified employees at the University of Idaho are subject to the policies and procedures of the University of Idaho for its classified employees. Such policies and procedures require approval by the Board, and should be, in so much as practical, parallel to the provisions provided for state of Idaho classified employees in Chapter 53, Title 67, Idaho Code.

2. Non-classified Employees

"Non-classified employee" means any person appointed to or holding a non-classified position at an institution or agency ~~designated by the Board as non-classified pursuant to section 67-5303(j), Idaho Code,~~ and thus is not subject to the provisions of Chapter 53, Title 67, Idaho Code or the policies and procedures of the University of Idaho for its classified employees. The ~~Board's designation classification~~ of a position or employee as "non-classified" by the Board, or by an institution or agency under the governance of the Board pursuant to the Board's Governing Policies and Procedures, which is not otherwise "teaching staff," constitutes ~~any Board designation necessary under Idaho law to designate of~~ such position or employee as an "officer" under section 67-5303(j), Idaho Code.

a. The Board's executive director and the chief executive officers of the institutions and agencies are appointed by the Board and serve at the pleasure of the Board, and may therefore be dismissed at any time, with or without cause, and without notice.

b. As used in these personnel policies, the term "chief executive officer" shall mean the following, with reference to the appropriate entity:

(1) Institutions – the president

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: D. Categories of Employees – General Definitions ~~December 2008~~ August 2011

- (2) Office of the State Board of Education – the executive director
- (3) The Division of Vocational Rehabilitation – the administrator
- (4) The Division of Professional-Technical Education – the administrator
- (5) Idaho Educational Public Broadcasting System – general manager

c. Faculty Employees

Faculty employees comprise a large and unique subset of the Board's non-classified employees. Thus, faculty employees are addressed specifically throughout these policies and procedures.

Institutional Faculty:

- (1) "Academic faculty" means all employees who hold the rank of instructor/lecturer or a higher academic rank in an academic department at the University of Idaho, Idaho State University, Boise State University, or Lewis-Clark State College,
- (2) "Professional-Technical faculty" means all employees who hold the rank of instructor or higher in any of the five area professional-technical colleges or Eastern Idaho Technical College and who are hired under the Division of Professional-Technical Education.

References to "institutional faculty" or "faculty" in these policies include both academic and professional-technical faculty. Institutional faculty are generally subject to all of the same policies and procedures unless one group is specifically addressed or exempted.

d. Temporary or Special Project Non-classified Employees

- (1) This category includes (1) employees who are appointed to positions that are either temporary or for special projects and who generally meet specific position requirements for (a) grants or contracts of specified duration or (b) part-time teaching or other responsibilities, and (2) employees who are appointed to fulfill the responsibilities of continuing positions on an emergency or temporary basis.

(2) Student Employees

A student enrolled in an undergraduate, graduate, or professional-technical program at and employed by a state college, university, community college or professional-technical center when such employment is predicated on student status.

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: D. Categories of Employees – General Definitions ~~December 2008~~August 2011

- e. Head Coaches and Athletic Directors (Institutions Only) – Serve pursuant to contracts of employment as set forth in these policies and procedures.

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: D. Categories of Employees – General Definitions ~~December 2008~~August 2011

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BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

SUBJECT

Board Policy II.F. and II.G. – First Reading

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section II.F. and II.G.

Idaho Code §59-1606(3)

Idaho Code §67-5334

BACKGROUND / DISCUSSION

The State Controller's Office and the Division of Human Resources have notified several of the institutions that pursuant to Idaho Code §67-5334, institutions may only payoff vacation balances for employees "upon separation from state employment."

This law is problematic when applied to the institutions, as described by Boise State University's (BSU) general counsel:

The Universities need flexibility to payoff vacation balances in two identified situations. First, when a faculty member has been serving in a twelve-month position (for example as a Department Chair or Dean) the faculty member accrues vacation pursuant to board policy. When the faculty member leaves the administrative position and returns to the faculty, faculty members do not earn accrued vacation and are not eligible to take vacation. In such situations, the Universities need flexibility to be able to pay off the accrued vacation balance, otherwise that balance must simply remain on the books until separation. This could be for several years, and the eventual payoff might be at a higher pay rate.

The other situation is when a classified employee with numerous years of state service is moved into a non-classified professional staff position. Classified staff employees earn annual leave at different rates than as established by State Board of Education policy for non-classified professional staff. Classified state employees with more than 15 years experience may earn an annual leave balance of up to 336 hours. However, a professional staff employee under the Board may only accrue up to 240 hours of annual leave. Therefore, when a classified employee with more than 15 years experience is moved into a professional staff position, it is possible, and often occurs that the employee will have an annual leave balance in excess of the 240 hours allowed by SBOE policy. As such, the employee would not accrue any vacation, potentially for a considerable period of time, until the vacation balance is used below the 240 hour cap. However, since the employee is then also earning at the higher 7.4 hours per pay period rate, it is often difficult for the employee to utilize their vacation.

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

Idaho Code §59-1606(c) provides that “The state board of education shall determine the vacation leave policies for all officers and employees of the state board of education who are not subject to ... [laws governing classified employees]. To the extent possible, the state board of education shall adopt policies which are compatible with the state’s accounting system.” As such, the Board has statutory authority to set its own leave policies to address the issues described above.

IMPACT

Amending Board policy would allow institutions to payoff vacation balances when a classified employee’s position is changed to non-classified, a classified employee is moved to a non-classified position, or a faculty member moves from a 12 month appointment to a position of less than 12 months.

Idaho Code §59-1606(c) provides that “any policy and procedures determined by the state board of education must be communicated to the state controller in writing at least one hundred eighty (180) days in advance of the effective date of the policy and procedures.” As such, the actual effective date of any Board policy could be up to 180 days from approval of second reading.

ATTACHMENTS

Attachment 1 – Proposed Revised Policy, Section II.F.	Page 3
Attachment 2 – Proposed Revised Policy, Section II.G.	Page 9

STAFF COMMENTS AND RECOMMENDATIONS

BSU and Idaho State University (ISU) have both brought the issue of limitations on vacation payoff to staff’s attention within the last month due to recent communications from the State Controller’s Office on the matter. The inability for institutions to payoff vacation prior to separation from employment has the potential to create a hardship for both the employer and employee. Since the State specifically authorizes the Board to set its own leave policies, staff finds amending Board policy to permit vacation payout prior to separation from service an appropriate exercise of the Board’s authority and recommends the Board do so to address the problems described above.

BOARD ACTION

I move to approve the first reading of the proposed amendments to Board Policy II.F and II.G. as submitted.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: F. Policies Regarding Non-classified Employees**~~February 2010~~August 2011

1. Employment Terms

a. All non-classified employees, except those set forth in Section II.F.1.b. below, serve at the pleasure of the chief executive officer, and may be dismissed at any time, with or without cause, and without notice, at the discretion of the chief executive officer.

b. Employment Contracts

(1) An institution may provide employment contracts to its non-classified employees. If an institution chooses to offer employment contracts to its non-classified employees, the employment contract must include the period of the appointment, salary, pay periods, position title, employment status and such other information as the institution may elect to include in order to define the contract of employment. Non-classified employees have no continued expectation of employment beyond their current contract of employment.

(2) Non-classified employees, who serve pursuant to contracts of employment containing a stated salary are not guaranteed such salary in subsequent contracts or appointments, and such salary is subject to adjustment during the contract period due to financial exigency (as provided for in Section II.N of Board Policy) or through furlough or work hour adjustments (as provided for in section II.B.2.c of Board Policy).

(3) Each employee must acknowledge receipt and acceptance of the terms of the employment contract by signing and returning a copy to the institution initiating the offer of appointment. Failure or refusal of the employee to sign and return a copy of the employment contract within the time specified in the contract is deemed to be a rejection of the offer of employment unless the parties have mutually agreed in writing to extend the time. Nothing in this paragraph prohibits the institution from extending another offer to the employee in the event the initial offer was not signed and returned in a timely manner. Any alteration by the employee of the offer is deemed a counter-offer requiring an affirmative act of acceptance by an officer authorized to enter into contracts of employment binding the institution.

(4) Each contract of employment shall include a statement to the following effect and intent: "The terms of employment set forth in this contract of employment are also subject to the Governing Policies and Procedures of the State Board of Education (or the Board of Regents of the University of Idaho, in the case of University of Idaho), and the policies and procedures of the institution." The contract shall also state that it may be terminated at any time for adequate cause, as defined in Section II.L. of Board Policy, or when the Board declares a state of financial exigency, as defined in Section II.N. of Board Policy. The

~~February 2010~~
August 2011

contract shall also state that it may be non-renewed pursuant to Section II.F.5. of Board Policy.

- (5) No contract of employment with such an employee may exceed one (1) year without the prior express approval of the Board. Employment beyond the contract period may not be legally presumed. Renewal of an employment contract is subject solely to the discretion of the chief executive officer of the institution, and, where applicable, of the Board.

2. Compensation

- a. Salary – All non-classified employees shall receive a fixed salary. Payment in addition to the fixed salary may be authorized by the chief executive officer and reported to the Board. All initial salaries for non-classified employees are established by the chief executive officer, subject to approval by the Board where applicable. The Board may make subsequent changes for any non-classified employee salary or may set annual salary guidelines and delegates to its executive director authority to review compliance with its annual guidelines. Any annual salary increase outside Board guidelines requires specific and prior Board approval before such increase may be effective or paid to the non-classified employee. With the exception of the chief executive officers, and other positions whose appointment is a reserved Board authority, approval of salaries shall be effective concurrently with Board approval of annual operating budgets for that fiscal year.
- b. Salaries, Salary Increases and other Compensation related items
- (1) Salaries for new appointments to dean, associate/assistant dean, vice president, and president/vice president direct-report positions may not exceed the median rate for such position established by the College and University Professional Association for Human Resources (CUPA-HR), or its equivalent, without prior Board approval.
- (2) Appointments to acting or interim positions shall be at base salary rates no greater than ten percent (10%) more than the appointees' salary rate immediately prior to accepting the interim appointment or ninety-five percent (95%) of the prior incumbent's rate, whichever is greater.
- (3) Overtime Compensation – Non-classified employees earning annual leave at the equivalent rate of two (2) days for each month or major fraction thereof of credited state service are not eligible for either cash compensation or compensatory time off for overtime work. Non-classified employees in positions that are defined as "non-exempt" under the Fair Labor Standards Act earn overtime at a rate of one and one-half (1½) hours for each overtime

~~February 2010~~
August 2011

hour worked. Other non-classified employees may earn compensatory time off at the discretion of the chief executive officer at a rate not to exceed one (1) hour of compensatory time for each hour of overtime worked.

- (4) Credited State Service - The basis for earning credited state service will be the actual hours paid not to exceed forty (40) per week.
- (5) Pay Periods - All non-classified employees are paid in accordance with a schedule established by the state controller.
- (6) Automobile Exclusion - Unless expressly authorized by the Board, no non-classified employee will receive an automobile or automobile allowance as part of his or her compensation.

3. Annual Leave

- a. Non-classified employees at the institutions, agencies earn annual leave at the equivalent rate of two (2) days per month or major fraction thereof of credited state service. Twelve-month employees employed at the entities named above may accrue leave up to a maximum of 240 hours. An employee who has accrued the maximum will not earn further leave until the employee's use of annual leave reduces the accrual below the maximum.

Non-classified employees in positions which are covered under the Fair Labor Standards Act earn annual leave according to § 67-5334 and are subject to the maximum leave accruals in § 67-5335(2).

- b. Non-classified employees appointed to less than full-time positions earn annual leave on a proportional basis dependent upon the terms and conditions of employment.
- c. Professional Leave - At the discretion of the chief executive officer, non-classified employees may be granted professional leave with or without compensation under conditions and terms as established by the chief executive officer.

- d. Pursuant to section 59-1606(3), Idaho Code, when a classified employee's position is changed to non-classified, or when a classified employee is moved into a non-classified position, and that employee, due to their employee's years of service, has an annual leave balance in excess of 240 hours, then the institution may pay the employee as supplemental pay the balance that is in excess of 240 hours.

4. Performance Evaluation

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: F. Policies Regarding Non-classified Employees**~~February 2010~~August 2011

Each institution or agency must establish policies and procedures for the performance evaluation of non-classified employees, and are responsible for implementing those policies in evaluating the work performance of employees. The purposes of employee evaluations are to identify areas of strength and weakness, to improve employee work performance, and to provide a basis on which the chief executive officers and the Board may make decisions concerning retention, promotion, and merit salary increases. All non-classified employees must be evaluated annually. Any written recommendations that result from a performance evaluation must be signed by the appropriate supervisor, a copy provided to the employee and a copy placed in the official personnel file of the employee. Evaluation ratings that result in findings of inadequate performance of duties or failure to perform duties constitute adequate cause as set forth in Section II.L. of Board Policy.

5. Non-Renewal of Non-classified Contract Employees

- a. Notice of the decision of the chief executive officer to not renew a contract of employment must be given in writing to the non-classified employee at least sixty (60) calendar days before the end of the existing period of appointment for annual appointments. For appointments of less than one year, the written notice must be at least thirty (30) days prior to the end of the existing period of appointment. Reasons for non-renewal need not be stated. Non-renewal without cause is the legal right of the Board. If any reasons for non-renewal are provided to the employee for information, it does not convert the non-renewal to dismissal for cause and does not establish or shift any burden of proof. Failure to give timely notice of non-renewal because of mechanical, clerical, mailing, or similar error is not deemed to renew the contract of employment for another full term, but the existing term of employment must be extended to the number of days necessary to allow sixty (60) (or thirty days where applicable) calendar days notice to the employee.
- b. Except as set forth in this paragraph, non-renewal is not grievable within the institution nor is it appealable to the Board. However, if an employee presents bona fide allegations and evidence to the chief executive officer of the institution that the non-renewal of the contract of employment was the result of discrimination prohibited by applicable law, the employee is entitled to use the internal discrimination grievance procedure to test the allegation. If the chief executive officer is the subject of the allegations, the employee may present the bona fide allegations and evidence to the Executive Director. The normal internal grievance procedure for discrimination must be used unless changed by mutual consent of the parties. The ultimate burden of proof rests with the employee. The institution is required to offer evidence of its reasons for non-renewal only if the employee has made a prima facie showing that the recommendation of non-renewal was made for reasons prohibited by applicable law. Unless mutually agreed to by the parties in writing, the use of the discrimination grievance

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES
Subsection: F. Policies Regarding Non-classified Employees

ATTACHMENT 1

~~February 2010~~
~~August 2011~~

procedure will not delay the effective date of non-renewal. Following the discrimination grievance procedures, if any, the decision of the institution, is final, subject to Section II.F.5.c., below.

- c. The non-classified contract employee may petition the Board to review the final action of the institution. Any petition for review must be filed at the Office of the State Board of Education within fifteen (15) calendar days after the employee receives notice of final action. The Board may agree to review the final action, setting out whatever procedure and conditions for review it deems appropriate, or it may choose not to review the final action. The fact that a review petition has been filed will not stay the effectiveness of the final action, nor will the grant of a petition for review, unless specifically provided by the Board. Board review is not a matter of right. An employee need not petition for Board review in order to have exhausted administrative remedies for purposes of judicial review. Nothing in this section should be construed as any prohibition against filing a complaint with any appropriate state or federal entity, including but not limited to the Equal Employment Opportunity Commission (EEOC) or the Idaho Human Rights Commission (IHRC).

6. Tenure

Non-classified employees are generally not entitled to tenure. Certain, very limited, exceptions to this general rule are found in Subsection G.6 of these personnel policies and procedures.

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: F. Policies Regarding Non-classified Employees

~~February 2010~~

August 2011

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GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

1. Letters of Employment

- a. All faculty employees serve pursuant to employment contracts. The employment contract must include the period of the appointment, salary, pay periods, position title, employment status and such other information as the institution may elect to include in order to define the contract of employment. Non-tenured faculty employees have no continued expectation of employment beyond their current contract of employment. Each faculty employee must acknowledge receipt and acceptance of the terms of the employment contract by signing and returning a copy to the institution initiating the offer of appointment. Failure or refusal of the faculty employee to sign and return a copy of the employment contract within the time specified in the contract is deemed to be a rejection of the offer of employment unless the parties have mutually agreed in writing to extend the time. Nothing in this paragraph prohibits the institution from extending another offer to the employee in the event the initial offer was not signed and returned in a timely manner. Any alteration by the employee of the offer is deemed a counter-offer requiring an affirmative act of acceptance by an officer authorized to enter into contracts of employment binding the institution. Each contract of employment must include a statement to the following effect and intent: "The terms of employment set forth in this letter (contract) of employment are also subject to the Governing Policies and Procedures of the State Board of Education (or the Board of Regents of the University of Idaho, in the case of the University of Idaho), and the policies and procedures of (the institution)."
- b. Term of Appointment - All non-tenured faculty employees have fixed terms of employment. No contract of employment with such an employee may exceed one (1) year without the prior approval of the Board. Employment beyond the contract period may not be legally presumed. Reappointment of a faculty employment contract is subject solely to the discretion of the chief executive officer of the institution, and, where applicable, of the Board.
- c. Non-tenured faculty and tenured faculty, who serve pursuant to contracts of employment or notices (letters) of appointment containing a stated salary are not guaranteed such salary in subsequent contracts or appointments, and such salary is subject to adjustment during the contract period due to financial exigency (as provided for in Section II.N of Board Policy) or through furlough or work hour adjustments (as provided for in section II.B.2.c of Board Policy).
- d. Faculty Rank and Promotion
 - (1) There are four (4) primary faculty ranks at each institution: (a) professor, (b) associate professor, (c) assistant professor, and (d) instructor. Each institution may establish additional faculty ranks, specify the title of each rank, and delineate the requirements for each faculty rank so established.

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

Recommendations for additional faculty ranks must be submitted by the chief executive officer to the Board for approval.

- (2) Faculty rank, including initial appointment to faculty rank and any promotion to a higher rank at an institution, is located in a department or equivalent unit.
- (3) Each institution must establish criteria for initial appointment to faculty rank and for promotion in rank at the institution. Such criteria must be submitted to the Board for approval, and upon approval must be published and made available to the faculty.
- (4) Persons who have made substantial contributions to their fields of specialization or who have demonstrated exceptional scholarship and competence or appropriate creative accomplishment of recognized outstanding quality may be appointed to faculty rank without satisfying established institutional criteria for initial appointment or promotion, provided that the qualifications of such individuals have been reviewed in accordance with institutional procedures and the appointment is recommended by the chief executive officer and approved by the Board.
- (5) A non-classified employee may hold faculty rank in a department or equivalent unit in which rank has previously been established by the institution. A non-classified employee may be granted rank at the time of appointment or subsequent thereto, or may be promoted in rank, if such employee meets the criteria for rank as established by the institution and approved by the Board.

2. Compensation

a. Salary

All initial salaries for faculty employees are established by the chief executive officer, subject to approval by the Board where applicable. Payment in addition to regular salaries must be authorized by the chief executive officer and reported to the Board. The Board may make subsequent changes for faculty employee positions or may set annual salary guidelines and delegate to its executive director authority to review compliance with its annual guidelines. Any annual salary increase outside Board guidelines requires specific and prior Board approval before such increase may be effective and paid to the employee. With the exception of the chief executive officers, and other positions whose appointment is a reserved Board Authority, approval of salaries shall be effective concurrently with Board approval of annual operating budgets for that fiscal year.

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

b. Salaries, Increases and other Compensation related items

- (1) For purposes of categorizing faculty employees for salary and reporting purposes, the following definition applies: Faculty includes all persons whose specific assignments customarily are made for the purpose of conducting instruction, research, or public service as a principal activity (or activities), and who hold the following academic rank or titles of professor, associate professor, assistant professor, instructor, lecturer, or the equivalent of any of these academic ranks. Report in this category deans, directors, or the equivalents, as well as associate deans, assistant deans, and executive officers of academic departments (chairpersons, heads, or the equivalent) if their principal activity is instructional. Do not include student teaching or research assistants or medical interns or residents. (For reporting purposes, deans, associate deans, and assistant deans are included in the executive/administrative category.)
- (2) Credited State Service/Full Time Status - A faculty member employed for an academic year and paid over a twelve-month period will be credited with twelve (12) months of state service. For all benefit status determinations and calculations, faculty members shall be considered full time, year round employees of the employing institution as long as the employee's teaching; research and service duties are commensurate with the full time faculty work load assignment as defined by the employing institution.
- (3) Pay Periods - All faculty employees, including those on academic year appointments, are paid in accordance with a schedule established by the state controller.
- (4) Automobile Exclusion - Unless expressly authorized by Board policy, no faculty employee will receive an automobile or automobile allowance as part of his/her compensation.

3. Annual Leave

a. Only faculty members serving twelve (12) month appointments earn annual leave. Such annual leave shall be earned in the same manner as for non-classified employees.

a.b. Pursuant to section 59-1606(3), Idaho Code, when a faculty member has accrued annual leave for service on a 12 month appointment, and subsequently such faculty member returns to a faculty position of less than 12 months where annual leave does not accrue, then the institution may pay the faculty member, as supplemental pay, the accrued annual leave balance.

b.c. _____ Sabbatical Leave

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011****(1) Eligibility**

A sabbatical leave may be granted at the discretion of the chief executive officer to a tenured faculty member (or a professional-technical faculty member) who has completed at least six (6) years of full-time service at an institution. A sabbatical leave may not be awarded to the same faculty member more than once in any six (6) academic years and sabbatical leave time is not cumulative. Sabbatical leave proposals must be submitted, reviewed, and processed according to policies and procedures established at each institution. A sabbatical leave may be used for the purpose of acquiring new professional skills and updating professional skills or conducting research. Sabbatical leave awards are fully dependent on the availability of appropriate funding.

(2) Term

The term of a sabbatical leave is either one (1) academic semester at full pay or two (2) semesters at half pay.

(3) Condition

Each faculty member who is granted a sabbatical leave must serve at the institution for at least one (1) academic year after completion of the sabbatical unless the chief executive officer approves a waiver of the requirement.

(4) Report on Sabbatical Leave

By the end of the first semester following return to the institution from a sabbatical leave, the faculty member must submit a written account of sabbatical activities and accomplishments to the academic vice president.

(5) Report to the Board

The chief executive officer must report the names of faculty members awarded sabbatical leaves and a brief statement of the purposes of each sabbatical in their semi-annual report to the Board

4. Performance Evaluation

- a. Annual Evaluation - Each year the chair of a department must submit to the dean of the chair's college an evaluation of each faculty member in the department. This evaluation, together with the input of higher administrators, will be used as (1) basis for the final recommendation relative to reappointment, non-reappointment, acquisition of tenure, or other personnel action, whichever is

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011

appropriate. The chairman must communicate an assessment of strengths and weaknesses to each faculty member evaluated.

- b. Evaluation Criteria - Evaluation of faculty should be made in terms of the individual's effectiveness. Each institution shall publish its criteria for annual evaluation and ensure that all members of the faculty have access to the criteria.
- c. Any written recommendations that result from evaluation of a faculty employee will be given to the employee and a copy will be placed in the employee's file.
- d. Each institution must develop policies, procedures, and measurement instruments to be used in the evaluation by students of faculty teaching effectiveness.

5. Non-renewal of Non-tenured Faculty Members

- a. Notice of non-renewal must be given in writing and in accordance with the following standards:
 - (1) First Year Of Service - Not later than March 1 of the first full academic year of service if the appointment is not to be renewed at the end of the academic year; or if a one-year appointment terminates during an academic year and is not to be renewed, at least three (3) months in advance of its termination.
 - (2) Second Year of Service - Not later than December 15 of the second full academic year of service if the appointment is not to be renewed at the end of the academic year; or, if the appointment terminates during an academic year and is not to be renewed, at least six (6) months in advance of its termination.
 - (3) Three (3) Or More Years Of Service – Not later than July 15 preceding the academic year at the end of which the appointment is to be terminated; or, if the appointment terminates during an academic year and is not to be renewed, at least twelve (12) months in advance of its termination.
 - (4) Failure to provide timely notice of non-renewal because of mechanical, clerical, or mailing error does not extend or renew the letter or contract of employment for another term, but the existing term of employment will be extended to provide the employee with a timely notice of non-renewal.
 - (5) Financial Exigency - Notice of non-renewal is not required when the Board has authorized a reduction in force resulting from a declaration of financial exigency and a non-tenured faculty member is to be laid off. In that event, notice of layoff must be given as provided under the policies for reduction in force.

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

b. Request For Review

(1) Non-renewal is not subject to investigation or review except that the employee may request an investigation or review to establish that written notice was or was not received in accordance with the time requirements set forth in this section. In such cases, the investigation or review will be concerned only with manner and date of notification of non-renewal. The employee must request such investigation or review in writing of the chief executive officer within fifteen (15) days of receipt of the written notice of non-renewal.

(2) Provided, however, that if the non-tenured faculty member presents bona fide allegations and evidence in writing to the chief executive officer of the institution that the non-reappointment was the result of discrimination prohibited by applicable law, the non-tenured faculty member is entitled to use the internal discrimination grievance procedure to test the allegation. In such cases, the same procedures, burden of proof, time limits etc. as set forth for the grievance of non-renewal by non-classified employees shall be used (see subsection F).

c. Non-tenured faculty members who are notified that they will not be reappointed or that the succeeding academic year will be the terminal year of appointment are not entitled to a statement of reasons upon which the decision for such action is based. No hearing to review such a decision will be held.

6. Tenure

a. Tenure Defined - Tenure is a condition of presumed continuous employment following the expiration of a probationary period and after meeting the appropriate criteria. After tenure has been awarded, the faculty member's service may be terminated only for adequate cause; except in the case of retirement or financial exigency as declared by the Board; in situations where extreme shifts of enrollment have eliminated the justification for a position; or where the Board has authorized elimination or substantial reduction in a program. Tenure status is available only to eligible, full-time institutional faculty members, as defined by the institution. All faculty appointments are subject to the approvals as required in Board policy. Nontenured members of the faculty are appointed to term appointments pursuant to subsection G1. Any commitment to employ a nontenured member of the faculty beyond the period of his or her current term of appointment is wholly ineffective.

b. Acquisition of Tenure

(1) Professional-Technical Faculty hired under the division of professional-technical education prior to July 1, 1993 who were granted tenure may

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

retain tenure in accordance with these policies. Individuals hired under the Division of Professional-Technical education subsequent to July 1, 1993 are hired and employed as nontenure track faculty and will:

- (a) be afforded the right to pursue promotion; and
 - (b) be considered and granted an employment contract in accordance with these policies and be subject to continued acceptable performance and/or the needs of the institution; and
 - (c) be afforded on opportunity to serve on institutional committees.
- (2) Academic faculty members, after meeting certain requirements, established by the employing institution, may acquire tenure. Each institution shall develop policies for the acquisition of tenure that are consistent with this general philosophy and policy statement of the Board. Acquisition of tenure is not automatic, by default or defacto, but requires an explicit judgment, decision, and approval. A faculty member is eligible to be evaluated for the acquisition of tenure after having completed four (4) full years of academic employment at the institution, although tenure may be awarded prior to completion of this initial eligibility period in certain exceptional cases as provided in Board Policy II.G.6.d.4.a). In addition, an academic faculty member must be evaluated for the acquisition of tenure not later than the faculty member's sixth (6th) full academic year of employment at the institution. In certain exceptional cases a faculty member may petition for extension of the timeline for tenure due to extenuating circumstances as provided in Board Policy II.g.6.d.4.b).
- c. Notification - An individual eligible for tenure must be informed, by proffered written contract, of appointment or nonappointment to tenure not later than June 30 after the academic year during which the decision is made. In case of denial of tenure, the faculty member must be given a written notice that tenure was denied.
- d. Standards of Eligibility for Tenure
- (1) Annual Appointments - Until the acquisition of tenure, all appointments are made for a period not to exceed one (1) year. Prior to the award of tenure, employment beyond the annual term of appointment may not be legally presumed.
 - (2) Service in Professional Rank - All satisfactory service in any professorial rank may be used to fulfill the time requirement for acquiring tenure. Each institution must develop criteria and rules by which prior service may be evaluated for inclusion in experience necessary for acquiring tenure.

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

- (3) Service in Instructor Rank - A maximum of two (2) years satisfactory service in the rank of instructor at the institution will be allowed in partial fulfillment of the time requirement in the professorial ranks. Faculty members who hold the rank of instructor may be eligible for tenure status if provided for by the institution even though they teach in fields that have established professorial ranks.
- (4) Exceptional Cases
- (a) Tenure may be awarded prior to completion of the usual eligibility period in certain exceptional cases. In such cases, the burden of proof rests with the individual.
 - (b) Extension of the tenure review period may be granted in certain exceptional cases. In such cases the faculty member must formally request such an extension and indicate the reason for the request. An institution that permits an extension of the tenure review period must include in its policies the procedure a faculty member must follow to request such an extension, and the basis for determining the modified timeline for review.
- e. Evaluation For Tenure - It is expected that the chief executive officer, in granting tenure, will have sought and considered evaluations of each candidate by a committee appointed for the purpose of annual evaluations or tenure status. Such committee must consist of tenured and non-tenured faculty; student representation; and one (1) or more representatives from outside the department. Each member of the committee has an equal vote on all matters. The committee must give proper credence and weight to collective student evaluations of faculty members, as evidenced by an auditing procedure approved by the chief executive officer. The recommendation of the committee will be forwarded in writing through appropriate channels, along with written recommendations of the department chairperson or unit head, dean, and appropriate vice president, to the chief executive officer, who is responsible for making the final decision.
- f. Award of Tenure - The awarding of tenure to an eligible faculty member is made only by a positive action of the chief executive officer of the institution. The president must give notice in writing to the faculty member of the approval or denial of tenure. Notwithstanding any provisions in these policies to the contrary, no person will be deemed to have been awarded tenure because notice is not given
- g. Periodic Performance Review of Tenured Faculty Members - It is the policy of the Board that at intervals not to exceed five (5) years following the award of tenure to faculty members, the performance of tenured faculty must be reviewed by members of the department or unit and the department

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

chairperson or unit head. The review must be conducted in terms of the tenured faculty member's continuing performance in the following general categories: teaching effectiveness, research or creative activities, professional related services, other assigned responsibilities, and overall contributions to the department.

- (1) Procedures for periodic review - Each institution must establish procedures for the performance review of tenured faculty members at the institution. Such procedures are subject to the review and approval of the Board. Each year the academic vice president or designee is responsible for designating in writing those tenured faculty members whose performance is subject to review during the year.
- (2) Review standards - Each institution may establish its own internal review standards subject to approval by the Board. Absent such institutional standards, the institution must use the following standards.

If during the periodic review, the performance of a tenured faculty member is questioned in writing by a majority of members of the department or unit, the department chairperson or unit head, the appropriate dean, the appropriate vice president, or the chief executive officer, then the appropriate vice president or equivalent administrator must decide whether a full and complete review must be conducted in accordance with the procedures established for the initial evaluation for tenure at the institution. If during the periodic review, the performance of a tenured faculty member is not questioned in writing, members of the department or unit and the department chairperson or unit head must prepare a written review statement that the performance review has been conducted and that a full and complete review is not required.

- (3) Exception for Associate Professors in the Promotion Process - Generally, the promotion from the rank of associate professor to full professor is considered no earlier than the fifth full year after attaining the rank of associate professor, which is generally contemporaneous with the granting of tenure. In such cases, if review for promotion to full professor is scheduled during the fifth, sixth or seventh full year after the award of tenure then the promotion review may, if it meets substantially similar criteria and goals of the post tenure review, take the place of the periodic performance review described here.
- (4) Termination of employment - If, following a full and complete review, a tenured faculty member's performance is judged to have been unsatisfactory or less than adequate during the period under review, the chief executive officer may initiate termination of employment procedures for the faculty member. In other words, an unsatisfactory or less than

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

adequate performance rating shall constitute adequate cause for dismissal.

- h. Dismissal for Adequate Cause - Tenured faculty members may be dismissed for adequate cause as provided for in Subsection L of this Section.
- i. Tenure for Academic Administrators
 - (1) "Academic administrators," for purposes of this topic, means the chief executive officer/presidents, chief academic officers/provosts, vice provosts or equivalent of the institutions, the deans, associate/assistant deans, and department chairs of the academic units of the institutions, and the vice presidents for research of the institutions, and shall not include persons occupying other administrative positions.
 - (2) An employee with tenure in an academic department or equivalent unit who is appointed to an academic administrator position retains tenure in that department or equivalent unit
 - (3) An individual hired for or promoted to an academic administrator may be considered for a tenured faculty rank in the appropriate department or equivalent unit. Such consideration is contingent upon approval by the institution's president.
 - (4) Upon termination of employment as an academic administrator, an employee with tenure may, at his or her option, return to employment in the department or equivalent unit in which he or she holds tenure unless such employee resigns, retires, or is terminated for adequate cause.
 - (5) An individual hired for a non-academic administrator position from outside the institution will not be considered for tenured faculty rank in conjunction with such appointment. However, he or she may be granted an adjunct faculty appointment, upon the recommendation of the appropriate department and dean and with the approval of the provost or chief academic officer and president, if the individual will teach and otherwise contribute to that department.
 - (6) Notwithstanding the above, each administrative employee who is granted tenure shall be reviewed in accordance to policies established at each institution for the evaluation of an academic administrator.
- j. Terminal Contract of Employment - If a faculty member is not awarded tenure, the chief executive officer must notify the faculty member of the decision not to recommend tenure and may, at his or her discretion, either issue to the faculty member a contract for a terminal year of employment, or, at the sole

GOVERNING POLICIES AND PROCEDURES**SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES****Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011**

discretion of the chief executive officer, issue to the faculty member contracts of employment for successive periods of one (1) year each. Such appointment for faculty members not awarded tenure must be on an annual basis, and such temporary appointments do not vest in the faculty member any of the rights inherent in tenure and there shall be no continued expectation of employment beyond the annual appointment.

- k. When authorized by the chief executive officer, or his or her designee, the year in which the tenure decision is made may be the terminal year of employment.
- l. Effect of lapse in service, transfer, reassignment, reorganization, and administrative responsibilities.
 - (1) A non-tenured faculty member who has left the institution and is subsequently reappointed after a lapse of not more than three (3) years may have his or her prior service counted toward eligibility for the award of tenure. Eligibility for the award of tenure must be clarified in writing before reappointment. A tenured faculty member who has left the institution and is subsequently reappointed after a lapse of not more than three (3) years must have tenure status clarified in writing by the president or his designee before appointment. The faculty member may be reappointed with tenure, or may be required to serve additional years before being reviewed for tenure status.
 - (2) Before a non-tenured faculty member holding academic rank is moved from one position in the institution to another, the member must be informed in writing by the academic vice president, after consultation with the receiving department, as to the extent to which prior service may count toward eligibility for tenure status.
 - (3) No faculty member's tenure in a discipline may be adversely affected by the reorganization of the administrative structure. A faculty member's tenure is not affected by reassignment of administrative responsibilities.
 - (4) When a tenured faculty member is serving as department chairman, college dean, or in some other administrative or service capacity, retention of membership, academic rank, and tenure in the subject-matter department or similar unit is maintained. Should the administrative or service responsibilities terminate, the member takes up regular duties in the discipline within which membership, academic rank, and tenure was retained.

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: G. Policies Regarding Faculty (Institutional Faculty Only) ~~June 2010~~ August 2011

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BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

SUBJECT

Grievance and Appeal Procedures, Board Policy II.M. Second Reading

REFERENCE

February 2010

Clarified the broad authority of the institution chief executive officers for personnel matters affecting the institutions

April 2011

Board approved first reading

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section II.M.2.

BACKGROUND / DISCUSSION

In April 2011 the Board approved the first reading to amend Board Policy II.M.2. on Appointment Authority and Procedures.

IMPACT

This proposed revision would make the Board's policy on delegated authority internally consistent by removing the option to appeal a final personnel-related decision to the Board.

ATTACHMENTS

Attachment 1 –Revised Policy, Section II.M.2.

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

There were no changes from the first reading. Board staff recommends approval of the second reading of Board Policy II.M.2.

BOARD ACTION

I move to approve the first reading of the proposed amendments to Board Policy II.M.2. as submitted.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: M. Grievance and Appeal Procedures – All Employees

June 2011

1. Classified Employees

Provisions for grievance and appeals procedures for classified employees are provided for in Chapter 53, Title 67 Idaho Code and the rules of the State Division of Human Resources. The University of Idaho shall, to the extent practical, provide for similar grievance and appeals procedures for its classified employees.

2. Non classified Employees (including Faculty Employees)

Each institution and agency must establish internal policies and procedures to provide for grievances and appeals for human resource matters. Such policies and procedures shall be forwarded to the Executive Director for review and maintenance on file in the Office of the State Board of Education. Internal procedures must include the following elements:

- (1) provision for informal resolution;
- (2) procedures for filing a formal, written complaint;
- (3) reasonable time requirements;
- (4) a description of the hearing body; and
- (5) requirements for retention of records.

Pursuant to Board Policy II.B.2.b., the Board delegates authority for personnel management to the chief executive officers. Accordingly, human resource matters are not appealable to the Board.

GOVERNING POLICIES AND PROCEDURES

SECTION: II. HUMAN RESOURCES POLICIES AND PROCEDURES

Subsection: M. Grievance and Appeal Procedures – All Employees

June 2011

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BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

SUBJECT

Board Supplemental 403(b) Retirement Plan

REFERENCE

February 2011

Board approved motion to freeze contributions into and transfers or rollovers from the current Supplemental Retirement Benefit Plan

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section II.K.2. Sections 33-107A, 33-107B, Idaho Code

BACKGROUND / DISCUSSION

The Board suspended its highly compensated employee supplemental retirement plan ("HCE Plan") on the recommendation of tax counsel who advised that there are more appropriate plan vehicles that can be designed to achieve the Board's objectives in recruiting and retaining key university officials. To that end, Board staff worked with tax counsel to craft a new Supplemental 403(b) Retirement Plan (the Plan).

Eligible participants in the Plan (key institution employees) are determined by the Board and listed by name in Appendix A to the Plan. In the event the Board desires to expand the Plan participants, it could do so by approving a revision to append Appendix A without having to also amend the entire Plan document.

Eligible employees must make a one-time irrevocable election to participate in the Plan. The "includable compensation" upon which contributions to the Plan are based is an employee's contract base salary up to an IRS maximum (currently \$245,000). Plan designates TIAA-CREF and VALIC as the Plan's exclusive vendors.

Employer and mandatory employee contributions (as a percent of base salary up to the IRS limit) to the Plan are specified in the Appendix A. For the majority of participants the contribution rate is set for calendar years 2011 and 2012, and then increases by 0.10% for calendar years 2013 and 2014. The Board would need to review the Plan and establish contribution rates for calendar years after 2014.

IMPACT

The Plan attempts to replicate the HCE Plan to the extent possible in terms of employer and mandatory employee contribution amounts.

ATTACHMENT

Attachment 1 – Supplemental Retirement 403(b) Plan

Page 3

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

STAFF COMMENTS AND RECOMMENDATIONS

Internal Revenue Code provisions with respect to the deferral of income in retirement plans are highly complex. Accordingly, all the Board's retirement plans are reviewed on a regular basis by tax counsel. With respect to this Plan, tax counsel believes this Plan is a better and more appropriate deferred income plan for key institution employees than the HCE Plan. Staff recommends approval.

BOARD ACTION

I move to approve the Supplemental 403(b) Retirement Plan in substantial conformance with the plan document submitted to the Board as Attachment 1, and to authorize the Board's Chief Fiscal Officer to execute the Plan document on behalf of the Board.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Idaho State Board of Education
Supplemental Retirement 403(b) Plan

Section 1
Definition of Terms Used

The following words and terms, when used in the Plan, have the meaning set forth below.

1.1 "**Account**": The account or accumulation maintained for the benefit of any Participant or Beneficiary under an Annuity Contract or a Custodial Account.

1.2 "**Account Balance**": The bookkeeping account maintained for each Participant which reflects the aggregate amount credited to the Participant's Account under all Accounts, including the Participant's Mandatory Contributions, Employer Contributions, the earnings or loss of each Annuity Contract or a Custodial Account (net of expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes any account established under Section 6 for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in section 414(p)(8) of the Code).

1.3 "**Administrator**": The Idaho State Board of Education, located at 650 W. State Street, Boise, Idaho 83720, is the administrator of this Plan and has designated the following as responsible for enrolling Participants, sending Plan contributions for each Participant to the Fund Sponsor(s) selected by a Participant, and for performing other duties required for the operation of the Plan:

Chief Fiscal Officer
Office of the Idaho State Board of Education

Vice President for Finance and Administration
Boise State University

Vice President for Finance and Administration
Idaho State University

Vice President for Finance and Administration
University of Idaho

Vice President for Finance and Administration
Lewis-Clark State College

Vice President for Finance and Administration
Eastern Idaho Technical College

1.4 "**Annuity Contract**": A nontransferable contract as defined in section 403(b)(1) of the Code, established for each Participant by the Employer, or by each Participant individually, that is issued by an insurance company qualified to issue annuities in Idaho and that includes payment in the form of an annuity.

1.5 "**Beneficiary**": The designated person who is entitled to receive benefits under the Plan after the death of a Participant, subject to such additional rules as may be set forth in the Individual Agreements.

1.6 "**Custodial Account**": The group or individual custodial account or accounts, as defined in section 403(b)(7) of the Code, established for each Participant by the Employer, or by each Participant individually, to hold assets of the Plan.

1.7 "**Code**": The Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

1.8 "**Disabled**": The definition of disability provided in the applicable Individual Agreement.

1.9 "**Eligible Employee**": Each individual listed in Appendix A, who is a common law employee of the Employer performing services for a public school as an employee of the Employer. This definition is not applicable unless the employee's compensation for performing services for a public school is paid by the Employer. Further, a person occupying an elective or appointive public office is not an employee performing services for a public school unless such office is one to which an individual is elected or appointed only if the individual has received training, or is experienced, in the field of education. A public office includes any elective or appointive office of a State or local government.

1.10 "**Employer**": Employer means the Board and employment units under its jurisdiction, namely:

Office of the Idaho State Board of Education
Boise State University
Idaho State University
University of Idaho
Lewis-Clark State College
Eastern Idaho Technical College

1.11 "**Employer Contributions**": The Employer contributions made to the Plan by the Participant's Employer that do not reduce the Participant's cash compensation.

1.12 "**Funding Vehicles**": The Annuity Contracts or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by Employer for use under the Plan.

1.13 "**Includible Compensation**": An Employee's contract base salary (exclusive of taxable fringe benefits), but subject to a maximum of \$200,000 (or such higher maximum as may apply under section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code. The amount of Includible Compensation is determined without regard to any community property laws.

1.14 "**Individual Agreement**": The agreements between a Vendor and the Employer or a Participant that constitutes or governs a Custodial Account or an Annuity Contract.

1.15 "**Mandatory Contributions**": The Employer contributions required to be made to the Plan by the Participant in lieu of receiving cash compensation.

1.16 "**Participant**": An individual for whom contributions are currently being made, or for whom contributions have previously been made, under the Plan and who has not received a distribution of his or her entire benefit under the Plan.

1.17 "**Plan**": Idaho State Board of Education Supplemental Retirement 403(b) Plan.

1.18 "**Plan year**": The calendar year, which is also the limitation year for purposes of Code section 415.

1.19 "**Related Employer**": The Employer and any other entity which is under common control with the Employer under section 414(b) or (c) of the Code. For this purpose, the Employer shall determine which entities are Related Employers based on a reasonable, good faith standard and taking into account the special rules applicable under Notice 89-23, 1989-1 C.B. 654.

1.20 "**Severance from Employment**": For purpose of the Plan, Severance from Employment means Severance from Employment with the Employer and any Related Entity. However, a Severance from Employment also occurs on any date on which an Employee ceases to be an employee of a public school, even though the Employee may continue to be employed by a Related Employer that is another unit of the State or local government that is not a public school or in a capacity that is not employment with a public school (e.g., ceasing to be an employee performing services for a public school but continuing to work for the same State or local government employer).

1.21 "**Vendor**": The provider of an Annuity Contract or Custodial Account.

1.22 "**Valuation Date**": Each business day.

Section 2 Participation and Contributions

2.1 **Notification.** The Employer will notify an Eligible Employee when he or she becomes an Eligible Employee listed in Appendix A. An Eligible Employee who complies with the requirements of this Plan to become a Participant is entitled to the benefits and is bound by all the terms, provisions, and conditions of this Plan, including any amendments that, from time to time, may be adopted, and including the terms, provisions and conditions of any Funding Vehicles to which Plan contributions for the Participant have been applied.

2.2 **Enrollment in Plan – One Time Irrevocable Election.** To participate in this Plan, an Eligible Employee must complete the necessary enrollment form(s) and return them to the Employer. An employee who has been notified that he or she is an Eligible Employee listed in Appendix A but who fails to return the enrollment forms within 30 days of receipt of the enrollment forms will be deemed to have waived all of his or her rights under the Plan. This procedure is designed to give an Eligible Employee a one time irrevocable option to participate in the Plan. The participation election shall also include designation of the Funding Vehicles and Accounts therein to which Plan contributions are to be made and a designation of Beneficiary. An Employee shall become a Participant as soon as administratively practicable following the date applicable under the employee's election.

2.3 **Information Provided by the Employee.** Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including any information required under the Individual Agreements.

2.4 **Change in Beneficiary or Investment.** Subject to the provisions of the applicable Individual Agreements, an Employee may at any time change his or her investment direction and his or her designated Beneficiary. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Vendor.

2.5 **Contribution Amounts.** Employer Contributions and Mandatory Contributions shall equal the percentage of the Participant's Includible Compensation indicated for the Participant on Appendix A.

2.6 **Contributions Made Promptly.** Mandatory Contributions under the Plan shall be transferred to the applicable Funding Vehicle as part of the Employer's biweekly payroll processing and within 15 business days following the end of the pay date in which the amount would otherwise have been paid to the Participant. Employer Contributions shall be credited to the applicable Funding Vehicle as part of the Employer's biweekly payroll processing and within 15 business days following the end of the pay date.

2.7 **Leave of Absence.** If an Employee is absent from work by leave of absence, Mandatory Contributions and Employer Contributions under the Plan shall continue to the extent that Includible Compensation continues.

Section 3 Limitations on Contributions

3.1 **Annual Limitation.** This Plan incorporates by reference the final Treasury Regulations under Code section 415 and applies the definition of compensation under Treasury Regulation section 1.415(c)-2(d)(3) for purposes of the Code section 415 limits. If a Participant's annual addition under this Plan and all other plans that must be aggregated with this Plan in accordance with the final Treasury Regulations under Code section 415 exceed the limit under such Regulations for a limitation year, the excess shall be attributed to this Plan, except that in the case of a Participant who also participates in the Boise State University Section 403(b) Base Plan (the "Base Plan") the excess annual additions that would otherwise be made to the Participant's Base Plan account shall be attributed to the Base Plan.

3.2 **Protection of Persons Who Serve in a Uniformed Service.** In the case of a Participant whose employment is interrupted by qualified military service under section 414(u) of the Code or who is on a leave of absence for qualified military service under section 414(u) of the Code this Plan will comply with all applicable requirements of Code section 414(u) and the Heroes Earnings Assistance and Relief Act of 2008 (the "HEART Act").

Section 4 Benefit Distributions

4.1 **Benefit Distributions At Severance from Employment or Other Distribution Event.** Except as permitted under Section 4.5 (relating to withdrawals of amounts rolled over into the Plan), or Section 7.3 (relating to termination of the Plan), distributions from a Participant's Account may not be made earlier than the earliest of the date on which the Participation has a Severance from Employment, dies, becomes Disabled, or attains age 59 ½. Distributions shall otherwise be made in accordance with the terms of the Individual Agreements.

4.2 **Small Account Balances.** The terms of the Individual Agreement may permit distributions to be made in the form of a lump-sum payment, without the consent of the Participant or Beneficiary, but no such payment may be made without the consent of the Participant or Beneficiary unless the Account Balance does not exceed \$5,000 (determined without regard to any separate account that holds rollover contributions under Section 6.1) and any such distribution shall comply with the requirements of section 401(a)(31)(B) of the Code (relating to automatic distribution as a direct rollover to an individual retirement plan for distributions in excess of \$1,000).

4.3 **Minimum Distributions.** Each Individual Agreement shall comply with the minimum distribution requirements of section 401(a)(9) of the Code and the regulations

thereunder. For purposes of applying the distribution rules of section 401(a)(9) of the Code, each Individual Agreement is treated as an individual retirement account (IRA) and distributions shall be made in accordance with the provisions of § 1.408-8 of the Income Tax Regulations, except as provided in § 1.403(b)-6(e) of the Income Tax Regulations.

4.4 **In-Service Distributions From Rollover Account.** If a Participant has a separate account attributable to rollover contributions to the plan, to the extent permitted by the applicable Individual Agreement, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account.

4.5 **Rollover Distributions.**

(a) A Participant or the Beneficiary of a deceased Participant (or a Participant's spouse or former spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the Code) who is entitled to an eligible rollover distribution may elect to have any portion of an eligible rollover distribution (as defined in section 402(c)(4) of the Code) from the Plan paid directly to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Code) specified by the Participant in a direct rollover. In the case of a distribution to a Beneficiary who at the time of the Participant's death was neither the spouse of the Participant nor the spouse or former spouse of the participant who is an alternate payee under a domestic relations order, a direct rollover is payable only to an individual retirement account or individual retirement annuity (IRA) that has been established on behalf of the Beneficiary as an inherited IRA (within the meaning of section 408(d)(3)(C) of the Code).

(b) Each Vendor shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the Participant of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

Section 5
Rollovers to the Plan and Transfers

5.1 **Eligible Rollover Contributions to the Plan.**

(a) **Eligible Rollover Contributions.** To the extent provided in the Individual Agreements, an Employee who is a Participant who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. Such rollover contributions shall be made in the form of cash only. The Vendor may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with section 402 of the Code and to confirm that such plan is an eligible retirement plan within the meaning of section 402(c)(8)(B) of the Code. However, in no event does the Plan accept a rollover contribution from a Roth IRA described in section 408A of the Code.

(b) **Eligible Rollover Distribution.** For purposes of Section 6.1(a), an eligible rollover distribution means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, except that an eligible rollover distribution does not include (1) any installment payment for a period of 10 years or more, (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee, or (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under section 401(a)(9) of the Code. In addition, an eligible retirement plan means an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, a qualified trust described in section 401(a) of the Code, an annuity plan described in section 403(a) or 403(b) of the Code, or an eligible governmental plan described in section 457(b) of the Code, that accepts the eligible rollover distribution.

(c) **Separate Accounts.** The Vendor shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan.

5.2 Contract and Custodial Account Exchanges.

(a) A Participant or Beneficiary is permitted to change the investment of his or her Account Balance among the Vendors under the Plan, subject to the terms of the Individual Agreements. However, an investment change that includes an investment with a Vendor that is not eligible to receive contributions under Section 3 (referred to below as an exchange) is not permitted unless the conditions in paragraphs (b) through (d) of this Section 5.2 are satisfied.

(b) The Participant or Beneficiary must have an Account Balance immediately after the exchange that is at least equal to the Account Balance of that Participant or Beneficiary immediately before the exchange (taking into account the Account Balance of that Participant or Beneficiary under both section 403(b) contracts or custodial accounts immediately before the exchange).

(c) The Individual Agreement with the receiving Vendor has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.

(d) The Employer enters into an agreement with the receiving Vendor for the other contract or custodial account under which the Employer and the Vendor will from time to time in the future provide each other with the following information:

(1) Information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by the Employer, to satisfy section 403(b) of the Code, including the following:

(i) the Employer providing information as to whether the Participant's employment with the Employer is continuing, and notifying the Vendor when the Participant has had a Severance from Employment (for purposes of the distribution restrictions in Section 4.1);

(ii) the Vendor providing information to the Employer or other Vendors concerning the Participant's or Beneficiary's section 403(b) contracts or custodial accounts or qualified employer plan benefits; and

(2) Information necessary in order for the resulting contract or custodial account and any other contract or custodial account to which contributions have been made for the Participant by the Employer to satisfy other tax requirements.

(e) If any Vendor ceases to be eligible to receive contributions under the Plan, the Employer will enter into an information sharing agreement as described in Section 5.2(d) to the extent the Employer's contract with the Vendor does not provide for the exchange of information described in Section 5.2(d)(1) and (2).

Section 6 Investment of Contributions

6.1 **Manner of Investment.** All amounts contributed to the Plan, all property and rights purchased with such amounts under the Funding Vehicles, and all income attributable to such amounts, property, or rights shall be held and invested in one or more Annuity Contracts or Custodial Accounts. Each Custodial Account shall provide for it to be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Custodial Account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

6.2 **Investment of Contributions.** Each Participant or Beneficiary shall direct the investment of his or her Account among the investment options available under the Annuity Contract or Custodial Account in accordance with the terms of the Individual Agreements. Transfers among Annuity Contracts and Custodial Accounts may be made to the extent provided in the Individual Agreements and permitted under applicable Income Tax Regulations.

6.3 **Current and Former Vendors.** The Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (TIAA-CREF) and the Variable Annuity Life Insurance Company (VALIC) shall be the exclusive Vendors under the Plan. Each Vendor and the Administrator shall exchange such information as may be necessary to satisfy section 403(b) of the Code or other requirements of applicable law. In the case of a Vendor which is not eligible to receive contributions under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive contributions under the Plan and a Vendor holding assets under the Plan in accordance with Section 5.2), the Employer shall keep the Vendor informed of the name and contact information of the Administrator in order to coordinate information necessary to satisfy section 403(b) of the Code or other requirements of applicable law.

Section 7 Amendment and Plan Termination

7.1 **Termination of Contributions.** The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, the Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan at any time without any liability hereunder for any such discontinuance.

7.2 **Amendment and Termination.** The Employer reserves the authority to amend or terminate this Plan at any time.

7.3 **Distribution upon Termination of the Plan.** The Employer may provide that, in connection with a termination of the Plan and subject to any restrictions contained in the Individual Agreements, all Accounts will be distributed, provided that the Employer and any Related Employer on the date of termination do not make contributions to an alternative section 403(b) contract that is not part of the Plan during the period beginning on the date of plan termination and ending 12 months after the distribution of all assets from the Plan, except as permitted by the Income Tax Regulations.

Section 8 Miscellaneous

8.1 **Non-Assignability.** Except as provided in Section 8.2 and 8.3, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and neither the Participant nor any Beneficiary shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable.

8.2 **Domestic Relation Orders.** Notwithstanding Section 8.1, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any State ("domestic relations order"), then the amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order.

8.3 **IRS Levy.** Notwithstanding Section 8.1, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States

Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

8.4 **Tax Withholding.** Any benefit payment made under the Plan is subject to applicable income tax withholding requirements (including section 3401 of the Code and the Employment Tax Regulations thereunder). A payee shall provide such information as the Administrator may need to satisfy income tax withholding obligations, and any other information that may be required by guidance issued under the Code.

8.5 **Payments to Minors and Incompetents.** If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

8.6 **Mistaken Contributions.** If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

8.7 **Procedure When Distributee Cannot Be Located.** The Administrator shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means (a) the mailing by certified mail of a notice to the last known address shown on Idaho State Board of Education's or the Administrator's records, (b) notification sent to the Social Security Administration or the Pension Benefit Guaranty Corporation (under their program to identify payees under retirement plans), and (c) the payee has not responded within 6 months. If the Administrator is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the funding vehicle shall continue to hold the benefits due such person.

8.8 **Incorporation of Individual Agreements.** The Plan, together with the Individual Agreements, is intended to satisfy the requirements of section 403(b) of the Code and the Income Tax Regulations thereunder. Terms and conditions of the Individual Agreements are hereby incorporated by reference into the Plan, excluding those terms that are inconsistent with the Plan or section 403(b) of the Code.

8.9 **Governing Law.** The Plan will be construed, administered and enforced according to the Code and the laws of the State in which the Employer has its principal place of business.

8.10 **Headings**. Headings of the Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

8.11 **Gender**. Pronouns used in the Plan in the masculine or feminine gender include both genders unless the context clearly indicates otherwise.

APPENDIX A

ELIGIBLE EMPLOYEES

The contribution percentages listed in this Appendix A are set by a formula established by the Employer. Each Eligible Employee has not exercised any control, direct or indirect, over the contribution percentages listed in this Appendix A.

1. For Calendar Years 2011 and 2012 the Contributions Amounts (as referenced in Section 2.5) shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
Robert Kustra	3.46%	2.60%
Arthur Valias	2.98%	2.24%
Chris Petersen	10.52%	6.97%
Leon Rice	3.59%	2.70%

2. For Calendar Year 2011 the Contributions Amounts (as referenced in Section 2.5) shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
M. Duane Nellis	6.90%	5.19%

3. For Calendar Year 2012 the Contributions Amounts (as referenced in Section 2.5) shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
M. Duane Nellis	3.41%	2.56%

4. For Calendar Years 2013 and 2014 the Contributions Amounts (as referenced in Section 2.5) shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
Robert Kustra	3.56%	2.70%
Arthur Valias	3.08%	2.34%
M. Duane Nellis	3.51%	2.66%
Chris Petersen	10.52%	6.97%
Leon Rice	3.69%	2.80%

IN WITNESS WHEREOF, the Employer has caused this Plan to be executed this ____ day of _____, _____.

Employer: _____

By: _____

Title: _____

Date signed: _____

Effective Date of the Plan: _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

BOISE STATE UNIVERSITY

SUBJECT

Provost and Vice President for Academic Affairs Position – Multi-Year Contract

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section II. F.

BACKGROUND/DISCUSSION

Boise State University requests Board approval to offer a multi-year contract to Dr. Martin Schimpf as Provost and Vice President for Academic Affairs. The proposed term is for three years, May 15, 2011 - June 30, 2014.

The Provost position is one that provides vision and leadership to the faculty and administration at the University. Boise State University intends to appoint Dr. Schimpf as the Provost in accordance with the terms and conditions in the proposed employment contract submitted herewith.

Dr. Schimpf has been a faculty member of Boise State University for 21 years. During that time he has served as professor, department chair, associate dean and college dean. Since Fall 2010, Dr. Schimpf has been serving as Interim Provost in addition to his responsibilities as Dean of the College of Arts and Sciences.

The Provost supervises all academic units and programs, including 43 departments and 625 faculty serving nearly 20,000 students. The Provost is responsible for ensuring the quality of the faculty and student body through leadership in areas such as academic policies, promotion and tenure, faculty recognition, the library, the Honors College and academic support services.

Dr. Schimpf is uniquely qualified to serve in this capacity as Provost and to provide leadership, vision and a strong voice of advocacy as the University's chief academic officer. A multi-year contract is necessary to convey the University's strong commitment to Dr. Schimpf's service in this capacity; to provide strategic stability and to benefit the mission of the University.

In his career, Dr. Schimpf has been the recipient of 21 research grants totaling \$2.7 million and has 71 peer-reviewed publications. He has reviewed more than 200 research proposals and manuscripts for funding agencies and professional journals. Dr. Schimpf has two chemistry degrees with a bachelor of science from the University of Washington and a Ph.D. from the University of Utah.

Notwithstanding the multi-year term, the employment contract establishes appropriate procedures regarding dismissal for cause.

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

IMPACT

The salary range is \$229,507 annually, such salary increases as may be determined appropriate by the President as consistent with the raises granted to other employees of the University.

ATTACHMENTS

Attachment 1 – Proposed Contract

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

Board policy II.F. provides polices regarding non-classified employees. The policy requires employment contracts for non-classified employees to contain certain standard terms and conditions. Staff has verified that the proposed contract contains the required terms and conditions.

The Policy also provides that “salaries for new appointments to ... vice president ... may not exceed the median rate for such position established by the College and University Professional Association for Human Resources (CUPA-HR), or its equivalent, without prior Board approval.” The median rate for a provost position is \$232,283.

Finally, II.F.1.b.(5) states that “no contract of employment with ... [a non-classified] employee may exceed one (1) year without the prior express approval of the Board.” Since the contract contemplates a multi-year term, Board approval is necessary.

Staff recommends approval.

BOARD ACTION

I move to approve the request by Boise State University to enter into a three-year contract with Dr. Martin Schimpf as Provost and Vice President for Academic Affairs of the University, in substantial conformance to the form submitted to the Board, and to authorize the President of Boise State University to execute the contract.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is entered into by and between Boise State University (“University”) and Martin Schimpf (“Employee”).

ARTICLE 1

1.1. Employment. Subject to the terms and conditions of this Agreement, the University shall employ Employee as “Provost and Vice President for Academic Affairs” (the “Position”). Employee represents and warrants that Employee is fully qualified to serve, and is available for employment, in this capacity.

1.2. Reporting Relationship. Employee shall report and be responsible to the University President.

1.3. Duties. Employee shall perform such duties in the University as the President may assign and as may be described elsewhere in this Agreement. The University shall have the right, at any time, to reassign Employee to duties at the University other than as set forth herein, provided that Employee’s compensation and benefits shall not be affected by any such reassignment.

ARTICLE 2

2.1. Term. This Agreement is for a fixed-term appointment of three (3) years, commencing on May 15, 2011 and terminating, without further notice to Employee, on June 30, 2014 (the “Term”) unless sooner terminated in accordance with other provisions of this Agreement.

2.2. Extension or Renewal. This Agreement is renewable solely upon an offer from the University and an acceptance by Employee, both of which must be in writing and signed by the parties. Any renewal is subject to the prior approval of University’s Board of Trustees.

2.3. Tenure. Employee’s tenure in the College of Arts and Sciences, Department of Chemistry, shall be unaffected by Employee’s appointment to the Position.

ARTICLE 3

3.1. Regular Compensation.

3.1.1. In consideration of Employee’s services and satisfactory performance of this Agreement, the University shall provide to Employee:

- (a) An annual salary of \$229,507 per year, payable in biweekly installments in accordance with normal University procedures, and such salary increases as may be determined appropriate by

the President as consistent with the raises granted to other employees of the University annually;

- (b) The opportunity to receive such employee benefits calculated on the above salary as the University provides generally to non-faculty exempt employees.

3.2. General Conditions of University Based Compensation. All compensation provided by the University to Employee is subject to deductions and withholdings as required by law or the terms and conditions of any fringe benefit in which Employee participates.

ARTICLE 4

4.1. Outside Activities. Employee shall not undertake any business, professional or personal activities, or pursuits that would prevent Employee from fulfilling Employee's performance duties under this Agreement, or that, in the opinion of the University, would reflect adversely upon the University. Employee may not use the University's name, logos, or trademarks in connection with any such arrangements without the prior written approval of the President.

ARTICLE 5

5.1. Termination of Employee for Cause. The University may, in its discretion, suspend Employee from some or all of Employee's duties, temporarily or permanently, and with or without pay; reassign Employee to other duties; or terminate this Agreement at any time for good or adequate cause, as those terms are defined in applicable State Board of Education and University policies.

5.1.1. In the event of any termination for good or adequate cause, the University's obligation to provide compensation and benefits to Employee, whether direct, indirect, supplemental or collateral, shall cease as of the date of such termination, and the University shall not be liable for the loss of any collateral business opportunities or other benefits, perquisites, or income resulting from outside activities or from any other sources.

5.2. Termination of Employee for Convenience of University.

5.2.1. At any time after commencement of this Agreement, University, for its own convenience, may terminate this Agreement by giving ten (10) days prior written notice to Employee.

5.2.2. In the event the University terminates this Agreement for convenience, Employee may return to the faculty. During the natural Term of this Agreement, Employee's salary will continue as set forth in Section 3.1.1. Upon conclusion of the natural Term of this Agreement, Employee's nine (9) month faculty salary as a full professor will be either \$103,000 per year or the College and University Professional Association ("CUPA") median for professors of Chemistry at doctoral granting institutions, whichever is greater ("Faculty Salary").

5.3 Termination Due to Disability or Death of Employee.

5.3.1. Notwithstanding any other provision of this Agreement, this Agreement shall terminate automatically if Employee becomes totally or permanently disabled as defined by the University's disability insurance carrier, becomes unable to perform the essential functions of Position, or dies.

5.3.2. If this Agreement is terminated because of Employee's death, Employee's salary and all other benefits shall terminate as of the last day worked, except that the Employee's personal representative or other designated beneficiary shall be paid all compensation due or unpaid and death benefits, if any, as may be contained in any fringe benefit plan now in force or hereafter adopted by the University and due to the Employee's estate or beneficiaries thereunder.

5.3.3. If this Agreement is terminated because the Employee becomes totally or permanently disabled as defined by the University's disability insurance carrier, or becomes unable to perform the essential functions of the Position, all salary and other benefits shall terminate, except that the Employee shall be entitled to receive any compensation due or unpaid and any disability-related benefits to which he is entitled by virtue of employment with the University.

5.4. No Liability. The University shall not be liable to Employee for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of any termination of this Agreement by either party or due to death or disability or the suspension or reassignment of Employee, regardless of the circumstances.

5.5. Return to Faculty Upon Nonrenewal. Should the University elect not to renew Employee's appointment to the Position, Employee will be asked to return to the faculty and shall be compensated with the Faculty Salary. Upon Employee's return to the faculty, Employee will be granted at least twelve (12) months employment at the Faculty Salary without teaching or service assignments to allow Employee time to engage in research and prepare lectures and class materials as may be necessary to prepare for Employee's return to the faculty.

ARTICLE 6

6.1. Board Approval. This Agreement shall not be effective until and unless approved by the University's Board of Trustees and executed by both parties as set forth below. In addition, the payment of any compensation pursuant to this agreement shall be subject to the approval of the University's Board of Trustees and the President; the sufficiency of legislative appropriations; the receipt of sufficient funds in the account from which such compensation is paid; and the Board of Trustees and University's rules or policies regarding financial exigency.

6.2. Governing Policies and Procedures. The terms of employment set forth in this Agreement are subject to the governing policies and procedures of the State Board of Education and the policies and procedures of Boise State University, and as such, may be amended from time to time and without notice during the Term of this Agreement.

6.3. Assignment. Neither party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party.

6.4. Waiver. No waiver of any default in the performance of this Agreement shall be effective unless in writing and signed by the waiving party. The waiver of a particular breach in the performance of this Agreement shall not constitute a waiver of any other or subsequent breach. The resort to a particular remedy upon a breach shall not constitute a waiver of any other available remedies.

6.5. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain in effect.

6.6. Governing Law. This Agreement shall be subject to and construed in accordance with the laws of the state of Idaho as an agreement to be performed in Idaho. Any action based in whole or in part on this Agreement shall be brought in the courts of the state of Idaho.

6.7. Oral Promises. Oral promises of an increase in annual salary or of any supplemental or other compensation shall not be binding upon the University.

6.8. Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (including financial inability), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage.

6.9. Non-Confidentiality. The Employee hereby consents and agrees that this document may be released and made available to the public after it is signed by the Employee. The Employee further agrees that all documents and reports he is required to produce under this Agreement may be released and made available to the public at the University's sole discretion.

6.10. Notices. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the University: Boise State University
 Office of the President
 1910 University Drive
 Boise, Idaho 83725-1000

the Employee: Martin Schimpf
 [Employee's last known address on file with
 Human Resource Services]

ATTACHMENT 1

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

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

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

6.13. Non-Use of Names and Trademarks. The Employee shall not, without the University's prior written consent in each case, use any name, trade name, trademark, or other designation of the University (including contraction, abbreviation or simulation), except in the course and scope of his official University duties.

6.14. No Third Party Beneficiaries. There are no intended or unintended third party beneficiaries to this Agreement.

6.15. Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements and understandings with respect to the same subject matter. No amendment or modification of this Agreement shall be effective unless in writing, signed by both parties, and approved by University's Board of Trustees.

UNIVERSITY

EMPLOYEE

Robert W. Kustra, President

Martin Schimpf

Approved by the Board on the ____ day of _____, 2011.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

IDAHO STATE UNIVERSITY

SUBJECT

Approval of multi-year employment agreement for Seton Sobolewski, Head Women's Basketball Coach

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section II.H.1.

BACKGROUND/DISCUSSION

Idaho State University (ISU) requests approval of a four-year employment agreement with Seton Sobolewski, Head Women's Basketball Coach, (see Attachment 1). The employment agreement contains the duties, responsibilities and conditions of the employment. A Model Contract Matrix and red-line version of the Employment Agreement that identifies departures from the model contract form and provides justification for these changes are included as Attachments 2 and 3. The position is funded by state appropriated funds.

IMPACT

This contract will provide a stable coaching environment for the women's basketball program as well as stability and consistency for the Athletic Department as a whole.

ATTACHMENTS

Attachment 1 - Employment Agreement	Page 3
Attachment 2 - Employment Agreement – Redline	Page 17
Attachment 3 -Model Contract Matrix Changes	Page 33

STAFF AND COMMENTS AND RECOMMENDATIONS

This is an employment contract for ISU's women's basketball coach. The salary is \$85,612.80 per year, with Supplemental Compensation as follows:

Conference Champion or Co-Champion	\$3,292.80
Big Sky Conference Tournament Winner or NCAA Women's Basketball Tournament berth	\$3,292.80
Record Bonus (20+ regular season wins)	\$3,500
Money Games	3 - 5% of contract
NCAA Women's Basketball Tournament	
Round 1 64 Teams 1 st win	\$3,000
Round 2 32 Teams 2 nd win	\$6,000
Round 3 16 Teams 3 rd win	\$9,000
Round 4 8 Teams 4 th win	\$12,000
Round 5 4 Teams 5 th win	\$15,000
Round 6 2 Teams 6 th win	\$18,000
NCAA National Championship Winner Bonus Total:	\$63,000

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

WNIT Women's Basketball Post-Season Tournament			
Round 1	32 Teams	1 st win	\$1,000
Round 2	16 Teams	2 nd win	\$2,000
Round 3	8 Teams	3 rd win	\$3,000
Round 4	4 Teams	4 th win	\$4,000
Round 5	2 Teams	5 th win	\$5,000
WNIT Championship Winner Bonus Total:			\$15,000
Annual Media Payment			\$5,000

Supplemental Compensation may also be earned, at the discretion of the president and upon approval by the Board, based on team member behavior and the team's one-year APR ranking based on attainment of the following levels:

- 50th - 59.9% = \$2,000
- 60th - 69.9% = \$4,000
- 70th - 79.9 % = \$6,000
- 80th % or above = \$8,000

Maximum potential annual compensation (base salary plus maximum potential supplemental compensation) would be \$171,698.40, plus percentage of money game(s) contract.

The Coach is also eligible to receive other supplemental compensation through University operated summer camps.

Liquidated damages for the Coach terminating the contract early for his own convenience are \$25,000 for the first year, \$20,000 for the second year and \$10,000 for the third year.

The agreement contains a provision for a possible renewal of the agreement upon proper approvals.

Staff recommends approval.

BOARD ACTION

I move to approve the request by Idaho State University to execute a multi-year employment agreement with Seton Sobolewski, Head Women's Basketball Coach for a term commencing May 9, 2011 and terminating May 9, 2015, in substantial conformance with the contract submitted to the Board as Attachment 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

EMPLOYMENT AGREEMENT

This Employment Agreement (Agreement) is entered into by and between Idaho State University (University) and Seton Sobolewski (Coach).

ARTICLE 1

1.1. Employment. Subject to the terms and conditions of this Agreement, the University shall employ Coach as the head coach of its intercollegiate women's basketball team (Team). Coach represents and warrants that Coach is fully qualified to serve, and is available for employment, in this capacity.

1.2. Reporting Relationship. Coach shall report and be responsible directly to the University's Director of Athletics (Director) or the Director's designee. Coach shall abide by the reasonable instructions of Director or the Director's designee and shall confer with the Director or the Director's designee on all administrative and technical matters. Coach shall also be under the general supervision of the University's President (President).

1.3. Duties. Coach shall manage and supervise the Team and shall perform such other duties in the University's athletic program as the Director may assign and as may be described elsewhere in this Agreement. The University shall have the right, at any time, to reassign Coach to duties at the University other than as head coach of the Team, provided that Coach's compensation and benefits shall not be affected by any such reassignment, except that the opportunity to earn supplemental compensation as provided in sections 3.2.1 through 3.2.6 shall cease.

ARTICLE 2

2.1. Term. This Agreement is for a fixed-term appointment of four (4) years, commencing on May 09, 2011 and terminating, without further notice to Coach, on May 09, 2015 unless sooner terminated in accordance with other provisions of this Agreement.

2.2. Extension or Renewal. This Agreement is renewable solely upon an offer from the University and an acceptance by Coach, both of which must be in writing and signed by the parties. Any renewal is subject to the prior approval of University's Board of Trustees. This Agreement in no way grants to Coach a claim to tenure in employment, nor shall Coach's service pursuant to this agreement count in any way toward tenure at the University.

ARTICLE 3

3.1 Regular Compensation.

3.1.1 In consideration of Coach's services and satisfactory performance of this Agreement, the University shall provide to Coach:

- a) An annual salary of \$85,612.80 per year, payable in biweekly installments in accordance with normal University procedures, and such salary increases as may be determined appropriate by the Director and President and approved by the University's Board of Trustees);
- b) The opportunity to receive such employee benefits as the University provides generally to non-faculty exempt employees; and
- c) The opportunity to receive such employee benefits as the University's Department of Athletics (Department) provides generally to its employees of a comparable level. Coach hereby agrees to abide by the terms and conditions, as now existing or hereafter amended, of such employee benefits.

3.2 Supplemental Compensation

3.2.1. Each year the Team is the conference champion or co-champion, and if Coach continues to be employed as University's head Women's Basketball coach as of the ensuing May 1st, the University shall pay to Coach supplemental compensation in an amount equal to two week's pay ($2/52 \times$ Annual Salary) of Coach's Annual Salary during the fiscal year in which the championship is achieved. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.2. Each year the Team either wins the Big Sky Conference tournament or obtains an NCAA Women's Basketball Tournament berth, and if Coach continues to be employed as University's head Women's Basketball coach as of the ensuing May 1st, the University shall pay to Coach supplemental compensation in an amount equal to two week's pay ($2/52 \times$ Annual Salary) of Coach's Annual Salary during the fiscal year in which the post-season participation are achieved. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.3. Each year Coach shall be eligible to receive supplemental compensation in an amount up to \$8,000 based on the academic achievement and behavior of Team members. The determination of whether Coach will receive such supplemental compensation and the timing of the payment(s) shall be at the discretion of the President in consultation with the Director and approved by the University's Board of Trustees. The determination shall be based on the following factors: the conduct of Team members on the University campus, at authorized University activities, in the community, and elsewhere and the Team's four-year APR national ranking based on attainment of the following levels:

<u>Team APR Ranking</u>	<u>Incentive Pay</u>
50%-59%	\$ 2,000.00
60%-69%	\$ 4,000.00
70%-79%	\$ 6,000.00

Round 3	8 Teams	3 rd win	\$3,000.00
Round 4	4 Teams	4 th win	\$4,000.00
Round 5	2 Teams	5 th win	\$5,000.00

Possible bonus computation total for winning WNIT Women’s Basketball Post-Season Tournament: \$15,000.00

3.2.8 The Coach shall receive the sum of \$5,000 from the University or the University’s designated media outlet(s) or a combination thereof each year during the term of this Agreement in compensation for participation in media programs, public appearances (Programs) and all Bengal Athletic Booster events. Coach's right to receive such a payment shall vest on the date of the Team's last regular season or post-season competition, whichever occurs later. This sum shall be paid in one lump sum. Agreements requiring the Coach to participate in Programs related to his duties as an employee of University are the property of the University. The University shall have the exclusive right to negotiate and contract with all producers of media productions and all parties desiring public appearances by the Coach. Coach agrees to cooperate with the University in order for the Programs to be successful and agrees to provide his services to and perform on the Programs and to cooperate in their production, broadcasting, and telecasting. It is understood that neither Coach nor any assistant coaches shall appear without the prior written approval of the Director on any competing radio or television program (including but not limited to a coach’s show, call-in show, or interview show) or a regularly scheduled news segment, except that this prohibition shall not apply to routine news media interviews for which no compensation is received. Without the prior written approval of the Director, Coach shall not appear in any commercial endorsements which are broadcast on radio or television that conflict with those broadcast on the University designated media outlets.

3.2.7 **(SUMMER CAMP—OPERATED BY UNIVERSITY)** Coach agrees that the University has the exclusive right to operate youth Women’s Basketball camps on its campus using University facilities. The University shall allow Coach the opportunity to earn supplemental compensation by assisting with the University’s camps in Coach's capacity as a University employee. Coach hereby agrees to assist in the marketing, supervision, and general administration of the University’s women’s basketball camps. Coach also agrees that Coach will perform all obligations mutually agreed upon by the parties. In exchange for Coach’s participation in the University’s summer women’s basketball camps, the University shall pay Coach any net revenues resulting from the camp per year as supplemental compensation during each year of his employment as head Women’s Basketball coach at the University, or direct those net revenues as an enhancement to the Women’s Basketball program budget at the University. This amount shall be paid within 30 days after all camp bills have been paid.

3.2.7 Coach agrees that the University has the exclusive right to select footwear, apparel and/or equipment for the use of its student-athletes and staff, including Coach, during official practices and games and during times when Coach or the Team is being filmed by motion picture or video camera or posing for photographs in their capacity as representatives of University. Coach recognizes that the University is negotiating or has entered into an agreement with Nike to supply the University with athletic footwear, apparel and/or equipment. Coach

agrees that, upon the University's reasonable request, Coach will consult with appropriate parties concerning a Nike product's design or performance, shall act as an instructor at a clinic sponsored in whole or in part by Nike, or give a lecture at an event sponsored in whole or in part by Nike, or make other educationally-related appearances as may be reasonably requested by the University. Notwithstanding the foregoing sentence, Coach shall retain the right to decline such appearances as Coach reasonably determines to conflict with or hinder his duties and obligations as head Women's Basketball coach. In order to avoid entering into an agreement with a competitor of Nike, Coach shall submit all outside consulting agreements to the University for review and approval prior to execution. Coach shall also report such outside income to the University in accordance with NCAA rules. Coach further agrees that Coach will not endorse any athletic footwear, apparel and/or equipment products, including Nike, and will not participate in any messages or promotional appearances which contain a comparative or qualitative description of athletic footwear, apparel or equipment products.

3.3 General Conditions of Compensation. All compensation provided by the University to Coach is subject to deductions and withholdings as required by law or the terms and conditions of any fringe benefit in which Coach participates. However, if any fringe benefit is based in whole or in part upon the compensation provided by the University to Coach, such fringe benefit shall be based only on the compensation provided pursuant to section 3.1.1, except to the extent required by the terms and conditions of a specific fringe benefit program.

ARTICLE 4

4.1. Coach's Specific Duties and Responsibilities. In consideration of the compensation specified in this Agreement, Coach, in addition to the obligations set forth elsewhere in this Agreement, shall:

4.1.1. Devote Coach's full time and best efforts to the performance of Coach's duties under this Agreement;

4.1.2. Develop and implement programs and procedures with respect to the evaluation, recruitment, training, and coaching of Team members which enable them to compete successfully and reasonably protect their health, safety, and well-being;

4.1.3. Observe and uphold all academic standards, requirements, and policies of the University and encourage Team members to perform to their highest academic potential and to graduate in a timely manner; and

4.1.4. Know, recognize, and comply with all applicable laws and the policies, rules and regulations of the University, the University's governing board, the conference, and the NCAA; supervise and take appropriate steps to ensure that Coach's assistant coaches, any other employees for whom Coach is administratively responsible, and the members of the Team know, recognize, and comply with all such laws, policies, rules and regulations; and immediately report to the Director and to the Department's Director of Compliance if Coach has reasonable cause to believe that any person or entity, including without limitation representatives of the University's athletic interests, has violated or is likely to violate any such laws, policies, rules or regulations.

Coach shall cooperate fully with the University and Department at all times. The names or titles of employees whom Coach supervises are attached as Exhibit C. The applicable laws, policies, rules, and regulations include: (a) State Board of Education and Board of Regents of the University of Idaho Governing Policies and Procedures and Rule Manual; (b) University's Handbook; (c) University's Administrative Procedures Manual; (d) the policies of the Department; (e) NCAA rules and regulations; and (f) the rules and regulations of the Big Sky conference of which the University is a member.

4.2 Outside Activities. Coach shall not undertake any business, professional or personal activities, or pursuits that would prevent Coach from devoting Coach's full time and best efforts to the performance of Coach's duties under this Agreement, that would otherwise detract from those duties in any manner, or that, in the opinion of the University, would reflect adversely upon the University or its athletic program. Subject to the terms and conditions of this Agreement, Coach may, with the prior written approval of the Director, who may consult with the President, enter into separate arrangements for outside activities and endorsements which are consistent with Coach's obligations under this Agreement. Coach may not use the University's name, logos, or trademarks in connection with any such arrangements without the prior written approval of the Director and the President.

4.3 NCAA Rules. In accordance with NCAA rules, Coach shall obtain prior written approval from the University's President for all athletically related income and benefits from sources outside the University and shall report the source and amount of all such income and benefits to the University's President whenever reasonably requested, but in no event less than annually before the close of business on June 30th of each year or the last regular University work day preceding June 30th. The report shall be in a format reasonably satisfactory to University. In no event shall Coach accept or receive directly or indirectly any monies, benefits, or gratuities whatsoever from any person, association, corporation, University booster club, University alumni association, University foundation, or other benefactor, if the acceptance or receipt of the monies, benefits, or gratuities would violate applicable law or the policies, rules, and regulations of the University, the University's governing board, the conference, or the NCAA.

4.4 Hiring Authority. Coach shall have the responsibility and the sole authority to recommend to the Director the hiring and termination of assistant coaches for the Team, but the decision to hire or terminate an assistant coach shall be made by the Director and shall, when necessary or appropriate, be subject to the approval of President and the University's Board of Trustees.

4.5 Scheduling. Coach shall consult with, and may make recommendations to, the Director or the Director's designee with respect to the scheduling of Team competitions, but the final decision shall be made by the Director or the Director's designee.

4.6 Other Coaching Opportunities. Coach shall not, under any circumstances, interview for, negotiate for, or accept employment as a coach at any other institution of higher education or with any professional sports team, requiring performance of duties prior to the

expiration of this Agreement, without the prior approval of the Director. Such approval shall not unreasonably be withheld.

ARTICLE 5

5.1 Termination of Coach for Cause. The University may, in its discretion, suspend Coach from some or all of Coach's duties, temporarily or permanently, and with or without pay; reassign Coach to other duties; or terminate this Agreement at any time for good or adequate cause, as those terms are defined in applicable rules and regulations.

5.1.1 In addition to the definitions contained in applicable rules and regulations, University and Coach hereby specifically agree that the following shall constitute good or adequate cause for suspension, reassignment, or termination of this Agreement:

- a) A deliberate or major violation of Coach's duties under this agreement or the refusal or unwillingness of Coach to perform such duties in good faith and to the best of Coach's abilities;
- b) The failure of Coach to remedy any violation of any of the terms of this agreement within 30 days after written notice from the University;
- c) A deliberate or major violation by Coach of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference or the NCAA, including but not limited to any such violation which may have occurred during the employment of Coach at another NCAA or member institution;
- d) Ten (10) working days' absence of Coach from duty without the University's consent;
- e) Any conduct of Coach that constitutes moral turpitude or that would, in the University's judgment, reflect adversely on the University or its athletic programs;
- f) The failure of Coach to represent the University and its athletic programs positively in public and private forums;
- g) The failure of Coach to fully and promptly cooperate with the NCAA or the University in any investigation of possible violations of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA;
- h) The failure of Coach to report a known violation of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA, by one of Coach's

assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team; or

- i) A violation of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA, by one of Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team if Coach knew or should have known of the violation and could have prevented it by ordinary supervision.

5.1.2 Suspension, reassignment, or termination for good or adequate cause shall be effectuated by the University as follows: before the effective date of the suspension, reassignment, or termination, the Director or his designee shall provide Coach with notice, which notice shall be accomplished in the manner provided for in this Agreement and shall include the reason(s) for the contemplated action. Coach shall then have an opportunity to respond. After Coach responds or fails to respond, University shall notify Coach whether, and if so when, the action will be effective.

5.1.3 In the event of any termination for good or adequate cause, the University's obligation to provide compensation and benefits to Coach, whether direct, indirect, supplemental or collateral, shall cease as of the date of such termination, and the University shall not be liable for the loss of any collateral business opportunities or other benefits, perquisites, or income resulting from outside activities or from any other sources.

5.1.4 If found in violation of NCAA regulations, Coach shall, in addition to the provisions of Section 5.1, be subject to disciplinary or corrective action as set forth in the provisions of the NCAA enforcement procedures. This section applies to violations occurring at the University or at previous institutions at which the Coach was employed.

5.2 Termination of Coach for Convenience of University.

5.2.1 At any time after commencement of this Agreement, University, for its own convenience, may terminate this Agreement by giving ten (10) days prior written notice to Coach.

5.2.2 In the event that University terminates this Agreement for its own convenience, University shall be obligated to pay Coach, as liquidated damages and not a penalty, the salary set forth in section 3.1.1(a), excluding all deductions required by law, on the regular paydays of University until the term of this Agreement ends; provided, however, in the event Coach obtains other employment of any kind or nature after such termination, then the amount of compensation the University pays will be adjusted and reduced by the amount of compensation paid Coach as a result of such other employment, such adjusted compensation to be calculated for each University pay-period by reducing the gross salary set forth in section 3.1.1(a) (before deductions required by law) by the gross compensation paid to Coach under the other employment, then subtracting from this adjusted gross compensation deduction according to law. In addition, Coach will be entitled to continue his health insurance plan and group life

insurance as if he remained a University employee until the term of this Agreement ends or until Coach obtains employment or any other employment providing Coach with a reasonably comparable health plan and group life insurance, whichever occurs first. Coach shall be entitled to no other compensation or fringe benefits, except as otherwise provided herein or required by law. Coach specifically agrees to inform University within ten business days of obtaining other employment, and to advise University of all relevant terms of such employment, including without limitation the nature and location of employment, salary, other compensation, health insurance benefits, life insurance benefits, and other fringe benefits. Failure to so inform and advise University shall constitute a material breach of this Agreement and University's obligation to pay compensation under this provision shall end. Coach agrees not to accept employment for compensation at less than the fair value of Coach's services, as determined by all circumstances existing at the time of employment. Coach further agrees to repay to University all compensation paid to him by University after the date he obtains other employment, to which he is not entitled under this provision.

5.2.3 The parties have both been represented by legal counsel in the contract negotiations and have bargained for and agreed to the foregoing liquidated damages provision, giving consideration to the fact that the Coach may lose certain benefits, supplemental compensation, or outside compensation relating to his employment with University, which damages are extremely difficult to determine with certainty. The parties further agree that the payment of such liquidated damages by University and the acceptance thereof by Coach shall constitute adequate and reasonable compensation to Coach for the damages and injury suffered by Coach because of such termination by University. The liquidated damages are not, and shall not be construed to be, a penalty.

5.3 Termination by Coach for Convenience.

5.3.1 The Coach recognizes that his promise to work for University for the entire term of this Agreement is of the essence of this Agreement. The Coach also recognizes that the University is making a highly valuable investment in his employment by entering into this Agreement and that its investment would be lost were he to resign or otherwise terminate his employment with the University before the end of the contract term.

5.3.2 The Coach, for his own convenience, may terminate this Agreement during its term by giving prior written notice to the University. Termination shall be effective ten (10) days after notice is given to the University.

5.3.3 If the Coach terminates this Agreement for convenience at any time, all obligations of the University shall cease as of the effective date of the termination. If the Coach terminates this Agreement for his convenience he shall pay to the University, as liquidated damages and not a penalty, for the breach of this Agreement the following sum: (a) if the Agreement is terminated on or before May 09, 2012, the sum of \$25,000.00; (b) if the Agreement is terminated between May 10, 2012 and May 09, 2013 inclusive, the sum of \$20,000.00; (c) if the Agreement is terminated between May 10, 2013 and May 09, 2014 inclusive, the sum of \$10,000. The liquidated damages shall be due and payable within twenty

(20) days of the effective date of the termination, and any unpaid amount shall bear simple interest at a rate eight (8) percent per annum until paid.

5.3.4 The parties have both been represented by legal counsel in the contract negotiations and have bargained for and agreed to the foregoing liquidated damages provision, giving consideration to the fact that the University will incur administrative and recruiting costs in obtaining a replacement for Coach, in addition to potentially increased compensation costs if Coach terminates this Agreement for convenience, which damages are extremely difficult to determine with certainty. The parties further agree that the payment of such liquidated damages by Coach and the acceptance thereof by University shall constitute adequate and reasonable compensation to University for the damages and injury suffered by it because of such termination by Coach. The liquidated damages are not, and shall not be construed to be, a penalty. This section 5.3.4 shall not apply if Coach terminates this Agreement because of a material breach by the University.

5.3.5 Except as provide elsewhere in this Agreement, if Coach terminates this Agreement for convenience, he shall forfeit to the extent permitted by law his right to receive all supplemental compensation and other payments.

5.4 Termination due to Disability or Death of Coach.

5.4.1 Notwithstanding any other provision of this Agreement, this Agreement shall terminate automatically if Coach becomes totally or permanently disabled as defined by the University's disability insurance carrier, becomes unable to perform the essential functions of the position of head coach, or dies.

5.4.2 If this Agreement is terminated because of Coach's death, Coach's salary and all other benefits shall terminate as of the last day worked, except that the Coach's personal representative or other designated beneficiary shall be paid all compensation due or unpaid and death benefits, if any, as may be contained in any fringe benefit plan now in force or hereafter adopted by the University and due to the Coach's estate or beneficiaries thereunder.

5.4.3 If this Agreement is terminated because the Coach becomes totally or permanently disabled as defined by the University's disability insurance carrier, or becomes unable to perform the essential functions of the position of head coach, all salary and other benefits shall terminate, except that the Coach shall be entitled to receive any compensation due or unpaid and any disability-related benefits to which he is entitled by virtue of employment with the University.

5.5 Interference by Coach. In the event of termination, suspension, or reassignment, Coach agrees that Coach will not interfere with the University's student-athletes or otherwise obstruct the University's ability to transact business or operate its intercollegiate athletics program.

5.6 No Liability. The University shall not be liable to Coach for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of any termination of this Agreement by either party or due to death or disability or the suspension or reassignment of Coach, regardless of the circumstances.

5.7 Waiver of Rights. Because the Coach is receiving a multi-year contract and the opportunity to receive supplemental compensation and because such contracts and opportunities are not customarily afforded to University employees, if the University suspends or reassigns Coach, or terminates this Agreement for good or adequate cause or for convenience, Coach shall have all the rights provided for in this Agreement but hereby releases the University from compliance with the notice, appeal, and similar employment-related rights provide for in the State Board of Education and Board or Regents of the University of Idaho Rule Manual (IDAPA 08) and Governing Policies and Procedures Manual, and the University Faculty-Staff Handbook.

ARTICLE 6

6.1 Board Approval. This Agreement shall not be effective until and unless approved of the University's Board of Trustees and executed by both parties as set forth below. In addition, the payment of any compensation pursuant to this agreement shall be subject to the approval of the University's Board of Trustees, the President, and the Director; the sufficiency of legislative appropriations; the receipt of sufficient funds in the account from which such compensation is paid; and the Board of Trustees and University's rules regarding financial exigency.

6.2 University Property. All personal property (excluding vehicle(s) provided through the Courtesy Car Program), material, and articles of information, including, without limitation, keys, credit cards, cellular telephones, personnel records, recruiting records, team information, films, statistics or any other personal property, material, or data, furnished to Coach by the University or developed by Coach on behalf of the University or at the University's direction or for the University's use or otherwise in connection with Coach's employment hereunder are and shall remain the sole property of the University. Within twenty-four (24) hours of the expiration of the term of this agreement or its earlier termination as provided herein, Coach shall immediately cause any such personal property, materials, and articles of information in Coach's possession or control to be delivered to the Director.

6.3 Assignment. Neither party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party.

6.4 Waiver. No waiver of any default in the performance of this Agreement shall be effective unless in writing and signed by the waiving party. The waiver of a particular breach in the performance of this Agreement shall not constitute a waiver of any other or subsequent breach. The resort to a particular remedy upon a breach shall not constitute a waiver of any other available remedies.

6.5 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain in effect.

6.6 Governing Law. This Agreement shall be subject to and construed in accordance with the laws of the state of Idaho as an agreement to be performed in Idaho. Any action based in whole or in part on this Agreement shall be brought in the courts of the state of Idaho.

6.7 Oral Promises. Oral promises of an increase in annual salary or of any supplemental or other compensation shall not be binding upon the University.

6.8 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (including financial inability), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage.

6.9 Confidentiality. The Coach hereby consents and agrees that this document may be released and made available to the public after it is signed by the Coach. The Coach further agrees that all documents and reports he is required to produce under this Agreement may be released and made available to the public at the University's sole discretion.

6.10 Notices. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the University: Director of Athletics

Jeffrey K. Tingey
921 S. 8th Ave. Stop 8173
Pocatello, ID 83209-8173

with a copy to: President

Arthur Vailas
921 S. 8th Ave. Stop
Pocatello, ID 83209-

the Coach:

Seton Sobolewski
Last known address on file with
University's Human Resource Services

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

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

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

6.13 Non-Use of Names and Trademarks. The Coach shall not, without the University's prior written consent in each case, use any name, trade name, trademark, or other designation of the University (including contraction, abbreviation or simulation), except in the course and scope of his official University duties.

6.14 No Third Party Beneficiaries. There are no intended or unintended third party beneficiaries to this Agreement.

6.15 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements and understandings with respect to the same subject matter. No amendment or modification of this Agreement shall be effective unless in writing, signed by both parties, and approved by University's Board of Trustees.

6.16 Opportunity to Consult with Attorney. The Coach acknowledges that he has had the opportunity to consult and review this Agreement with an attorney. Accordingly, in all cases, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party.

IDAHO STATE UNIVERSITY

COACH

Arthur C. Vailas, President

Date

Seton Sobolewski

Date

Approved by the Board of Trustees on the ____ day of _____, 2011.

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(MODEL ATHLETICS CONTRACT)
EMPLOYMENT AGREEMENT

This Employment Agreement (Agreement) is entered into by and between _____
~~(Idaho State~~ University (~~College~~);University) and _____Seton Sobolewski
(Coach).

ARTICLE 1

1.1. Employment. Subject to the terms and conditions of this Agreement, the University ~~(College)~~ shall employ Coach as the head coach of its intercollegiate ~~(Sport)~~ women's basketball team (Team). Coach represents and warrants that Coach is fully qualified to serve, and is available for employment, in this capacity.

1.2. Reporting Relationship. Coach shall report and be responsible directly to the ~~University (College)'s~~University's Director of Athletics (Director) or the Director's designee. Coach shall abide by the reasonable instructions of Director or the Director's designee and shall confer with the Director or the Director's designee on all administrative and technical matters. Coach shall also be under the general supervision of the ~~University (College)'s~~University's President (President).

1.3. Duties. Coach shall manage and supervise the Team and shall perform such other duties in the ~~University (College)'s~~University's athletic program as the Director may assign and as may be described elsewhere in this Agreement. The University ~~(College)~~ shall have the right, at any time, to reassign Coach to duties at the University ~~(College)~~ other than as head coach of the Team, provided that Coach's compensation and benefits shall not be affected by any such reassignment, except that the opportunity to earn supplemental compensation as provided in sections 3.2.1 through ~~(Depending on supplemental pay provisions used)~~ 3.2.6 shall cease.

ARTICLE 2

2.1. Term. This Agreement is for a fixed-term appointment of _____ (~~—four (4)~~) years, commencing on _____May 09, 2011 and terminating, without further notice to Coach, on _____May 09, 2015 unless sooner terminated in accordance with other provisions of this Agreement.

2.2. Extension or Renewal. This Agreement is renewable solely upon an offer from the University ~~(College)~~ and an acceptance by Coach, both of which must be in writing and signed by the parties. Any renewal is subject to the prior approval of ~~University (College)'s~~University's Board of ~~(Regents or Trustees)~~. This Agreement in no way grants to Coach a claim to tenure in employment, nor shall Coach's service pursuant to this agreement count in any way toward tenure at the University ~~(College)~~.

ARTICLE 3

3.1 Regular Compensation.

3.1.1 In consideration of Coach's services and satisfactory performance of this Agreement, the University ~~(College)~~ shall provide to Coach:

- a) An annual salary of \$ ~~_____~~ \$85,612.80 per year, payable in biweekly installments in accordance with normal University ~~(College)~~ procedures, and such salary increases as may be determined appropriate by the Director and President and approved by the ~~University (College)'s~~ University's Board of ~~(Regents or Trustees)_____;~~
- b) The opportunity to receive such employee benefits as the University ~~(College)~~ provides generally to non-faculty exempt employees; and
- c) The opportunity to receive such employee benefits as the ~~University (College)'s~~ University's Department of Athletics (Department) provides generally to its employees of a comparable level. Coach hereby agrees to abide by the terms and conditions, as now existing or hereafter amended, of such employee benefits.

3.2 Supplemental Compensation

3.2.1. Each year the Team is the conference champion or co-champion ~~and also becomes eligible for a (bowl game pursuant to NCAA Division I guidelines or post season tournament or post season playoffs)~~, and if Coach continues to be employed as ~~University (College)'s~~ University's head ~~(Sport) Women's Basketball~~ coach as of the ensuing ~~July~~ May 1st, the University ~~(College)~~ shall pay to Coach supplemental compensation in an amount equal to ~~(amount or computation)~~ of two week's pay (2/52 x Annual Salary) of Coach's Annual Salary during the fiscal year in which the championship ~~and (bowl or other post season) eligibility are~~ is achieved. The University ~~(College)~~ shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

~~3.2.2~~

~~3.2.2.~~ Each year the Team ~~is ranked in either wins the top 25 in the (national rankings, such as final ESPN/USA Today coaches poll of Division IA football teams)~~ Big Sky Conference tournament or obtains an NCAA Women's Basketball Tournament berth, and if Coach continues to be employed as ~~University (College)'s~~ University's head ~~(Sport) Women's Basketball~~ coach as of the ensuing ~~July~~ May 1st, the University ~~(College)~~ shall pay to Coach supplemental compensation in an amount equal to ~~(amount or computation)~~ of Coach's two

week's pay (2/52 x Annual Salary-in effect on) of Coach's Annual Salary during the fiscal year in which the date of the final post-season participation are achieved. The University ~~(College)~~ shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

~~3.2.3.~~ 3.2.3—Each year Coach shall be eligible to receive supplemental compensation in an amount up to ~~(amount or computation)~~ \$8,000 based on the academic achievement and behavior of Team members. The determination of whether Coach will receive such supplemental compensation and the timing of the payment(s) shall be at the discretion of the President in consultation with the Director and approved by the ~~University (College)'s~~ University's Board of ~~(Regents or Trustees)~~. The determination shall be based on the following factors: ~~grade point averages; difficulty of major course of study; honors such as scholarships, designation as Academic All American, and conference academic recognition; progress toward graduation for all athletes, but particularly those who entered the University (College) as academically at risk students;~~ the conduct of Team members on the University ~~(College)~~ campus, at authorized University ~~(College)~~ activities, in the community, and elsewhere. ~~and the Team's four-year APR national ranking based on attainment of the following levels:~~

<u>Team APR Ranking</u>	<u>Incentive Pay</u>
<u>50%-59%</u>	<u>\$ 2,000.00</u>
<u>60%-69%</u>	<u>\$ 4,000.00</u>
<u>70%-79%</u>	<u>\$ 6,000.00</u>
<u>80% or above</u>	<u>\$ 8,000.00</u>

Any such supplemental compensation paid to Coach shall be accompanied with a detailed justification for the supplemental compensation based on the factors listed above and such justification shall be separately reported to the Board of ~~(Regents or Trustees)~~ as a document available to the public under the Idaho Public Records Act.

~~3.2.4~~—3.2.4 Each year Coach shall be eligible to receive supplemental compensation in an amount up to ~~(amount or computation)~~ based on the overall development of the intercollegiate (men's/women's) ~~(Sport)~~ program; ticket sales; fundraising; outreach by Coach to various constituency groups, including University ~~(College)~~ students, staff, faculty, alumni and boosters; and any other factors the President wishes to consider. The determination of whether Coach will receive such supplemental compensation and the timing of the payment(s) shall be at the discretion of the President in consultation with the Director and approved by the University ~~(College)~~'s Board of ~~(Regents or Trustees)~~.

~~3.2.5~~—

3.2.4 Record Bonus. Each year the Team the team wins twenty (20) or more regular season games within a single season, and if Coach continues to be employed as University's head Women's Basketball coach as of the ensuing May 1st, the University shall pay to Coach supplemental compensation in the amount of \$3,500. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.5 Women’s Basketball “Money” games. If the Team plays a “money” game in a season, and if Coach continues to be employed as University's head Women’s Basketball coach as of the ensuing May 1st, the University shall pay to Coach supplemental compensation in an amount equal to three (3) percent of the contractual payment amount for each such “money” game that the Team played during the season or five (5) percent of the contractual payment amount paid for any such “money” game that the Team won.

3.2.6 Each year the Team advances in the NCAA Women’s Basketball Tournament, and if Coach continues to be employed as University's head Women’s Basketball coach as of the ensuing May 1st, the University shall pay Coach supplemental compensation in an amount equal to the terms below. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

Round 1	64 Teams	1 st win	\$3,000.00
Round 2	32 Teams	2 nd win	\$6,000.00
Round 3	16 Teams	3 rd win	\$9,000.00
Round 4	8 Teams	4 th win	\$12,000.00
Round 5	4 Teams	5 th win	\$15,000.00
Round 6	2 Teams	6 th win	\$18,000.00

Possible national championship winner computation bonus total: \$63,000.00

3.2.7 Each year the Team advances in the WNIT Women’s Basketball Post-Season Tournament, and if Coach continues to be employed as University's head Women’s Basketball coach as of the ensuing May 1st, the University shall pay Coach supplemental compensation in an amount equal to the terms below. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

Round 1	32 Teams	1 st win	\$1,000.00
Round 2	16 Teams	2 nd win	\$2,000.00
Round 3	8 Teams	3 rd win	\$3,000.00
Round 4	4 Teams	4 th win	\$4,000.00
Round 5	2 Teams	5 th win	\$5,000.00

Possible bonus computation total for winning WNIT Women’s Basketball Post-Season Tournament: \$15,000.00

3.2.8 The Coach shall receive the sum of ~~-(amount or computation)-~~\$5,000 from the University ~~(College)~~ or the ~~University (College)~~sUniversity’s designated media outlet(s) or a combination thereof each year during the term of this Agreement in compensation for participation in media programs ~~and~~, public appearances (Programs~~).~~) and all Bengal Athletic Booster events. Coach's right to receive such a payment shall vest on the date of the Team's last

regular season or post-season competition, whichever occurs later. This sum shall be paid ~~(terms or conditions of payment)~~ in one lump sum. Agreements requiring the Coach to participate in Programs related to his duties as an employee of University ~~(College)~~ are the property of the University ~~(College)~~. The University ~~(College)~~ shall have the exclusive right to negotiate and contract with all producers of media productions and all parties desiring public appearances by the Coach. Coach agrees to cooperate with the University ~~(College)~~ in order for the Programs to be successful and agrees to provide his services to and perform on the Programs and to cooperate in their production, broadcasting, and telecasting. It is understood that neither Coach nor any assistant coaches shall appear without the prior written approval of the Director on any competing radio or television program (including but not limited to a coach's show, call-in show, or interview show) or a regularly scheduled news segment, except that this prohibition shall not apply to routine news media interviews for which no compensation is received. Without the prior written approval of the Director, Coach shall not appear in any commercial endorsements which are broadcast on radio or television that conflict with those broadcast on the University ~~(College)~~'s designated media outlets.

3.2.67 (SUMMER CAMP—OPERATED BY UNIVERSITY ~~(COLLEGE)~~)
Coach agrees that the University ~~(College)~~ has the exclusive right to operate youth ~~(Sport)—Women's Basketball~~ camps on its campus using University ~~(College)~~ facilities. The University ~~(College)~~ shall allow Coach the opportunity to earn supplemental compensation by assisting with the ~~University (College)'s~~ University's camps in Coach's capacity as a University ~~(College)~~ employee. Coach hereby agrees to assist in the marketing, supervision, and general administration of the ~~University (College)'s football~~ University's women's basketball camps. Coach also agrees that Coach will perform all obligations mutually agreed upon by the parties. In exchange for Coach's participation in the ~~University (College)'s~~ University's summer ~~football~~ women's basketball camps, ~~the University (College) shall pay Coach (amount) any net revenues resulting from the camp~~ per year as supplemental compensation during each year of his employment as head ~~(Sport)—Women's Basketball~~ coach at the University ~~(College)~~, or direct those net revenues as an enhancement to the Women's Basketball program budget at the University. This amount shall be paid ~~(terms of payment)~~ within 30 days after all camp bills have been paid.

~~(SUMMER CAMP—OPERATED BY COACH)~~ ~~Coach may operate a summer youth (Sport) camp at the University (College) under the following conditions:~~

- ~~a) The summer youth camp operation reflects positively on the University (College) and the Department;~~
- ~~b) The summer youth camp is operated by Coach directly or through a private enterprise owned and managed by Coach. The Coach shall not use University (College) personnel, equipment, or facilities without the prior written approval of the Director;~~
- ~~c) Assistant coaches at the University (College) are given priority when the Coach or the private enterprise selects coaches to participate;~~

- ~~d) — The Coach complies with all NCAA (NAIA), Conference, and University (College) rules and regulations related, directly or indirectly, to the operation of summer youth camps;~~
- ~~e) — The Coach or the private enterprise enters into a contract with University (College) and _____ (campus concessionaire) for all campus goods and services required by the camp.~~
- ~~f) — The Coach or private enterprise pays for use of University (College) facilities including the _____.~~
- ~~g) — Within thirty days of the last day of the summer youth camp(s), Coach shall submit to the Director a preliminary "Camp Summary Sheet" containing financial and other information related to the operation of the camp. Within ninety days of the last day of the summer youth camp(s), Coach shall submit to Director a final accounting and "Camp Summary Sheet." A copy of the "Camp Summary Sheet" is attached to this Agreement as an exhibit.~~
- ~~h) — The Coach or the private enterprise shall provide proof of liability insurance as follows: (1) liability coverage: spectator and staff \$1 million; (2) catastrophic coverage: camper and staff \$1 million maximum coverage with \$100 deductible;~~
- ~~i) — To the extent permitted by law, the Coach or the private enterprise shall defend and indemnify the University (College) against any claims, damages, or liabilities arising out of the operation of the summer youth camp(s)~~
- ~~j) — All employees of the summer youth camp(s) shall be employees of the Coach or the private enterprise and not the University (College) while engaged in camp activities. The Coach and all other University (College) employees involved in the operation of the camp(s) shall be on annual leave status or leave without pay during the days the camp is in operation. The Coach or private enterprise shall provide workers' compensation insurance in accordance with Idaho law and comply in all respects with all federal and state wage and hour laws~~

~~In the event of termination of this Agreement, suspension, or reassignment, University (College) shall not be under any obligation to permit a summer youth camp to be held by the Coach after the effective date of such termination, suspension, or reassignment, and the University (College) shall be released from all obligations relating thereto.~~

3.2.7 Coach agrees that the University ~~(College)~~ has the exclusive right to select footwear, apparel and/or equipment for the use of its student-athletes and staff, including Coach, during official practices and games and during times when Coach or the Team is being filmed by motion picture or video camera or posing for photographs in their capacity as representatives of University ~~(College)~~. Coach recognizes that the University ~~(College)~~ is negotiating or has entered into an agreement with ~~(Company Name) Nike~~ to supply the University ~~(College)~~ with athletic footwear, apparel and/or equipment. Coach agrees that, upon the University ~~(College)~~'s reasonable request, Coach will consult with appropriate parties concerning ~~an~~ ~~(Company Name)~~ ~~a Nike~~ product's design or performance, shall act as an instructor at a clinic sponsored in whole or in part by ~~(Company Name) Nike~~, or give a lecture at an event sponsored in whole or in part by ~~(Company Name) Nike~~, or make other educationally-related appearances as may be reasonably requested by the University ~~(College)~~. Notwithstanding the foregoing sentence, Coach shall retain the right to decline such appearances as Coach reasonably determines to conflict with or hinder his duties and obligations as head ~~(Sport)~~ Women's Basketball coach. In order to avoid entering into an agreement with a competitor of ~~(Company Name) Nike~~, Coach shall submit all outside consulting agreements to the University ~~(College)~~ for review and approval prior to execution. Coach shall also report such outside income to the University ~~(College)~~ in accordance with NCAA ~~(or NAIA)~~ rules. Coach further agrees that Coach will not endorse any athletic footwear, apparel and/or equipment products, including ~~(Company Name) Nike~~, and will not participate in any messages or promotional appearances which contain a comparative or qualitative description of athletic footwear, apparel or equipment products.

3.3 General Conditions of Compensation. All compensation provided by the University ~~(College)~~ to Coach is subject to deductions and withholdings as required by law or the terms and conditions of any fringe benefit in which Coach participates. However, if any fringe benefit is based in whole or in part upon the compensation provided by the University ~~(College)~~ to Coach, such fringe benefit shall be based only on the compensation provided pursuant to section 3.1.1, except to the extent required by the terms and conditions of a specific fringe benefit program.

ARTICLE 4

4.1. Coach's Specific Duties and Responsibilities. In consideration of the compensation specified in this Agreement, Coach, in addition to the obligations set forth elsewhere in this Agreement, shall:

4.1.1. Devote Coach's full time and best efforts to the performance of Coach's duties under this Agreement;

4.1.2. Develop and implement programs and procedures with respect to the evaluation, recruitment, training, and coaching of Team members which enable them to compete successfully and reasonably protect their health, safety, and well-being;

4.1.3. Observe and uphold all academic standards, requirements, and policies of the University ~~(College)~~ and encourage Team members to perform to their highest academic potential and to graduate in a timely manner; and

4.1.4. Know, recognize, and comply with all applicable laws and the policies, rules and regulations of the University ~~(College)~~, the ~~University (College)~~'s ~~University's~~ governing board, the conference, and the NCAA ~~(or NAIA)~~; supervise and take appropriate steps to ensure that Coach's assistant coaches, any other employees for whom Coach is administratively responsible, and the members of the Team know, recognize, and comply with all such laws, policies, rules and regulations; and immediately report to the Director and to the Department's Director of Compliance if Coach has reasonable cause to believe that any person or entity, including without limitation representatives of the ~~University (College)~~'s ~~University's~~ athletic interests, has violated or is likely to violate any such laws, policies, rules or regulations. Coach shall cooperate fully with the University ~~(College)~~ and Department at all times. The names or titles of employees whom Coach supervises are attached as Exhibit C. The applicable laws, policies, rules, and regulations include: (a) State Board of Education and Board of Regents of the University of Idaho Governing Policies and Procedures and Rule Manual; (b) ~~University (College)~~'s ~~University's~~ Handbook; (c) ~~University (College)~~'s ~~University's~~ Administrative Procedures Manual; (d) the policies of the Department; (e) NCAA ~~(or NAIA)~~ rules and regulations; and (f) the rules and regulations of the ~~(Sport) Big Sky~~ conference of which the University ~~(College)~~ is a member.

4.2 Outside Activities. Coach shall not undertake any business, professional or personal activities, or pursuits that would prevent Coach from devoting Coach's full time and best efforts to the performance of Coach's duties under this Agreement, that would otherwise detract from those duties in any manner, or that, in the opinion of the University ~~(College)~~, would reflect adversely upon the University ~~(College)~~ or its athletic program. Subject to the terms and conditions of this Agreement, Coach may, with the prior written approval of the Director, who may consult with the President, enter into separate arrangements for outside activities and endorsements which are consistent with Coach's obligations under this Agreement. Coach may not use the ~~University (College)~~'s ~~University's~~ name, logos, or trademarks in connection with any such arrangements without the prior written approval of the Director and the President.

4.3 NCAA (or NAIA) Rules. In accordance with NCAA ~~(or NAIA)~~ rules, Coach shall obtain prior written approval from the ~~University (College)~~'s ~~University's~~ President for all athletically related income and benefits from sources outside the University ~~(College)~~ and shall report the source and amount of all such income and benefits to the ~~University (College)~~'s ~~University's~~ President whenever reasonably requested, but in no event less than annually before the close of business on June 30th of each year or the last regular University ~~(College)~~ work day preceding June 30th. The report shall be in a format reasonably satisfactory to University ~~(College)~~. In no event shall Coach accept or receive directly or indirectly any monies, benefits, or gratuities whatsoever from any person, association, corporation, University ~~(College)~~ booster club, University ~~(College)~~ alumni association, University ~~(College)~~ foundation, or other benefactor, if the acceptance or receipt of the monies, benefits, or gratuities would

violate applicable law or the policies, rules, and regulations of the University ~~(College)~~, the ~~University (College)'s~~ governing board, the conference, or the NCAA ~~(or NAIA)~~.

4.4 Hiring Authority. Coach shall have the responsibility and the sole authority to recommend to the Director the hiring and termination of assistant coaches for the Team, but the decision to hire or terminate an assistant coach shall be made by the Director and shall, when necessary or appropriate, be subject to the approval of President and the University (College)'s Board of ~~(Trustees or Regents)~~.

4.5 Scheduling. Coach shall consult with, and may make recommendations to, the Director or the Director's designee with respect to the scheduling of Team competitions, but the final decision shall be made by the Director or the Director's designee.

4.76 Other Coaching Opportunities. Coach shall not, under any circumstances, interview for, negotiate for, or accept employment as a coach at any other institution of higher education or with any professional sports team, requiring performance of duties prior to the expiration of this Agreement, without the prior approval of the Director. Such approval shall not unreasonably be withheld.

ARTICLE 5

5.1 Termination of Coach for Cause. The University ~~(College)~~ may, in its discretion, suspend Coach from some or all of Coach's duties, temporarily or permanently, and with or without pay; reassign Coach to other duties; or terminate this Agreement at any time for good or adequate cause, as those terms are defined in applicable rules and regulations.

5.1.1 In addition to the definitions contained in applicable rules and regulations, University ~~(College)~~ and Coach hereby specifically agree that the following shall constitute good or adequate cause for suspension, reassignment, or termination of this Agreement:

- a) A deliberate or major violation of Coach's duties under this agreement or the refusal or unwillingness of Coach to perform such duties in good faith and to the best of Coach's abilities;
- b) The failure of Coach to remedy any violation of any of the terms of this agreement within 30 days after written notice from the University ~~(College)~~;
- c) A deliberate or major violation by Coach of any applicable law or the policies, rules or regulations of the University ~~(College)~~, the University (College)'s governing board, the conference or the NCAA ~~(NAIA)~~, including but not limited to any such violation which may have occurred during the employment of Coach at another NCAA or ~~NAIA~~ member institution;

- d) Ten (10) working days' absence of Coach from duty without the University (College)'s University's consent;
- e) Any conduct of Coach that constitutes moral turpitude or that would, in the University (College)'s University's judgment, reflect adversely on the University (College) or its athletic programs;
- f) The failure of Coach to represent the University (College) and its athletic programs positively in public and private forums;
- g) The failure of Coach to fully and promptly cooperate with the NCAA (NAIA) or the University (College) in any investigation of possible violations of any applicable law or the policies, rules or regulations of the University (College), the University (College)'s University's governing board, the conference, or the NCAA (NAIA);
- h) The failure of Coach to report a known violation of any applicable law or the policies, rules or regulations of the University (College), the University (College)'s University's governing board, the conference, or the NCAA (NAIA), by one of Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team; or
- i) A violation of any applicable law or the policies, rules or regulations of the University (College), the University (College)'s University's governing board, the conference, or the NCAA (NAIA), by one of Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team if Coach knew or should have known of the violation and could have prevented it by ordinary supervision.

5.1.2 Suspension, reassignment, or termination for good or adequate cause shall be effectuated by the University (College) as follows: before the effective date of the suspension, reassignment, or termination, the Director or his designee shall provide Coach with notice, which notice shall be accomplished in the manner provided for in this Agreement and shall include the reason(s) for the contemplated action. Coach shall then have an opportunity to respond. After Coach responds or fails to respond, University (College) shall notify Coach whether, and if so when, the action will be effective.

5.1.3 In the event of any termination for good or adequate cause, the University (College)'s University's obligation to provide compensation and benefits to Coach, whether direct, indirect, supplemental or collateral, shall cease as of the date of such termination, and the University (College) shall not be liable for the loss of any collateral business opportunities or other benefits, perquisites, or income resulting from outside activities or from any other sources.

5.1.4 If found in violation of NCAA ~~(NAIA)~~ regulations, Coach shall, in addition to the provisions of Section 5.1, be subject to disciplinary or corrective action as set forth in the provisions of the NCAA ~~(NAIA)~~ enforcement procedures. This section applies to violations occurring at the University ~~(College)~~ or at previous institutions at which the Coach was employed.

5.2 Termination of Coach for Convenience of University ~~(College)~~.

5.2.1 At any time after commencement of this Agreement, University ~~(College)~~, for its own convenience, may terminate this Agreement by giving ten (10) days prior written notice to Coach.

5.2.2 In the event that University ~~(College)~~ terminates this Agreement for its own convenience, University ~~(College)~~ shall be obligated to pay Coach, as liquidated damages and not a penalty, the salary set forth in section 3.1.1(a), excluding all deductions required by law, on the regular paydays of University ~~(College)~~ until the term of this Agreement ends; provided, however, in the event Coach obtains other employment of any kind or nature after such termination, then the amount of compensation the University pays will be adjusted and reduced by the amount of compensation paid Coach as a result of such other employment, such adjusted compensation to be calculated for each University pay-period by reducing the gross salary set forth in section 3.1.1(a) (before deductions required by law) by the gross compensation paid to Coach under the other employment, then subtracting from this adjusted gross compensation deduction according to law. In addition, Coach will be entitled to continue his health insurance plan and group life insurance as if he remained a University ~~(College)~~ employee until the term of this Agreement ends or until Coach obtains employment or any other employment providing Coach with a reasonably comparable health plan and group life insurance, whichever occurs first. Coach shall be entitled to no other compensation or fringe benefits, except as otherwise provided herein or required by law. Coach specifically agrees to inform University within ten business days of obtaining other employment, and to advise University of all relevant terms of such employment, including without limitation the nature and location of employment, salary, other compensation, health insurance benefits, life insurance benefits, and other fringe benefits. Failure to so inform and advise University shall constitute a material breach of this Agreement and University's obligation to pay compensation under this provision shall end. Coach agrees not to accept employment for compensation at less than the fair value of Coach's services, as determined by all circumstances existing at the time of employment. Coach further agrees to repay to University all compensation paid to him by University after the date he obtains other employment, to which he is not entitled under this provision.

5.2.3 The parties have both been represented by legal counsel in the contract negotiations and have bargained for and agreed to the foregoing liquidated damages provision, giving consideration to the fact that the Coach may lose certain benefits, supplemental compensation, or outside compensation relating to his employment with University ~~(College)~~, which damages are extremely difficult to determine with certainty. The parties further agree that the payment of such liquidated damages by University ~~(College)~~ and the acceptance thereof by Coach shall constitute adequate and reasonable compensation to Coach for the damages and

injury suffered by Coach because of such termination by University ~~(College)~~. The liquidated damages are not, and shall not be construed to be, a penalty.

5.3 Termination by Coach for Convenience.

5.3.1 The Coach recognizes that his promise to work for University ~~(College)~~ for the entire term of this Agreement is of the essence of this Agreement. The Coach also recognizes that the University ~~(College)~~ is making a highly valuable investment in his employment by entering into this Agreement and that its investment would be lost were he to resign or otherwise terminate his employment with the University ~~(College)~~ before the end of the contract term.

5.3.2 The Coach, for his own convenience, may terminate this Agreement during its term by giving prior written notice to the University ~~(College)~~. Termination shall be effective ten (10) days after notice is given to the University ~~(College)~~.

5.3.3 If the Coach terminates this Agreement for convenience at any time, all obligations of the University ~~(College)~~ shall cease as of the effective date of the termination. If the Coach terminates this Agreement for his convenience he shall pay to the University ~~(College)~~, as liquidated damages and not a penalty, for the breach of this Agreement the following sum: (a) if the Agreement is terminated on or before ~~_____~~, ~~May 09, 2012~~, the sum of ~~\$3025,000.00~~; (b) if the Agreement is terminated between ~~_____~~ ~~May 10, 2012~~ and ~~_____~~ ~~May 09, 2013~~ inclusive, the sum of \$20,000.00; (c) if the Agreement is terminated between ~~_____~~ ~~May 10, 2013~~ and ~~_____~~ ~~May 09, 2014~~ inclusive, the sum of \$10,000.00. The liquidated damages shall be due and payable within twenty (20) days of the effective date of the termination, and any unpaid amount shall bear simple interest at a rate eight (8) percent per annum until paid.

5.3.4 The parties have both been represented by legal counsel in the contract negotiations and have bargained for and agreed to the foregoing liquidated damages provision, giving consideration to the fact that the University ~~(College)~~ will incur administrative and recruiting costs in obtaining a replacement for Coach, in addition to potentially increased compensation costs if Coach terminates this Agreement for convenience, which damages are extremely difficult to determine with certainty. The parties further agree that the payment of such liquidated damages by Coach and the acceptance thereof by University ~~(College)~~ shall constitute adequate and reasonable compensation to University ~~(College)~~ for the damages and injury suffered by it because of such termination by Coach. The liquidated damages are not, and shall not be construed to be, a penalty. This section 5.3.4 shall not apply if Coach terminates this Agreement because of a material breach by the University ~~(College)~~.

5.3.5 Except as provide elsewhere in this Agreement, if Coach terminates this Agreement for convenience, he shall forfeit to the extent permitted by law his right to receive all supplemental compensation and other payments.

5.4 Termination due to Disability or Death of Coach.

5.4.1 Notwithstanding any other provision of this Agreement, this Agreement shall terminate automatically if Coach becomes totally or permanently disabled as defined by the University (College)'sUniversity's disability insurance carrier, becomes unable to perform the essential functions of the position of head coach, or dies.

5.4.2 If this Agreement is terminated because of Coach's death, Coach's salary and all other benefits shall terminate as of the last day worked, except that the Coach's personal representative or other designated beneficiary shall be paid all compensation due or unpaid and death benefits, if any, as may be contained in any fringe benefit plan now in force or hereafter adopted by the University (College) and due to the Coach's estate or beneficiaries thereunder.

5.4.3 If this Agreement is terminated because the Coach becomes totally or permanently disabled as defined by the University (College)'sUniversity's disability insurance carrier, or becomes unable to perform the essential functions of the position of head coach, all salary and other benefits shall terminate, except that the Coach shall be entitled to receive any compensation due or unpaid and any disability-related benefits to which he is entitled by virtue of employment with the University (College).

5.5 Interference by Coach. In the event of termination, suspension, or reassignment, Coach agrees that Coach will not interfere with the University (College)'sUniversity's student-athletes or otherwise obstruct the University (College)'sUniversity's ability to transact business or operate its intercollegiate athletics program.

5.76 No Liability. The University (College) shall not be liable to Coach for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of any termination of this Agreement by either party or due to death or disability or the suspension or reassignment of Coach, regardless of the circumstances.

5.87 Waiver of Rights. Because the Coach is receiving a multi-year contract and the opportunity to receive supplemental compensation and because such contracts and opportunities are not customarily afforded to University (College)-employees, if the University (College) suspends or reassigns Coach, or terminates this Agreement for good or adequate cause or for convenience, Coach shall have all the rights provided for in this Agreement but hereby releases the University (College) from compliance with the notice, appeal, and similar employment-related rights provide for in the State Board of Education and Board or Regents of the University of Idaho Rule Manual (IDAPA 08) and Governing Policies and Procedures Manual, and the University (College) Faculty-Staff Handbook.

ARTICLE 6

6.1 Board Approval. This Agreement shall not be effective until and unless approved of the University (College)'sUniversity's Board of (Regents or Trustees) and executed by

both parties as set forth below. In addition, the payment of any compensation pursuant to this agreement shall be subject to the approval of the ~~University (College)'s~~ University's Board of ~~(Regents or Trustees)~~, the President, and the Director; the sufficiency of legislative appropriations; the receipt of sufficient funds in the account from which such compensation is paid; and the Board of ~~(Regents or Trustees)~~ and University (College)'s University's rules regarding financial exigency.

6.2 University (College) Property. All personal property (excluding vehicle(s) provided through the ~~_____ program~~ Courtesy Car Program), material, and articles of information, including, without limitation, keys, credit cards, cellular telephones, personnel records, recruiting records, team information, films, statistics or any other personal property, material, or data, furnished to Coach by the University ~~(College)~~ or developed by Coach on behalf of the University ~~(College)~~ or at the University (College)'s University's direction or for the University (College)'s University's use or otherwise in connection with Coach's employment hereunder are and shall remain the sole property of the University ~~(College)~~. Within twenty-four (24) hours of the expiration of the term of this agreement or its earlier termination as provided herein, Coach shall immediately cause any such personal property, materials, and articles of information in Coach's possession or control to be delivered to the Director.

6.3 Assignment. Neither party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party.

6.4 Waiver. No waiver of any default in the performance of this Agreement shall be effective unless in writing and signed by the waiving party. The waiver of a particular breach in the performance of this Agreement shall not constitute a waiver of any other or subsequent breach. The resort to a particular remedy upon a breach shall not constitute a waiver of any other available remedies.

6.5 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain in effect.

6.6 Governing Law. This Agreement shall be subject to and construed in accordance with the laws of the state of Idaho as an agreement to be performed in Idaho. Any action based in whole or in part on this Agreement shall be brought in the courts of the state of Idaho.

6.7 Oral Promises. Oral promises of an increase in annual salary or of any supplemental or other compensation shall not be binding upon the University ~~(College)~~.

6.8 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (including financial inability), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage.

6.9 Confidentiality. The Coach hereby consents and agrees that this document may be released and made available to the public after it is signed by the Coach. The Coach further agrees that all documents and reports he is required to produce under this Agreement may be released and made available to the public at the University (College)'s University's sole discretion.

6.10 Notices. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the University ~~(College)~~: _____: _____ Director of Athletics

Jeffrey K. Tingey
921 S. 8th Ave. Stop 8173
Pocatello, ID 83209-8173

with a copy to: _____ President

Arthur Vailas
921 S. 8th Ave. Stop

Pocatello, ID 83209-

the Coach:

Seton Sobolewski
Last known address on file with
University (College)'s University's Human Resource Services

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

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

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

6.13 Non-Use of Names and Trademarks. The Coach shall not, without the University (College)'s University's prior written consent in each case, use any name, trade name, trademark, or other designation of the University ~~(College)~~ (including contraction, abbreviation or simulation), except in the course and scope of his official University ~~(College)~~ duties.

6.14 No Third Party Beneficiaries. There are no intended or unintended third party beneficiaries to this Agreement.

6.15 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements and understandings with respect to the same subject matter. No amendment or modification of this Agreement shall be effective unless in writing, signed by both parties, and approved by University (College)'s University's Board of ~~-(Regents or Trustees)-~~.

6.16 Opportunity to Consult with Attorney. The Coach acknowledges that he has had the opportunity to consult and review this Agreement with an attorney. Accordingly, in all cases, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party.

IDAHO STATE UNIVERSITY (COLLEGE)
COACH

Arthur C. Vailas, President Date _____ Seton
Sobolewski Date

Approved by the Board of ~~-(Regents or Trustees)-~~ on the ____ day of _____, ~~2010.~~
2011.

SETON SOBOLEWSKI, HEAD WOMEN'S BASKETBALL COACH - MULTI-YEAR CONTRACT CHANGES			
	MODEL CONTRACT SECTION	ISU CONTRACT SECTION	JUSTIFICATION FOR MODIFICATION
1	3.2.1 Supplemental Compensation	3.2.1 Supplemental Compensation	2 weeks pay bonus for Team being conference champion or co-champion not made contingent on bowl game or post-season tournament/playoff eligibility as post season play is not necessarily available for this Team even if they win the conference.
2	3.2.2 Supplemental Compensation	3.2.2 Supplemental Compensation	2 weeks pay bonus for attaining top 25 ranking replaced with same bonus for Team winning the Big Sky Conference Tournament or obtaining a berth in the NCAA Tournament as this is more applicable to the situation.
3	3.2.3 Supplemental Compensation	3.2.3 Supplemental Compensation	Used the Team's 4-year APR ranking as the criteria for academic achievement as this has been a key focus and issue for the University.
4	3.2.4 Supplemental Compensation	3.2.4 Supplemental Compensation	Changed bonus opportunity based on program development, ticket sales and fundraising to a bonus opportunity of \$3,500 if the Team wins 20 or more games in a season since this more applicable to a women's sporting event and if earned would go a long way toward increasing attendance, ticket sales and fundraising.
5	None	3.2.5 Supplemental Compensation	Added bonus opportunity for participation in "money" games. Amount is 3% of amount University is paid for playing the game or 5% if the Team wins the game. The playing of money games is an important part of the program's budget but impacts wins and losses negatively. This bonus is to offset that impact.
6	None	3.2.6 Supplemental Compensation	Added possible bonus compensation of up to \$63,000 for Teams' NCAA post-season tournament wins as this would bring prestige and funds into the Program.
7	None	3.2.7 Supplemental Compensation	Added possible bonus compensation of up to \$15,000 for Teams' WNIT post-season tournament wins as this would bring prestige and funds into the Program.
8	3.2.5 Supplemental Compensation	3.2.8 Supplemental Compensation	Bonus opportunity for participation in media programs and booster events set at \$5,000.
9	3.2.6 Summer Camp Operated by University	3.2.9 Summer Camp Operated by University	University has decided to provide a University-operated summer camp only. Coach has the option not to take supplemental compensation for assisting with this camp and to instead have the funds used to enhance the budget of the Women's Basketball Program.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

UNIVERSITY OF IDAHO

SUBJECT

Multi-year contract for head intercollegiate women's soccer coach

REFERENCE

August 22, 2008

Board approved two year contract for coach

April 22, 2010

Board approved two year extension of contract

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Polices & Procedures Section II.H.1.

BACKGROUND/DISCUSSION

The University of Idaho has agreed, subject to Regents' approval, to terms extending employment of the head intercollegiate soccer coach, Peter Showler, for a term of one (1) additional year and replacing the final one year and six months of the current contract. The University submits the attached multi-year contract to the Regents for approval. The primary terms of the agreement are set forth below.

IMPACT

The term of the Employment Contract is two years, six months, commencing on July 1, 2011, and terminating on December 31, 2013.

The annual base salary is \$37,689.60. Coach is eligible to participate in university-wide changes in employee compensation as approved by the President and Athletic Director.

There is an annual media payment of \$12,300 and the following incentive/supplemental compensation provisions:

- Conference champions or co-champion = \$1,000
- Conference coach or co-coach of the year = \$1,000
- Top 20 finish in NCAA championships = \$1,000
- Team qualifies for WAC Tournament = \$2,000
- Each year the Team achieves a winning record at the end of the regular season (excluding any exhibition and WAC tournament games) = \$500
- Each year the Team achieves twelve (12) wins in regular season games (excluding exhibition games) = \$500
- Academic achievement and behavior of team based on the following:
 - National rank within sport
 - 50th - 60th % = \$250
 - 60th - 70th % = \$300
 - 70th - 80th % = \$400
 - 80th % or above = \$450

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

Total potential annual compensation (base salary, media payment and maximum potential incentive) is \$56,439.60

Coach may participate in youth soccer camps as follows:

- Remaining income from any university operated camp, less \$500, after all claims, insurance, and expenses of camp have been paid,
OR
- In the event the University elects not to operate a camp, Coach may do so within Board guidelines for such camps.

ATTACHMENTS

Attachment 1 – Employment Contract – clean	Page 3
Attachment 2 – Employment Contract – redline	Page 19
Attachment 3 – Contract Comparison Matrix	Page 37

STAFF COMMENTS AND RECOMMENDATIONS

This is a request to extend the employment contract for UI's women's soccer coach for one more year. The annual base salary amount provided in this agreement is funded entirely with state appropriated General Funds. The Board's model contract was used. Staff has reviewed changes to model as identified in the matrix and recommends approval.

BOARD ACTION

I move to approve the University of Idaho's multi-year employment contract for head intercollegiate women's soccer coach for a 2 year, 6 month term commencing on July 31, 2011, and terminating on December 31, 2013, in substantial conformance with the contract submitted to the Board as Attachment 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

EMPLOYMENT AGREEMENT

This Employment Agreement (Agreement) is entered into by and between the University of Idaho (University), and Peter Showler (Coach).

ARTICLE 1

1.1. Employment. Subject to the terms and conditions of this Agreement, the University shall employ Coach as the head coach of its intercollegiate women's soccer team (Team). Coach represents and warrants that Coach is fully qualified to serve, and is available for employment, in this capacity.

1.2. Reporting Relationship. Coach shall report and be responsible directly to the University's Director of Athletics (Director) or the Director's designee. Coach shall abide by the reasonable instructions of Director or the Director's designee and shall confer with the Director or the Director's designee on all administrative and technical matters. Coach shall also be under the general supervision of the University's President (President).

1.3. Duties. Coach shall manage and supervise the Team and shall perform such other duties in the University's athletic program as the Director may assign and as may be described elsewhere in this Agreement. The University shall have the right, at any time, to reassign Coach to duties at the University other than as head coach of the Team, provided that Coach's compensation and benefits shall not be affected by any such reassignment, except that the opportunity to earn supplemental compensation as provided in sections 3.2.1 through 3.2.9 shall cease.

ARTICLE 2

2.1. Term. This Agreement is for a fixed-term appointment of two (2) years and six (6) months commencing on July 1, 2011, and terminating, without further notice to Coach, on December 31, 2013, unless sooner terminated in accordance with other provisions of this Agreement.

2.2. Extension or Renewal. This Agreement is renewable solely upon an offer from the University and an acceptance by Coach, both of which must be in writing and signed by the parties. Any renewal is subject to the prior approval of University's Board of Regents. This Agreement in no way grants to Coach a claim to tenure in employment, nor shall Coach's service pursuant to this agreement count in any way toward tenure at the University.

ARTICLE 3

3.1 Regular Compensation.

3.1.1 In consideration of Coach's services and satisfactory performance of this Agreement, the University shall provide to Coach:

- c) An annual salary of \$37,689.60 per year, payable in biweekly installments in accordance with normal University procedures. Coach will be eligible to receive University-wide changes in employee compensation approved by the Director and President;
- b) The opportunity to receive such employee benefits as the University provides generally to non-faculty exempt employees; and
- c) The opportunity to receive such employee benefits as the University's Department of Athletics (Department) provides generally to its employees of a comparable level. Coach hereby agrees to abide by the terms and conditions, as now existing or hereafter amended, of such employee benefits.

3.2 Supplemental Compensation.

3.2.1. Each year the Team is the conference champion or co-champion and if Coach continues to be employed as University's head coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$1,000 during the fiscal year immediately following the year in which the championship is achieved. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.2. Each year Coach is named Conference Coach of the Year or Conference Co-Coach of the year, and if Coach continues to be employed as University's head women's soccer coach as of the ensuing July 1st, Coach shall receive supplemental compensation of \$1,000. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.3. Each year the Team finishes in the top 20 in the NCAA championships and if Coach continues to be employed as University's head coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$1,000. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.4. Each year the Team qualifies for play in the Western Athletic Conference (WAC) tournament, and if Coach continues to be employed as University's

head coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$2,000. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.5. Each year the Team achieves a winning record at the end of the regular season (excluding any exhibition and WAC tournament games), and if Coach continues to be employed as University's head coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$500. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.6. Each year the Team achieves twelve (12) wins in regular season games (excluding exhibition games), and if Coach continues to be employed as University's head coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$500. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.7. Each year Coach shall be eligible to receive supplemental compensation based on the academic achievement and behavior of Team members if the Team's cumulative APR ranks nationally within intercollegiate women's soccer at the 50th percentile or higher as follows:

- National rank within sport
- 50th - 60th % = \$250
- 60th - 70th % = \$300
- 70th - 80th % = \$400
- 80th % or above = \$450

Any such supplemental compensation paid to Coach shall be accompanied with a justification for the supplemental compensation based on the factors listed above, and such justification shall be separately reported to the Board of Regents as a document available to the public under the Idaho Public Records Act.

3.2.8 The Coach shall receive the sum of \$12,300 from the University or the University's designated media outlet(s) or a combination thereof each year during the term of this Agreement in compensation for participation in media programs and public appearances (Programs). Each year, one-half of this sum shall be paid prior to the first contest, and one-half shall be paid no later than two weeks after the last contest. Coach's right to receive the second half of such payment shall vest on the date of the Team's last regular season or post-season competition, whichever occurs later, provided Coach has fully participated in media programs and public appearances through that date. Coach's right to receive any such media payment under this Paragraph is expressly contingent upon the following: (1) academic achievement and behavior of Team members; (2) appropriate behavior by, and supervision of, all assistant coaches, as determined by the

Director; and (3) Coach's compliance with University's financial stewardship policies as set forth in University's Administrative Procedures Manual Chapter 25. Agreements requiring the Coach to participate in Programs related to his duties as an employee of University are the property of the University. The University shall have the exclusive right to negotiate and contract with all producers of media productions and all parties desiring public appearances by the Coach. Coach agrees to cooperate with the University in order for the Programs to be successful and agrees to provide his services to and perform on the Programs and to cooperate in their production, broadcasting, and telecasting. It is understood that neither Coach nor any assistant coaches shall appear without the prior written approval of the Director on any competing radio or television program (including but not limited to a coach's show, call-in show, or interview show) or a regularly scheduled news segment, except that this prohibition shall not apply to routine news media interviews for which no compensation is received. Without the prior written approval of the Director, Coach shall not appear in any commercial endorsements that are broadcast on radio or television that conflict with those broadcast on the University's designated media outlets.

3.2.9 Coach agrees that the University has the exclusive right to operate youth soccer camps on its campus using University facilities. The University shall allow Coach the opportunity to earn supplemental compensation by assisting with the University's camps in Coach's capacity as a University employee. Coach hereby agrees to assist in the marketing, supervision, and general administration of the University's youth soccer camps. Coach also agrees that Coach will perform all obligations mutually agreed upon by the parties. In exchange for Coach's participation in the University's youth soccer camps, the University shall pay Coach the remaining income from the youth soccer camps, less \$500, after all claims, insurance, and expenses of such camps have been paid.

Alternatively, in the event the University notifies Coach, in writing that it does not intend to operate youth soccer camps for a particular period of time during the term of this Agreement, then, during such time period, Coach shall be permitted to operate youth soccer camps on the University's campus and using its facilities under the following terms and conditions:

- a) The summer youth camp operation reflects positively on the University of Idaho and the Department;
- b) The summer youth camp is operated by Coach directly or through a private enterprise owned and managed by Coach. The Coach shall not use University of Idaho personnel, equipment, or facilities without the prior written approval of the Director;
- c) Assistant coaches at the University of Idaho are given priority when the Coach or the private enterprise selects coaches to participate;

ATTACHMENT 1

- d) The Coach complies with all NCAA, Conference, and University of Idaho rules and regulations related, directly or indirectly, to the operation of summer youth camps;
- e) The Coach or the private enterprise enters into a contract with University of Idaho and Sodexo for all campus goods and services required by the camp.
- f) The Coach or private enterprise pays for use of University of Idaho facilities; such rate to be set at the rate charged as if the camp were conducted by the University of Idaho.
- g) Within thirty days of the last day of the summer youth camp(s), Coach shall submit to the Director a preliminary "Camp Summary Sheet" containing financial and other information related to the operation of the camp. Within ninety days of the last day of the summer youth camp(s), Coach shall submit to Director a final accounting and "Camp Summary Sheet." A copy of the "Camp Summary Sheet" is attached to this Agreement as an exhibit.
- h) The Coach or the private enterprise shall provide proof of liability insurance as follows: (1) liability coverage: spectator and staff--\$1 million; (2) catastrophic coverage: camper and staff--\$1 million maximum coverage with \$100 deductible.
- i) To the extent permitted by law, the Coach or the private enterprise shall defend and indemnify the University of Idaho against any claims, damages, or liabilities arising out of the operation of the summer youth camp(s).
- j) All employees of the summer youth camp(s) shall be employees of the Coach or the private enterprise and not the University of Idaho while engaged in camp activities. The Coach and all other University of Idaho employees involved in the operation of the camp(s) shall be on annual leave status or leave without pay during the days the camp is in operation. The Coach or private enterprise shall provide workers' compensation insurance in accordance with Idaho law and comply in all respects with all federal and state wage and hour laws.

In the event of termination of this Agreement, suspension, or reassignment, University of Idaho shall not be under any obligation to permit a summer youth

camp to be held by the Coach after the effective date of such termination, suspension, or reassignment, and the University of Idaho shall be released from all obligations relating thereto.

3.2.10 Coach agrees that the University has the exclusive right to select footwear, apparel and/or equipment for the use of its student-athletes and staff, including Coach, during official practices and games and during times when Coach or the Team is being filmed by motion picture or video camera or posing for photographs in their capacity as representatives of University. Coach recognizes that the University is negotiating or has entered into an agreement with Nike to supply the University with athletic footwear, apparel and/or equipment. Coach agrees that, upon the University's reasonable request, Coach will consult with appropriate parties concerning Nike products' design or performance, shall act as an instructor at a clinic sponsored in whole or in part by Nike, or give a lecture at an event sponsored in whole or in part by Nike, or make other educationally-related appearances as may be reasonably requested by the University. Notwithstanding the foregoing sentence, Coach shall retain the right to decline such appearances as Coach reasonably determines to conflict with or hinder his duties and obligations as head women's soccer coach. In order to avoid entering into an agreement with a competitor of Nike, Coach shall submit all outside consulting agreements to the University for review and approval prior to execution. Coach shall also report such outside income to the University in accordance with NCAA rules. Coach further agrees that Coach will not endorse any athletic footwear, apparel and/or equipment products, including Nike, and will not participate in any messages or promotional appearances that contain a comparative or qualitative description of athletic footwear, apparel or equipment products.

3.3 General Conditions of Compensation. All compensation provided by the University to Coach is subject to deductions and withholdings as required by law or the terms and conditions of any fringe benefit in which Coach participates. However, if any fringe benefit is based in whole or in part upon the compensation provided by the University to Coach, such fringe benefit shall be based only on the compensation provided pursuant to section 3.1.1, except to the extent required by the terms and conditions of a specific fringe benefit program.

ARTICLE 4

4.1. Coach's Specific Duties and Responsibilities. In consideration of the compensation specified in this Agreement, Coach, in addition to the obligations set forth elsewhere in this Agreement, shall:

4.1.1. Devote Coach's full time and best efforts to the performance of Coach's duties under this Agreement;

4.1.2. Develop and implement programs and procedures with respect to the evaluation, recruitment, training, and coaching of Team members which enable them to compete successfully and reasonably protect their health, safety, and well-being;

4.1.3. Observe and uphold all academic standards, requirements, and policies of the University and encourage Team members to perform to their highest academic potential and to graduate in a timely manner; and

4.1.4. Know, recognize, and comply with all applicable laws and the policies, rules and regulations of the University, the University's governing board, the conference, and the NCAA; supervise and take appropriate steps to ensure that Coach's assistant coaches, any other employees for whom Coach is administratively responsible, and the members of the Team know, recognize, and comply with all such laws, policies, rules and regulations; and immediately report to the Director and to the Department's Director of Compliance if Coach has reasonable cause to believe that any person or entity, including without limitation representatives of the University's athletic interests, has violated or is likely to violate any such laws, policies, rules or regulations. Coach shall cooperate fully with the University and Department at all times. The names or titles of employees whom Coach supervises are attached as Exhibit C. The applicable laws, policies, rules, and regulations include: (a) State Board of Education and Board of Regents of the University of Idaho Governing Policies and Procedures and Rule Manual; (b) University's Handbook; (c) University's Administrative Procedures Manual; (d) the policies of the Department; (e) NCAA rules and regulations; and (f) the rules and regulations of the soccer conference of which the University is a member.

4.2 Outside Activities. Coach shall not undertake any business, professional or personal activities, or pursuits that would prevent Coach from devoting Coach's full time and best efforts to the performance of Coach's duties under this Agreement, that would otherwise detract from those duties in any manner, or that, in the opinion of the University, would reflect adversely upon the University or its athletic program. Subject to the terms and conditions of this Agreement, Coach may, with the prior written approval of the Director, who may consult with the President, enter into separate arrangements for outside activities and endorsements which are consistent with Coach's obligations under this Agreement. Coach may not use the University's name, logos, or trademarks in connection with any such arrangements without the prior written approval of the Director and the President.

4.3 NCAA Rules. In accordance with NCAA rules, Coach shall obtain prior written approval from the University's President for all athletically related income and benefits from sources outside the University and shall provide a written detailed account of the source and amount of all such income and benefits to the University's President whenever reasonably requested, but in no event less than annually before the close of business on June 30th of each year or the last regular University work day preceding June 30th. The report shall be in a format reasonably satisfactory to University. Sources of such income include, but are not limited to, the following:

- (a) Income from annuities;
- (b) Sports camps;
- (c) Housing benefits, including preferential housing arrangements;

- (d) Country club memberships;
- (e) Complimentary ticket sales;
- (f) Television and radio programs; and
- (g) Endorsement or consultation contracts with athletics shoe, apparel or equipment manufacturers.

In no event shall Coach accept or receive directly or indirectly any monies, benefits, or gratuities whatsoever from any person, association, corporation, University booster club, University alumni association, University foundation, or other benefactor, if the acceptance or receipt of the monies, benefits, or gratuities would violate applicable law or the policies, rules, and regulations of the University, the University's governing board, the conference, or the NCAA.

4.4 Hiring Authority. Coach shall have the responsibility and the sole authority to recommend to the Director the hiring and termination of assistant coaches for the Team, but the decision to hire or terminate an assistant coach shall be made by the Director and shall, when necessary or appropriate, be subject to the approval of President and the University's Board of Regents.

4.5 Scheduling. Coach shall consult with, and may make recommendations to, the Director or the Director's designee with respect to the scheduling of Team competitions, but the final decision shall be made by the Director or the Director's designee.

4.6 Other Coaching Opportunities. Coach shall not, under any circumstances, interview for, negotiate for, or accept employment as a coach at any other institution of higher education or with any professional sports team, requiring performance of duties prior to the expiration of this Agreement, without the prior approval of the Director. Such approval shall not be unreasonably withheld.

ARTICLE 5

5.1 Termination of Coach for Cause. The University may, in its discretion, suspend Coach from some or all of Coach's duties, temporarily or permanently, and with or without pay; reassign Coach to other duties; or terminate this Agreement at any time for good or adequate cause, as those terms are defined in applicable rules and regulations.

5.1.1 In addition to the definitions contained in applicable rules and regulations, University and Coach hereby specifically agree that the following shall constitute good or adequate cause for suspension, reassignment, or termination of this Agreement:

- a) A deliberate or major violation of Coach's duties under this agreement or the refusal or unwillingness of Coach to perform such duties in good faith and to the best of Coach's abilities;

ATTACHMENT 1

- b) The failure of Coach to remedy any violation of any of the terms of this agreement within 30 days after written notice from the University;
- c) A deliberate or major violation by Coach of any applicable law or the policies, rules or regulations of the University, the University 's governing board, the conference or the NCAA, including but not limited to any such violation which may have occurred during the employment of Coach at another NCAA or NAIA member institution;
- d) Ten (10) working days' absence of Coach from duty without the University 's consent;
- e) Any conduct of Coach that constitutes moral turpitude or that would, in the University's judgment, reflect adversely on the University or its athletic programs;
- f) The failure of Coach to represent the University and its athletic programs positively in public and private forums;
- g) The failure of Coach to fully and promptly cooperate with the NCAA or the University in any investigation of possible violations of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA;
- h) The failure of Coach to report a known violation of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA, by one of Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team; or
- i) A violation of any applicable law or the policies, rules or regulations of the University, the University's governing board, the conference, or the NCAA, by one of Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team if Coach knew or should have known of the violation and could have prevented it by ordinary supervision.

5.1.2 Suspension, reassignment, or termination for good or adequate cause shall be effectuated by the University as follows: before the effective date of the suspension, reassignment, or termination, the Director or his or her designee shall provide Coach with notice, which notice shall be accomplished in the manner provided for in this

Agreement and shall include the reason(s) for the contemplated action. Coach shall then have an opportunity to respond. After Coach responds or fails to respond, University shall notify Coach whether, and if so when, the action will be effective.

5.1.3 In the event of any termination for good or adequate cause, the University's obligation to provide compensation and benefits to Coach, whether direct, indirect, supplemental or collateral, shall cease as of the date of such termination, and the University shall not be liable for the loss of any collateral business opportunities or other benefits, perquisites, or income resulting from outside activities or from any other sources.

5.1.4 If found in violation of NCAA regulations, Coach shall, in addition to the provisions of Section 5.1, be subject to disciplinary or corrective action as set forth in the provisions of the NCAA enforcement procedures, including suspension without pay or termination of employment for significant or repetitive violations. This section applies to violations occurring at the University or at previous institutions at which the Coach was employed.

5.2 Termination of Coach for Convenience of University.

5.2.1 At any time after commencement of this Agreement, University, for its own convenience, may terminate this Agreement by giving ten (10) days prior written notice to Coach.

5.2.2 In the event that University terminates this Agreement for its own convenience, University shall pay to Coach the salary set forth in section 3.1.1(a), excluding all deductions required by law, on the regular paydays of University until the term of this Agreement ends or until Coach obtains reasonably comparable employment, whichever occurs first, provided however, in the event Coach obtains lesser employment after such termination, then the amount of compensation University pays will be adjusted and reduced by the amount of compensation paid Coach as a result of such lesser employment, such adjusted compensation to be calculated for each University pay-period by reducing the gross salary set forth in section 3.1.1(a) (before deductions required by law) by the gross compensation paid to Coach under the lesser employment, then subtracting from this adjusted gross compensation deductions according to law. In addition, Coach will be entitled to continue his health insurance plan and group life insurance as if he remained a University employee until the term of this Agreement ends or until Coach obtains reasonably comparable employment or any other employment providing Coach with a reasonably comparable health plan and group life insurance, whichever occurs first. Coach shall be entitled to no other compensation or fringe benefits, except as otherwise provided herein or required by law. Coach specifically agrees to inform University within ten business days of obtaining other employment and to advise University of all relevant terms of such employment, including without limitation the nature and location of the employment, salary, other compensation, health insurance benefits, life insurance benefits, and other fringe benefits. Failure to so inform and advise University shall constitute a material breach of this Agreement and

University's obligation to pay compensation under this provision shall end. Coach further agrees to repay to University all compensation paid to him by University after the date he obtains other employment, to which he is not entitled under this provision.

5.2.3 University has been represented by legal counsel, and Coach has either been represented by legal counsel or has chosen to proceed without legal counsel, in the contract negotiations. The parties have bargained for and agreed to the foregoing provision, giving consideration to the fact that the Coach may lose certain benefits, supplemental compensation, or outside compensation relating to his employment with University that are extremely difficult to determine with certainty. The parties further agree that the payment of such compensation by University and the acceptance thereof by Coach shall constitute adequate and reasonable compensation to Coach. Such compensation is not, and shall not be construed to be, a penalty.

5.3 Termination by Coach for Convenience.

5.3.1 The Coach recognizes that his promise to work for University for the entire term of this Agreement is of the essence of this Agreement. The Coach also recognizes that the University is making a highly valuable investment in his employment by entering into this Agreement and that its investment would be lost were he to resign or otherwise terminate his employment with the University before the end of the contract term.

5.3.2 The Coach, for his own convenience, may terminate this Agreement during its term by giving prior written notice to the University. Termination shall be effective ten (10) days after notice is given to the University.

5.3.3 If the Coach terminates this Agreement for convenience at any time, all obligations of the University shall cease as of the effective date of the termination. If the Coach terminates this Agreement for his convenience he shall pay to the University the following sums: (a) if the Agreement is terminated on or before December 31, 2011, the sum of \$10,000; (b) if the Agreement is terminated between January 1, 2012, and December 31, 2012, inclusive, the sum of \$5,000; (c) if the Agreement is terminated between January 1, 2013, and December 31, 2013, inclusive, there will be no buyout payment. Sums shall be due and payable within twenty (20) days of the effective date of the termination, and any unpaid amount shall bear simple interest at a rate eight (8) percent per annum until paid.

5.3.4 University has been represented by legal counsel, and Coach has either been represented by legal counsel or has chosen to proceed without legal counsel in the contract negotiations. The parties have bargained for and agreed to the foregoing provision, giving consideration to the fact that the University will incur administrative and recruiting costs in obtaining a replacement for Coach, in addition to potentially increased compensation costs if Coach terminates this Agreement for convenience that are extremely difficult to determine with certainty. The parties further agree that the payment of such sums by Coach and the acceptance thereof by University shall constitute

adequate and reasonable compensation to University. Such payments are not, and shall not be construed to be, a penalty. This section 5.3.4 shall not apply if Coach terminates this Agreement because of a material breach by the University.

5.3.5. Except as provided elsewhere in this Agreement, if Coach terminates this Agreement for convenience, he shall forfeit to the extent permitted by law his right to receive all supplemental compensation and other payments.

5.4 Termination due to Disability or Death of Coach.

5.4.1 Notwithstanding any other provision of this Agreement, this Agreement shall terminate automatically if Coach becomes totally or permanently disabled as defined by the University's disability insurance carrier, becomes unable to perform the essential functions of the position of head coach, or dies.

5.4.2 If this Agreement is terminated because of Coach's death, Coach's salary and all other benefits shall terminate as of the last day worked, except that the Coach's personal representative or other designated beneficiary shall be paid all compensation due or unpaid and death benefits, if any, as may be contained in any fringe benefit plan now in force or hereafter adopted by the University and due to the Coach's estate or beneficiaries thereunder.

5.4.3 If this Agreement is terminated because the Coach becomes totally or permanently disabled as defined by the University's disability insurance carrier, or becomes unable to perform the essential functions of the position of head coach, all salary and other benefits shall terminate, except that the Coach shall be entitled to receive any compensation due or unpaid and any disability-related benefits to which he is entitled by virtue of employment with the University.

5.5 Interference by Coach. In the event of termination, suspension, or reassignment, Coach agrees that Coach will not interfere with the University's student-athletes or otherwise obstruct the University's ability to transact business or operate its intercollegiate athletics program.

5.6 No Liability. The University shall not be liable to Coach for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of any termination of this Agreement by either party or due to death or disability or the suspension or reassignment of Coach, regardless of the circumstances.

5.7 Waiver of Rights. Because the Coach is receiving a multi-year contract and the opportunity to receive supplemental compensation and because such contracts and opportunities are not customarily afforded to University employees, if the University suspends or reassigns Coach, or terminates this Agreement for good or adequate cause or for convenience, Coach shall have all the rights provided for in this Agreement but hereby releases the University from compliance with the notice, appeal, and similar

employment-related rights provided for in the State Board of Education and Board of Regents of the University of Idaho Rule Manual (IDAPA 08) and Governing Policies and Procedures Manual, and the University Faculty-Staff Handbook.

ARTICLE 6

6.1 Board Approval. This Agreement shall not be effective until and unless approved of the University's Board of Regents and executed by both parties as set forth below. In addition, the payment of any compensation pursuant to this Agreement shall be subject to the approval of the University's Board of Regents, the President, and the Director; the sufficiency of legislative appropriations; the receipt of sufficient funds in the account from which such compensation is paid; and the Board of Regents and University's rules regarding financial exigency.

6.2 University Property. All personal property (excluding vehicle(s) provided through the Vandal Wheels program), material, and articles of information, including, without limitation, keys, credit cards, personnel records, recruiting records, team information, films, statistics or any other personal property, material, or data, furnished to Coach by the University or developed by Coach on behalf of the University or at the University's direction or for the University's use or otherwise in connection with Coach's employment hereunder are and shall remain the sole property of the University. Within twenty-four (24) hours of the expiration of the term of this agreement or its earlier termination as provided herein, Coach shall immediately cause any such personal property, materials, and articles of information in Coach's possession or control to be delivered to the Director.

6.3 Assignment. Neither party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party.

6.4 Waiver. No waiver of any default in the performance of this Agreement shall be effective unless in writing and signed by the waiving party. The waiver of a particular breach in the performance of this Agreement shall not constitute a waiver of any other or subsequent breach. The resort to a particular remedy upon a breach shall not constitute a waiver of any other available remedies.

6.5 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain in effect.

6.6 Governing Law. This Agreement shall be subject to and construed in accordance with the laws of the state of Idaho as an agreement to be performed in Idaho. Any action based in whole or in part on this Agreement shall be brought in the courts of the state of Idaho.

6.7 Oral Promises. Oral promises of an increase in annual salary or of any supplemental or other compensation shall not be binding upon the University.

6.8 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (including financial inability), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage.

6.9 Confidentiality. The Coach hereby consents and agrees that this document may be released and made available to the public after it is signed by the Coach. The Coach further agrees that all documents and reports he is required to produce under this Agreement may be released and made available to the public at the University's sole discretion.

6.10 Notices. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the University: Director of Athletics
 University of Idaho
 P.O. Box 442302
 Moscow, Idaho 83844-2302

with a copy to: President
 University of Idaho
 P.O. Box 443151
 Moscow, ID 83844-3151

the Coach: Peter Showler
 Last known address on file with
 University's Human Resource Services

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

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

ATTACHMENT 1

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

6.13 Non-Use of Names and Trademarks. The Coach shall not, without the University's prior written consent in each case, use any name, trade name, trademark, or other designation of the University (including contraction, abbreviation or simulation), except in the course and scope of his official University duties.

6.14 No Third Party Beneficiaries. There are no intended or unintended third party beneficiaries to this Agreement.

6.15 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements and understandings with respect to the same subject matter. No amendment or modification of this Agreement shall be effective unless in writing, signed by both parties, and approved by University's Board of Regents.

6.16 Opportunity to Consult with Attorney. The Coach acknowledges that he has had the opportunity to consult and review this Agreement with an attorney and has either consulted with legal counsel or chosen not to. Accordingly, in all cases, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party.

UNIVERSITY

COACH

M. Duane Nellis Date
President

Peter Showler Date

Approved by the Board of Regents on the ____ day of _____, 2011.

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~~Approved by the SBOE March 18, 2000 (applies to all Board governed institutions).~~

EMPLOYMENT AGREEMENT

This Employment Agreement (Agreement) is entered into by and between _____ ~~(the University (College of Idaho (University)),~~ and _____ ~~Peter Showler~~ (Coach).

ARTICLE 1

1.1. Employment. Subject to the terms and conditions of this Agreement, the University ~~(College)~~ shall employ Coach as the head coach of its intercollegiate ~~(Sport)~~ women's soccer team (Team). Coach represents and warrants that Coach is fully qualified to serve, and is available for employment, in this capacity.

1.2. Reporting Relationship. Coach shall report and be responsible directly to the ~~University (College)'s~~ University's Director of Athletics (Director) or the Director's designee. Coach shall abide by the reasonable instructions of Director or the Director's designee and shall confer with the Director or the Director's designee on all administrative and technical matters. Coach shall also be under the general supervision of the ~~University (College)'s~~ University's President (President).

1.3. Duties. Coach shall manage and supervise the Team and shall perform such other duties in the ~~University (College)'s~~ University's athletic program as the Director may assign and as may be described elsewhere in this Agreement. The University ~~(College)~~ shall have the right, at any time, to reassign Coach to duties at the University ~~(College)~~ other than as head coach of the Team, provided that Coach's compensation and benefits shall not be affected by any such reassignment, except that the opportunity to earn supplemental compensation as provided in sections 3.2.1 through ~~(Depending on supplemental pay provisions used)~~ 3.2.9 shall cease.

ARTICLE 2

2.1. Term. This Agreement is for a fixed-term appointment of _____ ~~(two~~ (2) years, and six (6) months commencing on _____ July 1, 2011, and terminating, without further notice to Coach, on _____ December 31, 2013, unless sooner terminated in accordance with other provisions of this Agreement.

2.2. Extension or Renewal. This Agreement is renewable solely upon an offer from the University ~~(College)~~ and an acceptance by Coach, both of which must be in writing and signed by the parties. Any renewal is subject to the prior approval of ~~University (College)'s~~ University's Board of ~~(Regents or Trustees)~~. This Agreement in

no way grants to Coach a claim to tenure in employment, nor shall Coach's service pursuant to this agreement count in any way toward tenure at the University ~~(College)~~.

ARTICLE 3

3.1 Regular Compensation.

3.1.1 In consideration of Coach's services and satisfactory performance of this Agreement, the University ~~(College)~~ shall provide to Coach:

- a) An annual salary of \$ ~~_____~~ \$37,689.60 per year, payable in biweekly installments in accordance with normal University ~~(College)~~ procedures, ~~and such salary increases as may be determined appropriate by the eligible to receive University-wide changes in employee compensation approved by the Director and President and approved by the University (College)'s Board of (Regents or Trustees) _____;~~
- b) The opportunity to receive such employee benefits as the University ~~(College)~~ provides generally to non-faculty exempt employees; and
- c) The opportunity to receive such employee benefits as the ~~University (College)'s~~ University's Department of Athletics (Department) provides generally to its employees of a comparable level. Coach hereby agrees to abide by the terms and conditions, as now existing or hereafter amended, of such employee benefits.

3.2 Supplemental Compensation

3.2.1. Each year the Team is the conference champion or co-champion and also becomes eligible for a (bowl game pursuant to NCAA Division I guidelines or post season tournament or post season playoffs), and if Coach continues to be employed as University (College)'s University's head _____ (Sport) _____ coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University (College) shall pay to Coach supplemental compensation in an amount equal to _____ (amount or computation) of Coach's Annual Salary of \$1,000 during the fiscal year immediately following the year in which the championship and _____ (bowl or other post season) _____ eligibility are/is achieved. The University (College) shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.1.3.2.2. _____ Each year Coach is named Conference Coach of the Year or Conference Co-Coach of the year, and if Coach continues to be employed as

University's head women's soccer coach as of the ensuing July 1st, Coach shall receive supplemental compensation of \$1,000. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.2

3.2.3. Each year the Team is ranked/finishes in the top 25/20 in the (national rankings, such as final ESPN/USA Today coaches poll of Division IA football teams), NCAA championships and if Coach continues to be employed as University (College)'s University's head (Sport) coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University (College) shall pay to Coach supplemental compensation in an amount equal to (amount or computation) of Coach's Annual Salary in effect on the date of the final poll. \$1,000. The University (College) shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.4. Each year the Team qualifies for play in the Western Athletic Conference (WAC) tournament, and if Coach continues to be employed as University's head coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$2,000. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.5. 3.2.3—Each year the Team achieves a winning record at the end of the regular season (excluding any exhibition and WAC tournament games), and if Coach continues to be employed as University's head coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University shall be eligible pay to receive Coach supplemental compensation of \$500. The University shall determine the appropriate manner in an amount up to (amount or computation) which it shall pay Coach any such supplemental compensation.

3.2.6. Each year the Team achieves twelve (12) wins in regular season games (excluding exhibition games), and if Coach continues to be employed as University's head coach of its intercollegiate women's soccer team as of the ensuing July 1st, the University shall pay to Coach supplemental compensation of \$500. The University shall determine the appropriate manner in which it shall pay Coach any such supplemental compensation.

3.2.7. Each year Coach shall be eligible to receive supplemental compensation based on the academic achievement and behavior of Team members. The determination of whether Coach will receive such supplemental compensation and the timing of the payment(s) shall be at the sole discretion of the President in consultation with the Director. The determination shall be based on the following factors: grade point averages; difficulty of major course of study; honors such as scholarships, designation as Academic All-American, and conference academic recognition; progress toward graduation for all athletes, but particularly those who entered the University (College) as academically at risk students; the conduct of Team members on the University (College)

~~campus, at authorized University (College) activities, in the community, and elsewhere. if the Team's cumulative APR ranks nationally within intercollegiate women's soccer at the 50th percentile or higher as follows:~~

National rank within sport

50th - 60th % = \$250

60th - 70th % = \$300

70th - 80th % = \$400

80th % or above = \$450

Any such supplemental compensation paid to Coach shall be accompanied with a ~~detailed~~ justification for the supplemental compensation based on the factors listed above, and such justification shall be separately reported to the Board of ~~(Regents or Trustees)~~ as a document available to the public under the Idaho Public Records Act.

~~3.2.4 Each year Coach shall be eligible to receive supplemental compensation in an amount up to (amount or computation) based on the overall development of the intercollegiate (men's/women's) (Sport) program; ticket sales; fundraising; outreach by Coach to various constituency groups, including University (College) students, staff, faculty, alumni and boosters; and any other factors the President wishes to consider. The determination of whether Coach will receive such supplemental compensation and the timing of the payment(s) shall be at the sole discretion of the President in consultation with the Director.~~

~~3.2.53.2.8~~ The Coach shall receive the sum of ~~(amount or computation)~~ \$12,300 from the University ~~(College)~~ or the University (College)'s University's designated media outlet(s) or a combination thereof each year during the term of this Agreement in compensation for participation in media programs and public appearances (Programs). ~~Coach's~~ Each year, one-half of this sum shall be paid prior to the first contest, and one-half shall be paid no later than two weeks after the last contest. Coach's right to receive the second half of such a payment shall vest on the date of the ~~Team's~~ Team's last regular season or post-season competition, whichever occurs later. ~~This sum shall be paid (terms or conditions of, provided Coach has fully participated in media programs and public appearances through that date. Coach's right to receive any such media payment)~~, under this Paragraph is expressly contingent upon the following: (1) academic achievement and behavior of Team members; (2) appropriate behavior by, and supervision of, all assistant coaches, as determined by the Director; and (3) Coach's compliance with University's financial stewardship policies as set forth in University's Administrative Procedures Manual Chapter 25. Agreements requiring the Coach to participate in Programs related to his duties as an employee of University ~~(College)~~ are the property of the University ~~(College)~~. The University ~~(College)~~ shall have the exclusive right to negotiate and contract with all producers of media productions and all parties desiring public appearances by the Coach. Coach agrees to cooperate with the University ~~(College)~~ in order for the Programs to be successful and agrees to provide his services to and perform on the Programs and to cooperate in their production, broadcasting, and telecasting. It is understood that neither

Coach nor any assistant coaches shall appear without the prior written approval of the Director on any competing radio or television program (including but not limited to a coach's show, call-in show, or interview show) or a regularly scheduled news segment, except that this prohibition shall not apply to routine news media interviews for which no compensation is received. Without the prior written approval of the Director, Coach shall not appear in any commercial endorsements ~~which~~that are broadcast on radio or television that conflict with those broadcast on the ~~University (College)'s~~University's designated media outlets.

~~3.2.6 (SUMMER CAMP OPERATED BY UNIVERSITY (COLLEGE))~~9 Coach agrees that the University ~~(College)~~ has the exclusive right to operate youth ~~(Sport) soccer~~ camps on its campus using University ~~(College)~~ facilities. ~~—~~ The University ~~(College)~~ shall allow Coach the opportunity to earn supplemental compensation by assisting with the ~~University (College)'s~~University's camps in Coach's capacity as a University ~~(College)~~ employee. ~~—~~ Coach hereby agrees to assist in the marketing, supervision, and general administration of the ~~University (College)'s football~~University's youth soccer camps. ~~—~~ Coach also agrees that Coach will perform all obligations mutually agreed upon by the parties. ~~—~~ In exchange for Coach's participation in the ~~University (College)'s summer football~~University's youth soccer camps, ~~—~~the University ~~(College)~~ shall pay Coach ~~(amount) per year as supplemental compensation during each year~~the remaining income from the youth soccer camps, less \$500, after all claims, insurance, and expenses of his employment as head (Sport) coach at the University (College). This amount shall be such camps have been paid (terms of payment) ~~—~~.

Alternatively, in the event the University notifies Coach, in writing that it does not intend to operate youth soccer camps for a particular period of time during the term of this Agreement, then, during such time period, Coach shall be permitted to operate youth soccer camps on the University's campus and using its facilities under the following terms and conditions:

∴

- a) The summer youth camp operation reflects positively on the University of Idaho and the Department;
- b) The summer youth camp is operated by Coach directly or through a private enterprise owned and managed by Coach. The Coach shall not use University of Idaho personnel, equipment, or facilities without the prior written approval of the Director;
- c) Assistant coaches at the University of Idaho are given priority when the Coach or the private enterprise selects coaches to participate;

ATTACHMENT 2

- d) The Coach complies with all NCAA, Conference, and University of Idaho rules and regulations related, directly or indirectly, to the operation of summer youth camps;
- e) The Coach or the private enterprise enters into a contract with University of Idaho and Sodexo for all campus goods and services required by the camp.
- f) The Coach or private enterprise pays for use of University of Idaho facilities; such rate to be set at the rate charged as if the camp were conducted by the University of Idaho.
- g) Within thirty days of the last day of the summer youth camp(s), Coach shall submit to the Director a preliminary "Camp Summary Sheet" containing financial and other information related to the operation of the camp. Within ninety days of the last day of the summer youth camp(s), Coach shall submit to Director a final accounting and "Camp Summary Sheet." A copy of the "Camp Summary Sheet" is attached to this Agreement as an exhibit.
- h) The Coach or the private enterprise shall provide proof of liability insurance as follows: (1) liability coverage: spectator and staff--\$1 million; (2) catastrophic coverage: camper and staff--\$1 million maximum coverage with \$100 deductible.
- i) To the extent permitted by law, the Coach or the private enterprise shall defend and indemnify the University of Idaho against any claims, damages, or liabilities arising out of the operation of the summer youth camp(s).
- j) All employees of the summer youth camp(s) shall be employees of the Coach or the private enterprise and not the University of Idaho while engaged in camp activities. The Coach and all other University of Idaho employees involved in the operation of the camp(s) shall be on annual leave status or leave without pay during the days the camp is in operation. The Coach or private enterprise shall provide workers' compensation insurance in accordance with Idaho law and comply in all respects with all federal and state wage and hour laws.

In the event of termination of this Agreement, suspension, or reassignment, University of Idaho shall not be under any obligation to permit a summer youth

camp to be held by the Coach after the effective date of such termination, suspension, or reassignment, and the University of Idaho shall be released from all obligations relating thereto.

3.2.710 Coach agrees that the University ~~(College)~~ has the exclusive right to select footwear, apparel and/or equipment for the use of its student-athletes and staff, including Coach, during official practices and games and during times when Coach or the Team is being filmed by motion picture or video camera or posing for photographs in their capacity as representatives of University ~~(College)~~. Coach recognizes that the University ~~(College)~~ is negotiating or has entered into an agreement with ~~(Company Name) Nike~~ to supply the University ~~(College)~~ with athletic footwear, apparel and/or equipment. Coach agrees that, upon the ~~University (College)'s~~ University's reasonable request, Coach will consult with appropriate parties concerning ~~an (Company Name) product's~~ Nike products' design or performance, shall act as an instructor at a clinic sponsored in whole or in part by ~~(Company Name) Nike~~, or give a lecture at an event sponsored in whole or in part by ~~(Company Name) Nike~~, or make other educationally-related appearances as may be reasonably requested by the University ~~(College)~~. Notwithstanding the foregoing sentence, Coach shall retain the right to decline such appearances as Coach reasonably determines to conflict with or hinder his duties and obligations as head ~~(Sport) women's soccer~~ coach. In order to avoid entering into an agreement with a competitor of ~~(Company Name) Nike~~, Coach shall submit all outside consulting agreements to the University ~~(College)~~ for review and approval prior to execution. Coach shall also report such outside income to the University ~~(College)~~ in accordance with NCAA ~~(or NAIA)~~ rules. Coach further agrees that Coach will not endorse any athletic footwear, apparel and/or equipment products, including ~~(Company Name) Nike~~, and will not participate in any messages or promotional appearances ~~which that~~ contain a comparative or qualitative description of athletic footwear, apparel or equipment products.

3.3 General Conditions of Compensation. All compensation provided by the University ~~(College)~~ to Coach is subject to deductions and withholdings as required by law or the terms and conditions of any fringe benefit in which Coach participates. However, if any fringe benefit is based in whole or in part upon the compensation provided by the University ~~(College)~~ to Coach, such fringe benefit shall be based only on the compensation provided pursuant to section 3.1.1, except to the extent required by the terms and conditions of a specific fringe benefit program.

ARTICLE 4

4.1. Coach's Specific Duties and Responsibilities. In consideration of the compensation specified in this Agreement, Coach, in addition to the obligations set forth elsewhere in this Agreement, shall:

4.1.1. Devote Coach's full time and best efforts to the performance of Coach's duties under this Agreement;

4.1.2. Develop and implement programs and procedures with respect to the evaluation, recruitment, training, and coaching of Team members which enable them to compete successfully and reasonably protect their health, safety, and well-being;

4.1.3. Observe and uphold all academic standards, requirements, and policies of the University ~~(College)~~ and encourage Team members to perform to their highest academic potential and to graduate in a timely manner; and

4.1.4. Know, recognize, and comply with all applicable laws and the policies, rules and regulations of the University ~~(College)~~, the University (College)'s University's governing board, the conference, and the NCAA ~~(or NAIA)~~; supervise and take appropriate steps to ensure that Coach's assistant coaches, any other employees for whom Coach is administratively responsible, and the members of the Team know, recognize, and comply with all such laws, policies, rules and regulations; and immediately report to the Director and to the Department's Director of Compliance if Coach has reasonable cause to believe that any person or entity, including without limitation representatives of the University (College)'s University's athletic interests, has violated or is likely to violate any such laws, policies, rules or regulations. Coach shall cooperate fully with the University ~~(College)~~ and Department at all times. The names or titles of employees whom Coach supervises are attached as Exhibit AC. The applicable laws, policies, rules, and regulations include: (a) State Board of Education and Board of Regents of the University of Idaho Governing Policies and Procedures and Rule Manual; (b) University (College)'s University's Handbook; (c) University (College)'s University's Administrative Procedures Manual; (d) the policies of the Department; (e) NCAA ~~(or NAIA)~~ rules and regulations; and (f) the rules and regulations of the ~~(Sport) soccer~~ conference of which the University ~~(College)~~ is a member.

4.2 Outside Activities. Coach shall not undertake any business, professional or personal activities, or pursuits that would prevent Coach from devoting Coach's full time and best efforts to the performance of Coach's duties under this Agreement, that would otherwise detract from those duties in any manner, or that, in the opinion of the University ~~(College)~~, would reflect adversely upon the University ~~(College)~~ or its athletic program. Subject to the terms and conditions of this Agreement, Coach may, with the prior written approval of the Director, who may consult with the President, enter into separate arrangements for outside activities and endorsements which are consistent with Coach's obligations under this Agreement. Coach may not use the University (College)'s University's name, logos, or trademarks in connection with any such arrangements without the prior written approval of the Director and the President.

4.3 NCAA (or NAIA) Rules. In accordance with NCAA ~~(or NAIA)~~ rules, Coach shall obtain prior written approval from the University (College)'s University's President for all athletically related income and benefits from sources outside the University ~~(College)~~ and shall ~~report~~ provide a written detailed account of the source and amount of all such income and benefits to the University (College)'s University's President whenever reasonably requested, but in no event less than annually before the close of business on June 30th of each year or the last regular University ~~(College)~~ work

day preceding June 30th. The report shall be in a format reasonably satisfactory to University ~~(College)~~. Sources of such income include, but are not limited to, the following:

- (a) Income from annuities;
- (b) Sports camps;
- (c) Housing benefits, including preferential housing arrangements;
- (d) Country club memberships;
- (e) Complimentary ticket sales;
- (f) Television and radio programs; and
- (g) Endorsement or consultation contracts with athletics shoe, apparel or equipment manufacturers.

In no event shall Coach accept or receive directly or indirectly any monies, benefits, or gratuities whatsoever from any person, association, corporation, University ~~(College)~~ booster club, University ~~(College)~~ alumni association, University ~~(College)~~ foundation, or other benefactor, if the acceptance or receipt of the monies, benefits, or gratuities would violate applicable law or the policies, rules, and regulations of the University ~~(College)~~, the University (College)'s University's governing board, the conference, or the NCAA ~~(or NAIA)~~.

4.4 Hiring Authority. Coach shall have the responsibility and the sole authority to recommend to the Director the hiring and termination of assistant coaches for the Team, but the decision to hire or terminate an assistant coach shall be made by the Director and shall, when necessary or appropriate, be subject to the approval of President and the University (College)'s University's Board of ~~(Trustees or Regents)~~.

4.5 Scheduling. Coach shall consult with, and may make recommendations to, the Director or the Director's designee with respect to the scheduling of Team competitions, but the final decision shall be made by the Director or the Director's designee.

4.76 Other Coaching Opportunities. Coach shall not, under any circumstances, interview for, negotiate for, or accept employment as a coach at any other institution of higher education or with any professional sports team, requiring performance of duties prior to the expiration of this Agreement, without the prior approval of the Director. Such approval shall not be unreasonably ~~be~~ withheld.

ARTICLE 5

5.1 Termination of Coach for Cause. The University ~~(College)~~ may, in its discretion, suspend Coach from some or all of Coach's duties, temporarily or permanently, and with or without pay; reassign Coach to other duties; or terminate this Agreement at any time for good or adequate cause, as those terms are defined in applicable rules and regulations.

5.1.1 In addition to the definitions contained in applicable rules and regulations, University ~~(College)~~ and Coach hereby specifically agree that the following

ATTACHMENT 2

shall constitute good or adequate cause for suspension, reassignment, or termination of this Agreement:

- a) A deliberate or major violation of Coach's duties under this agreement or the refusal or unwillingness of Coach to perform such duties in good faith and to the best of Coach's abilities;
- b) The failure of Coach to remedy any violation of any of the terms of this agreement within 30 days after written notice from the University ~~(College)~~;
- c) A deliberate or major violation by Coach of any applicable law or the policies, rules or regulations of the University ~~(College)~~, the University ~~(College)~~'s governing board, the conference or the NCAA ~~(NAIA)~~, including but not limited to any such violation which may have occurred during the employment of Coach at another NCAA or NAIA member institution;
- d) Ten (10) working days' absence of Coach from duty without the University ~~(College)~~'s consent;
- e) Any conduct of Coach that constitutes moral turpitude or that would, in the ~~University (College)~~'s ~~University's~~ judgment, reflect adversely on the University ~~(College)~~ or its athletic programs;
- f) The failure of Coach to represent the University ~~(College)~~ and its athletic programs positively in public and private forums;
- g) The failure of Coach to fully and promptly cooperate with the NCAA ~~(NAIA)~~ or the University ~~(College)~~ in any investigation of possible violations of any applicable law or the policies, rules or regulations of the University ~~(College)~~, the ~~University (College)~~'s ~~University's~~ governing board, the conference, or the NCAA ~~(NAIA)~~;
- h) The failure of Coach to report a known violation of any applicable law or the policies, rules or regulations of the University ~~(College)~~, the ~~University (College)~~'s ~~University's~~ governing board, the conference, or the NCAA ~~(NAIA)~~, by one of Coach's assistant coaches, any other employees for whom Coach is administratively responsible, or a member of the Team; or
- i) A violation of any applicable law or the policies, rules or regulations of the University ~~(College)~~, the ~~University (College)~~'s ~~University's~~ governing board, the conference, or the NCAA ~~(NAIA)~~, by one of Coach's assistant coaches, any other

employees for whom Coach is administratively responsible, or a member of the Team if Coach knew or should have known of the violation and could have prevented it by ordinary supervision.

5.1.2 Suspension, reassignment, or termination for good or adequate cause shall be effectuated by the University ~~(College)~~ as follows: before the effective date of the suspension, reassignment, or termination, the Director or his or her designee shall provide Coach with notice, which notice shall be accomplished in the manner provided for in this Agreement and shall include the reason(s) for the contemplated action. Coach shall then have an opportunity to respond. After Coach responds or fails to respond, University ~~(College)~~ shall notify Coach whether, and if so when, the action will be effective.

5.1.3 In the event of any termination for good or adequate cause, the ~~University (College)'s~~ University's obligation to provide compensation and benefits to Coach, whether direct, indirect, supplemental or collateral, shall cease as of the date of such termination, and the University ~~(College)~~ shall not be liable for the loss of any collateral business opportunities or other benefits, perquisites, or income resulting from outside activities or from any other sources.

5.1.4 If found in violation of NCAA ~~(NAIA)~~ regulations, Coach shall, in addition to the provisions of Section 5.1, be subject to disciplinary or corrective action as set forth in the provisions of the NCAA ~~(NAIA)~~ enforcement procedures, including suspension without pay or termination of employment for significant or repetitive violations. This section applies to violations occurring at the University ~~(College)~~ or at previous institutions at which the Coach was employed.

5.2 Termination of Coach for Convenience of University ~~(College)~~.

5.2.1 At any time after commencement of this Agreement, University ~~(College)~~, for its own convenience, may terminate this Agreement by giving ten (10) days prior written notice to Coach.

5.2.2 In the event that University ~~(College)~~ terminates this Agreement for its own convenience, University ~~(College)~~ shall ~~be obligated to pay to Coach, as liquidated damages and not a penalty,~~ the salary set forth in section 3.1.1(a), excluding all deductions required by law, on the regular paydays of University ~~(College)~~ until the term of this Agreement ends or until Coach obtains reasonably comparable employment, whichever occurs first, provided however, in the event Coach obtains lesser employment after such termination, then the amount of compensation University pays will be adjusted and reduced by the amount of compensation paid Coach as a result of such lesser employment, such adjusted compensation to be calculated for each University pay-period by reducing the gross salary set forth in section 3.1.1(a) (before deductions required by law) by the gross compensation paid to Coach under the lesser employment, then subtracting from this adjusted gross compensation deductions according to law. In

addition, Coach will be entitled to continue his health insurance plan and group life insurance as if he remained a University ~~(College)~~ employee until the term of this Agreement ends or until Coach obtains reasonably comparable employment or any other employment providing Coach with a reasonably comparable health plan and group life insurance, whichever occurs first. Coach shall be entitled to no other compensation or fringe benefits, except as otherwise provided herein or required by law. Coach specifically agrees to inform University within ten business days of obtaining other employment and to advise University of all relevant terms of such employment, including without limitation the nature and location of the employment, salary, other compensation, health insurance benefits, life insurance benefits, and other fringe benefits. Failure to so inform and advise University shall constitute a material breach of this Agreement and University's obligation to pay compensation under this provision shall end. Coach further agrees to repay to University all compensation paid to him by University after the date he obtains other employment, to which he is not entitled under this provision.

5.2.3 ~~The parties have both~~ University has been represented by legal counsel, and Coach has either been represented by legal counsel or has chosen to proceed without legal counsel, in the contract negotiations ~~and~~. The parties have bargained for and agreed to the foregoing ~~liquidated damages~~ provision, giving consideration to the fact that the Coach may lose certain benefits, supplemental compensation, or outside compensation relating to his employment with University ~~(College), which damages that~~ are extremely difficult to determine with certainty. The parties further agree that the payment of such ~~liquidated damages compensation~~ by University ~~(College)~~ and the acceptance thereof by Coach shall constitute adequate and reasonable compensation to Coach ~~for the damages and injury suffered by Coach because of such termination by University (College). The liquidated damages are~~. Such compensation is not, and shall not be construed to be, a penalty.

5.3 Termination by Coach for Convenience.

5.3.1 The Coach recognizes that his promise to work for University ~~(College)~~ for the entire term of this Agreement is of the essence of this Agreement. The Coach also recognizes that the University ~~(College)~~ is making a highly valuable investment in his employment by entering into this Agreement and that its investment would be lost were he to resign or otherwise terminate his employment with the University ~~(College)~~ before the end of the contract term.

5.3.2 The Coach, for his own convenience, may terminate this Agreement during its term by giving prior written notice to the University ~~(College)~~. Termination shall be effective ten (10) days after notice is given to the University ~~(College)~~.

5.3.3 If the Coach terminates this Agreement for convenience at any time, all obligations of the University ~~(College)~~ shall cease as of the effective date of the termination. If the Coach terminates this Agreement for his convenience he shall pay to the University ~~(College), as liquidated damages and not a penalty, for the breach of this~~

~~Agreement~~ the following ~~sums~~: (a) if the Agreement is terminated on or before ~~December 31, 2011~~, the sum of ~~\$3010,000.00~~; (b) if the Agreement is terminated between ~~January 1, 2012~~ and ~~December 31, 2012~~ inclusive, the sum of ~~\$205,000.00~~; (c) if the Agreement is terminated between ~~January 1, 2013~~ and ~~December 31, 2013~~ inclusive, ~~the sum of \$10,000.00. The liquidated damages there will be no buyout payment.~~ Sums shall be due and payable within twenty (20) days of the effective date of the termination, and any unpaid amount shall bear simple interest at a rate eight (8) percent per annum until paid.

~~5.3.4 The parties have both~~ University has been represented by legal counsel, ~~and Coach has either been represented by legal counsel or has chosen to proceed without legal counsel~~ in the contract negotiations ~~and. The parties~~ have bargained for and agreed to the foregoing ~~liquidated damages~~ provision, giving consideration to the fact that the University ~~(College)~~ will incur administrative and recruiting costs in obtaining a replacement for Coach, in addition to potentially increased compensation costs if Coach terminates this Agreement for convenience, ~~which damages that~~ are extremely difficult to determine with certainty. The parties further agree that the payment of such ~~liquidated damages~~ sums by Coach and the acceptance thereof by University ~~(College)~~ shall constitute adequate and reasonable compensation to University ~~(College)~~ ~~for the damages and injury suffered by it because of such termination by Coach. The liquidated damages.~~ Such payments are not, and shall not be construed to be, a penalty. This section 5.3.4 shall not apply if Coach terminates this Agreement because of a material breach by the University ~~(College)~~.

~~5.3.5. Except as~~ provide ~~provided~~ elsewhere in this Agreement, if Coach terminates this Agreement for convenience, he shall forfeit to the extent permitted by law his right to receive all supplemental compensation and other payments.

5.4 Termination due to Disability or Death of Coach.

5.4.1 Notwithstanding any other provision of this Agreement, this Agreement shall terminate automatically if Coach becomes totally or permanently disabled as defined by the ~~University (College)'s~~ University's disability insurance carrier, becomes unable to perform the essential functions of the position of head coach, or dies.

5.4.2 If this Agreement is terminated because of Coach's death, Coach's salary and all other benefits shall terminate as of the last day worked, except that the Coach's personal representative or other designated beneficiary shall be paid all compensation due or unpaid and death benefits, if any, as may be contained in any fringe benefit plan now in force or hereafter adopted by the University ~~(College)~~ and due to the Coach's estate or beneficiaries thereunder.

5.4.3 If this Agreement is terminated because the Coach becomes totally or permanently disabled as defined by the ~~University (College)'s~~ University's disability insurance carrier, or becomes unable to perform the essential functions of the position of

head coach, all salary and other benefits shall terminate, except that the Coach shall be entitled to receive any compensation due or unpaid and any disability-related benefits to which he is entitled by virtue of employment with the University ~~(College)~~.

5.5 Interference by Coach. In the event of termination, suspension, or reassignment, Coach agrees that Coach will not interfere with the University (College)'s University's student-athletes or otherwise obstruct the University (College)'s University's ability to transact business or operate its intercollegiate athletics program.

5.6- No Liability. The University ~~(College)~~ shall not be liable to Coach for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of any termination of this Agreement by either party or due to death or disability or the suspension or reassignment of Coach, regardless of the circumstances.

5.7- Waiver of Rights. Because the Coach is receiving a multi-year contract and the opportunity to receive supplemental compensation and because such contracts and opportunities are not customarily afforded to University ~~(College)~~-employees, if the University ~~(College)~~ suspends or reassigns Coach, or terminates this Agreement for good or adequate cause or for convenience, Coach shall have all the rights provided for in this Agreement but hereby releases the University ~~(College)~~ from compliance with the notice, appeal, and similar employment-related rights provide for in the State Board of Education and Board or Regents of the University of Idaho Rule Manual (IDAPA 08) and Governing Policies and Procedures Manual, and the University ~~(College)~~ Faculty-Staff Handbook.

ARTICLE 6

6.1 Board Approval. This Agreement shall not be effective until and unless approved of the University (College)'s University's Board of ~~-(Regents-or Trustees)-~~ and executed by both parties as set forth below. In addition, the payment of any compensation pursuant to this agreement shall be subject to the approval of the University (College)'s University's Board of ~~-(Regents-or Trustees)-~~, the President, and the Director; the sufficiency of legislative appropriations; the receipt of sufficient funds in the account from which such compensation is paid; and the Board of ~~-(Regents or Trustees)-~~ and University (College)'s University's rules regarding financial exigency.

6.2 University (College) Property. All personal property (excluding vehicle(s) provided through the ~~_____~~ Vandal Wheels program), material, and articles of information, including, without limitation, keys, credit cards, personnel records, recruiting records, team information, films, statistics or any other personal property, material, or data, furnished to Coach by the University ~~(College)~~ or developed by Coach on behalf of the University ~~(College)~~ or at the University (College)'s University's direction or for the University (College)'s University's use or otherwise in connection with Coach's employment hereunder are and shall remain the sole property of the

University ~~(College)~~. Within twenty-four (24) hours of the expiration of the term of this agreement or its earlier termination as provided herein, Coach shall immediately cause any such personal property, materials, and articles of information in Coach's possession or control to be delivered to the Director.

6.3 Assignment. Neither party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party.

6.4 Waiver. No waiver of any default in the performance of this Agreement shall be effective unless in writing and signed by the waiving party. The waiver of a particular breach in the performance of this Agreement shall not constitute a waiver of any other or subsequent breach. The resort to a particular remedy upon a breach shall not constitute a waiver of any other available remedies.

6.5 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain in effect.

6.6 Governing Law. This Agreement shall be subject to and construed in accordance with the laws of the state of Idaho as an agreement to be performed in Idaho. Any action based in whole or in part on this Agreement shall be brought in the courts of the state of Idaho.

6.7 Oral Promises. Oral promises of an increase in annual salary or of any supplemental or other compensation shall not be binding upon the University ~~(College)~~.

6.8 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes ~~therefor~~ therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (including financial inability), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage.

6.9 Confidentiality. The Coach hereby consents and agrees that this document may be released and made available to the public after it is signed by the Coach. The Coach further agrees that all documents and reports he is required to produce under this Agreement may be released and made available to the public at the University ~~(College)~~'s University's sole discretion.

6.10 Notices. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or certified mail with return receipt requested or by facsimile. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

the University ~~(College)~~: _____ Director of Athletics

_____ University of Idaho
_____ P.O. Box 442302
_____ Moscow, Idaho 83844-2302

with a copy to: President

_____ University of Idaho
_____ P.O. Box 443151
_____ Moscow, ID 83844-3151

the Coach: _____ Peter Showler
Last known address on file with
_____ University (College)'s University's Human Resource
Services

Any notice shall be deemed to have been given on the earlier of: (a) actual delivery or refusal to accept delivery, (b) the date of mailing by certified mail, or (c) the day facsimile delivery is verified. Actual notice, however and from whomever received, shall always be effective.

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

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

6.13 Non-Use of Names and Trademarks. The Coach shall not, without the University (College)'s University's prior written consent in each case, use any name, trade name, trademark, or other designation of the University (~~College~~) (including contraction, abbreviation or simulation), except in the course and scope of his official University (~~College~~) duties.

6.14 No Third Party Beneficiaries. There are no intended or unintended third party beneficiaries to this Agreement.

6.15 Entire Agreement; -Amendments. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements and understandings with respect to the same subject matter. No amendment or modification of this Agreement shall be effective unless in writing, signed by both parties, and approved by University (College)'s University's Board of ~~-(Regents-or Trustees)-~~.

ATTACHMENT 2

6.16 Opportunity to Consult with Attorney. The Coach acknowledges that he has had the opportunity to consult and review this Agreement with an attorney: and has either consulted with legal counsel or chosen not to. Accordingly, in all cases, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party.

UNIVERSITY ~~(COLLEGE)~~

COACH

_____, ~~President~~ M. Duane Nellis
Showler, Date
President

Date _____ Peter

Approved by the Board of ~~(Regents or Trustees)~~ on the _____ day of _____,
2000 _____, 2011.

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**PETER SHOWLER – WOMEN'S SOCCER COACH
2011 MULTI-YEAR CONTRACT – SUBSTANTIVE MODIFICATIONS FROM SBOE FORM**

Model Contract Section	UI Contract Section	Modification/Justification for Modification
3.1.1 Regular Compensation	3.1.1 Regular Compensation	Allows for annual increases consistent with University-wide salary increases.
Supplemental Compensation	3.2.1 Supplemental Compensation	Allows for supplemental compensation if Team is the conference champion or co-champion.
3.2.1 Supplemental Compensation	3.2.2 Supplemental Compensation	Allows for supplemental compensation if coach is named conference coach of the year
3.2.2 Supplemental Compensation	3.2.3 Supplemental Compensation	Allows for supplemental compensation if team finishes in the top 20 in the NCAA championships.
	3.2.4 Supplemental Compensation	Adds new paragraph allowing for supplemental compensation if Team qualifies for play in the WAC tournament.
	3.2.5 Supplemental Compensation	Adds new paragraph allowing for supplemental compensation if Team achieves a winning record.
	3.2.6 Supplemental Compensation	Adds a new paragraph allowing for supplemental compensation if Team wins 12 regular season games.
3.2.3 Supplemental Compensation	3.2.7 Supplemental Compensation	Allows for supplemental compensation if Team's cumulative APR ranks nationally within intercollegiate women's soccer at the 50 th percentile or higher.
3.2.4 Supplemental Compensation		This section would have provided for supplemental compensation based on ticket sales, fundraising and outreach. Soccer is not a revenue-generating sport and it is therefore not applicable.
3.2.5 Supplemental Compensation	3.2.8 Supplemental Compensation	Language calls for media compensation to be paid ½ at the beginning of the regular season and ½ after the last contest of the season. Payment is made contingent on the team's academic performance This recognizes that much media work has been done by the coach prior to commencement of the season, and at the same time retains ½ of the payment as motivation for completing the season.
3.2.6 Summer Camps	3.2.9 Supplemental Compensation	Amount of compensation for participation in University's summer soccer camps not specified. Coach will receive balance of income from camp after all operational expenses have been paid. Adds alternative language allowing coach to operate private summer camps if University opts not to run them.
3.2.7 Footwear, apparel and equipment	3.2.10 Footwear, apparel and equipment	Number of section changed. No substantive changes.
4.3 NCAA Rules	4.3 NCAA Rules	Revised to conform to NCAA Rule 11.2.2 effective 3/8/06. Rule requires a written detailed account of athletically related income and identifies some of the sources that must be reported as "including but not limited to..."
5.2.2 University Termination for Convenience	5.2.2 University Termination for Convenience	Language allows the University to offset salary received by Coach for lesser employment obtained after University termination for convenience. Prior language would allow coach to take lesser employment and continue to receive full termination payment. Language also requires Coach to inform

Model Contract Section	UI Contract Section	Modification/Justification for Modification
		University of the terms of any new employment so University can accurately determine the compensation, if any, to which Coach is entitled. References to liquidated damages are deleted because the compensation due upon termination for convenience flows from a contractual right to terminate and not from a breach of the contract. The non-terminating party is entitled to compensation, not damages for breach.
5.2.3 Representation by Counsel	5.2.3 Representation by Counsel; compensation for termination	Language clarifies that the parties have been represented by counsel or that Coach <u>chose to proceed without counsel</u> during the negotiations. The underlined language is new and recognizes the fact that we cannot require candidates to retain counsel. References to liquidated damages are deleted for the same reason as in 5.2.2.
5.3.3 Coach Termination for Convenience	5.3.3 Coach Termination for Convenience	References to liquidated damages are deleted for the same reason as in 5.2.2.
5.3.4 Representation by Counsel	5.3.4 Representation by Counsel; for termination	Same as 5.2.3. above.
6.16 Opportunity to Consult with Attorney	6.16 Opportunity to Consult with Attorney	Adds language similar to 5.2.2 to make clear that Coach had the opportunity to consult with counsel and either did or chose not to.

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

UNIVERSITY OF IDAHO

SUBJECT

Benefit Enrollment Management Services contract between the University of Idaho and Morneau Shepell Limited

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.3

BACKGROUND/DISCUSSION

The University of Idaho issued a Request for Proposal for services on March 4, 2011. These services include employee benefit enrollment, retiree and COBRA administration. Ten vendors were solicited along with public notice. We received six responses. After careful evaluation of proposals the submittal provided by Morneau Shepell Limited is recommended for contract award.

IMPACT

The agreement has an initial three-year term with two additional one-year optional renewal periods. The agreement is anticipated to cost \$1,097,385 over the entire five year period.

ATTACHMENTS

Attachment 1 – Proposed Contract	Page 3
Attachment 2 – Request for Proposal	Page 17
Attachment 3 – Morneau Shepell Limited's Response	Page 45

STAFF COMMENTS AND RECOMMENDATIONS

This is a request for approval of a contract with a third party vendor for full service employee benefits administration (including COBRA Continuation Health Coverage and retirees). The vendor, if approved, would provide services including, but not limited to: develop enrollment website, enroll all employees and retirees, liaison with carriers, manage life event changes (e.g. birth, retirement), provide University with payroll deductions file, bill and collect retiree premium payments, administer COBRA, manage open enrollment, operate call center.

UI has determined the named vendor provided the best bid response for providing benefits enrollment management. The accepted bid has a cost of \$75,000 (one-time implementation fee) and \$5.35 per employee per month (the UI has a staff of approximately 2,300 with 890 retirees). Staff recommends approval.

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 23, 2011

BOARD ACTION

I move to approve the agreement between the University of Idaho and Morneau Shepell Limited, in substantial conformance with the contract submitted to the Board as Attachment 1, and to authorize the Director of Purchasing Services to execute the agreement on behalf of the Board.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Seven Parkway Center – Suite 500
875 Greentree Road
Pittsburg, PA 15220-3508
Attn: Paul Sywulych
Vice President, Solution Architecture
Phone : (412) 919-4805
Fax: (412) 922-6119
psywulych(@)morneaushepell.com

with a copy to:

Morneau Shepell Ltd.
Suite 700, 895 Don Mills Road
One Morneau Sobeco Centre
Toronto, ON M3C 1W3

Attention: General Counsel
Facsimile #: 416-445-7989

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 COMPENSATION AND TAXES

The fees payable to the Contractor for the provision of services under this Agreement shall be as outlined in the Proposal, which shall include everything necessary for the performance of this Agreement and all requested services contained in the RFP.

Functions which are not included in this Agreement as requested services but which are identified by the parties in the course of the provision of services as necessary or desirable, will be subject to additional charges and be subject to the terms of this Agreement. If future changes in technology or the plans lead to required changes to service delivery procedures, the Contractor shall be permitted to reasonably adjust its fees in respect of such changes. To reasonably adjust its fees, Contractor must give notice to the University of the need for such change in fees. Once Contractor gives notice, the parties shall negotiate a reasonable adjustment to the fees. No change in fees shall go into effect until the parties agree on the new fees structure or amount. If the parties are unable to agree on a reasonable adjustment to the fees within thirty (30) days of the University being notified of the need to adjust fees, then such fee dispute shall be promptly

escalated to the senior executives of each party. In the event of such escalation, the senior executives of each party shall promptly review and attempt co-operatively and with due diligence to resolve the fee dispute. Neither party shall suspend or delay the performance of any of its other obligations under this Agreement while such dispute is being resolved.

The University shall pay the Contractor within thirty (30) days of the date of an invoice. Interest on overdue invoices will accrue at a rate of 1% per month (12.68% per annum, compounded monthly).

The fees and other charges provided for in this Agreement do not include applicable taxes, all of which taxes as are levied shall be paid by the University. Any future taxes or increases in existing taxes shall be the responsibility of and shall be paid by the University and shall not reduce the compensation otherwise payable to the Contractor hereunder.

1.4 TERM OF AGREEMENT

The initial term of this agreement shall be from July 1, 2011 through December 31, 2014 unless renewed or terminated earlier according to the provisions hereof. The term of this agreement may, if mutually agreed, be extended by two (2) additional one- (1-) year increments for a total of two (2) additional years, provided the Contractor receives written notice of each extension at least one-hundred eighty (180) 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 provided however, prior to any renewal, the fees set out in the Proposal shall be adjusted as mutually agreed by the parties.

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, purchase order number, itemization of materials and services, and correct Agreement pricing. A packing slip referencing current pricing must accompany each order.

Invoices for payment must be submitted by the Contractor to:

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

1.7 ON SITE AUDIT

The University shall have the opportunity to attend the Contractor's premises during regular business hours for two (2) days annually upon thirty (30) business days' written notice to examine the records of the Contractor necessary to verify fees invoiced by the Contractor pursuant to this Agreement. The Contractor shall be provided with any draft findings, reports, or observations and have a reasonable period of time to respond thereto. Upon the conclusion of an audit, a copy of any findings, reports or observations shall be provided to the Contractor. The University shall have the right to have the records of the Contractor sent to the University by paying the mailing or shipping costs related to sending the records, if the records are not contained in an electronic record. If the records are available electronically, then Contractor shall send it to the University via electronic means.

1.8 TERMS AND CONDITIONS

Paragraphs 6-3, 6-4, 6-34, 6-38(a), 6-38(d), 6-40, 7-2, 7-3 and the General Terms and Conditions (Page 23-24) of the Request for Proposal are deleted in their entirety and replaced with the following, all other General Terms and Conditions remain as stated in the RFP:

6-3 TERMINATION FOR CONVENIENCE

The University may terminate this Agreement, in whole or in part, at any time with 180 day 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. Further, in the event the University terminates this Agreement pursuant to this section, it shall pay all fees and charges incurred by the Contractor, on a time and materials basis, in respect of implementation and transition services. 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.

6-4 TERMINATION FOR DEFAULT

- (a) For the purposes of this Agreement. "Default" or "Material Breach" means that either party is unable or unwilling to perform a function that is material, vital, or fundamental to performing its part of this Agreement, but excluding force majeure circumstances as outlined in this Agreement. If any party is in Material Breach of this Agreement, the other party shall without prejudice to any other rights and remedies it has, give the party in Material Breach a written notice of Default setting forth the manner in which the non-defaulting party believes has occurred and which constitute or evidence a Default, the provisions that have not been performed or complied with, and the actions which, in the opinion of the non-defaulting party, would be required to comply with such provisions and cure the Default.

- (b) Unless mutually agreed to by the parties, upon written notification of a Material Breach, the Defaulting party will have thirty (30) calendar days to cure or correct such Default. Notwithstanding the foregoing any failure or Default involving data integrity or security, caused solely by the Contractor, shall require immediate corrective action and steps must be taken by the Contractor to cure or correct such failure or Default within twenty-four (24) hours of first becoming aware of the situation. If Contractor first becomes aware of such failure or Default involving data integrity or security upon receiving a notice of Default, Contractor must, within twenty-four (24) hours of receiving a notice of Default, take immediate corrective action to cure or correct the failure or 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 this Agreement.
- (c) If the Defaulting party fails to cure the Material Breach within the remedy period set out in section 6-4 hereof, this Agreement may be terminated immediately by the non-defaulting party by giving written notice.

6-34 DATA COMPROMISE RESPONSE

- (a) Immediately upon becoming aware of a Data Compromise, or of circumstances that could have resulted in unauthorized access to or disclosure or use of the University or End User Data, the Contractor will notify the University, fully investigate the incident, and cooperate fully with the University's investigation of and response to the incident. Except as otherwise required by law, the Contractor will not provide notice of the incident directly to the persons whose data were involved, regulatory agencies, or other entities, without prior written permission from the University.
- (b) In the case of a Data Compromise the parties shall agree, on a case by case basis, on a plan to investigate the Data Compromise, including but not limited to, which party shall take the lead of the investigation, any requirement of third party assistance, the process of notifying plan members and/or regulatory agencies and any costs relating to the investigation.

6-38 (a) DATA SECURITY AND INTEGRITY

All facilities used to store and process the University and End User data will employ commercial best practices, including appropriate administrative, physical, and technical safeguards, to secure such data from unauthorized access, disclosure, alteration, and use. Such measures will be no less protective than those used to secure the Contractor's own data of a similar type, and in no event less than reasonable in view of the type and nature of the data involved. Without limiting the foregoing, the Contractor warrants that all the University's Data and End User Data will be encrypted in transmission (including via web interface) and storage at no less than 128 bit level encryption.

6-38(d) DATA SECURITY AND INTEGRITY

The Contractor will at its expense conduct or have conducted at least annually:

- A SAS 70 audit of the Contractor's security policies, procedures and controls resulting in the issuance of a Service Auditor's Report Type II;
- A vulnerability scan, performed by a scanner mutually agreed on by the parties, of the Contractor's systems and facilities that are used in any way to deliver services under this Agreement; and
- A formal penetration test, performed by a process and qualified personnel mutually agreed on by the parties, of the Contractor's systems and facilities that are used in any way to deliver services under this Agreement.

6-40 RESPONSE TO LEGAL ORDERS, DEMANDS OR REQUESTS FOR DATA

(a) Except as otherwise expressly prohibited by law, the Contractor will:

- Immediately notify the University of any subpoenas, warrants, or other legal orders, demands or requests received by the Contractor seeking University and/or End User Data;
- Consult with the University regarding its response;
- Cooperate with the University's reasonable requests in connection with efforts by the University to intervene and quash or modify the legal order, demand or request; and
- Upon the University's request, provide the University with a copy of its response.

(b) If the University receives a subpoena, warrant, or other legal order, demand or request seeking University or End User Data maintained by the Contractor, the University will promptly provide a copy to the Contractor. The Contractor will promptly supply the University with copies of data required.

(c) If the Contractor receives a subpoena, warrant, or other legal order, demand or request seeking the University or End User Data maintained by the Contractor, the Contractor shall be compensated by the University for reasonable fees incurred by the Contractor on a time and material basis for the time it spends on such requests.

7-2 INDEMNIFICATION

(a) The Contractor's liability, if any, to any person, arising out of or in any way related to this Agreement or the performance of its duties and obligations hereunder, shall for all purposes in total be limited to direct damages in an amount not to exceed the equivalent of twelve (12) months fees payable by the University hereunder. No

action, regardless of form, arising out of or relating to this Agreement may be brought by the University more than one (1) year after the cause of action has accrued. In no event shall the Contractor have any liability at any time for any loss of profits, loss of business revenue, failure to realize expected savings, or for any indirect, special, or consequential damages, even if advised of the possibility of such damages.

The Contractor shall indemnify, defend and hold harmless the University and its governing board, employees, agents, and assigns, 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 the Contractor's part to be performed under the terms of this Agreement, or arising from any act, negligence or the failure to act of the Contractor, or any of its agents, contractors, employees, invitees or guests.

The University shall promptly notify the Contractor, Attn: General Counsel, Suite 700, 895 Don Mills Road, One Morneau Sobeco Centre, Toronto, ON M3C 1W3 of any such claim of which it has knowledge and shall cooperate fully with the Contractor or its representatives in the defense of the same.

This provision shall survive the termination of this Agreement.

- (b) Subject to the limits of liability specified in Idaho Code 6-901 through 6-929, known as the Idaho Tort Claims Act, the University shall indemnify and hold harmless the Contractor, its agents, and employees, from and/or against any and all claims, losses, damages, injuries, liabilities and all costs, including reasonable attorney's 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 the University's part to be performed under the terms of this Agreement, or arising from any act, negligence or the failure to act of the University, of any of its agents, contractors, employees, invitees or guests.

This indemnification does not apply when such claims, damages, and liabilities are the result of negligent acts, erroneous conduct, willful misconduct or fault on the part of the Contractor, its agents or assigns, or when the claim or suit is made against the Contractor by the University or any of its agencies.

The Contractor shall promptly notify the University of Idaho, Attn: Risk Management Officer, PO Box 443162, Moscow, Idaho 83844-3162, of any such claim of which it has knowledge and shall cooperate fully with the University or its representatives in the defense of the same.

The University's liability coverage is provided through a self-funded liability program administered by the State of Idaho Office of Insurance Management. Limits of liability, and this indemnification, are \$500,000 Combined Single Limits, which amount is the University's limit of liability under the Idaho Tort Claims Act.

This provision shall survive the termination of this Agreement.

7-3 INSURANCE

7.3.1 General Requirements

7.3.1.1 Contractor and its subcontractor(s) of any tier are required to carry the types and limits of insurance shown in this insurance clause, section 7.3, 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 endeavor to provide for thirty (30) days’ written notice to University prior to cancellation of any insurance referred to therein as evidenced by return receipt of United States certified mail. The Contractor shall provide notice of any non-renewal or other material adverse change of any insurance referenced in the certificate within 30 days. Said certificates shall evidence compliance with all provisions of this section 7.3.

7.3.1.2 Deleted

7.3.1.3 All insurance required hereunder shall be maintained in full force and effect with insurers with Best’s rating of AV or better and be authorized to provide insurance coverage 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.

7.3.1.4 All policies except Workers Compensation and Professional Liability shall name University as Additional Insured up to the insurance limits in this Agreement. 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.

7.3.1.5 Failure of University to demand such certificate or other evidence of full compliance with these insurance requirements or failure of University 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.

7.3.1.6 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.

8.1.7 Contractor is responsible for coordinating the reporting of claims and for the following: (a) notifying the University 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.

7.3.2 Required Insurance Coverage.

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

7.3.2.1 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 \$1,000,000 each occurrence and in the aggregate. If such CGL insurance contains a general aggregate limit, it shall be \$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.

7.3.2.2 Commercial Auto Insurance. Contractor does not own any vehicles but will provide non-owned automobile liability coverage under the Commercial General Liability insurance.

7.3.2.3 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, except if such loss is caused by the negligence of University, its employees, officers or agents. Waiver of subrogation language shall be included.

7.3.2.4 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 \$100,000 / \$500,000 / \$100,000.

1.9 OBLIGATIONS ON TERMINATION

Upon the termination of this Agreement:

- (a) The Contractor shall provide the University with all records and documents maintained by the Contractor in connection with the performance of its duties and obligations under this Agreement within one month following termination, unless the parties agree mutually to a longer time period;
- (b) The University shall forthwith pay all monthly installments of fees which were due and payable prior to the date of termination, along with any outstanding accounts payable to the Contractor;
- (c) The University and the Contractor will agree, in advance, to a transition plan outlining the services to be performed, special reports to be provided, data extracts to be provided, services to be provided, timeline for execution, and the fees and costs associated with this transition;
- (d) The University agrees to pay to the Contractor its fees and cost associated with this transition, upon receipt of an invoice for same; and
- (e) All other duties and obligations of the parties hereunder shall cease on the date of termination, except for obligations in respect of confidentiality which shall continue after termination of the Agreement.

2.0 CORRECTION OF PROCESSING ERRORS

In the event of a processing error that affects the amount paid to or collected from a plan member or that affects a member account balance, the Contractor will take the necessary steps to correct this error. It is agreed that the University will support any reasonable efforts by the Contractor to recover the amount of any such overpayments from plan members, to collect any additional amounts due from plan members, or to adjust member accounts to the correct balance. The Contractor will not be held liable for any commitment that the University makes to adjust member payments or account balances without the prior written consent of the Contractor.

2.1 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 Agreement is July 1, 2011.

For the Regents of the

UNIVERSITY OF IDAHO

Morneau Shepell Limited

SIGN _____

SIGN _____

PRINT Christopher Johnson

PRINT _____

TITLE Director, Contracts
And Purchasing Services

TITLE _____

DATE _____

DATE _____

Schedule A – Service Standards

The service standards below assume that the Contractor has all information necessary to perform the required calculations, and that there are no programs underway (e.g. early retirement programs or downsizing activity) that create unusually high volumes of activity.

Activity	Standard
Call Center and Web site Access	
Hours available	Live operators available Monday - Friday 8:00 AM to 5:00 PM (Pacific Time), except for U.S. holidays
Access to service representative	90% of calls reach service representative within 60 seconds
Abandonment rate – waited too long	Less than 3%
Responding to inquiries about plan rules or procedures	90% responded to immediately by phone or web site access; 100% of calls returned within 1 business day
Requests for forms, plan descriptions, life event changes or other material stocked by the Contractor	Available immediately on web site in most cases; Sent within an average of 2 business days for requests requiring manual processing
For incomplete forms, call back for verification or to request missing information	Within an average of 2 business days of receipt of initial form or request
Internet browser access	Web site may be accessed using most HTML 3.2/Javascript compatible browsers. Web sites are tested for compatibility with Microsoft Internet Explorer version 5.x and above. We will test other browser versions, if required for a specific client
Web site availability	Web sites are available 24 hours a day, 7 days per week. Available 99% of the time (excluding scheduled maintenance) in the absence of factors beyond our control, with downtime for maintenance scheduled for periods of low usage to the extent possible.
Service Center Activity Reports	Prepared within 20 business days after the end of each semi annual period
Services for Group Insurance Plans	
Confirmation statement	Available immediately on web site
Process new hires, terminations, retirements, job changes, inter-company transfers and life events	Processed within an average of 5 business days of receipt of all required information
Process beneficiary designations	Processed within an average of 5 business days of receipt of all required information

Activity	Standard
Production, review and mailing of confirmation statements	Processed within an average of 5 business days of receipt of all required information
Database Management	
Update employee demographic data based on feeds from client's HRIS/payroll system(s)	Processed within an average of 1 business day following receipt of transmission
Payroll file sent to University	Sent to University no later than 1:00 pm PST on the agreed upon day
Eligibility files sent to providers	Files delivered within 8 hours of the agreed dates and times
Error Correction	When applicable, corrected on the next scheduled payroll feed provided the errors are detected within 3 business days prior to the date of the feed
Updating web site static content	Within an average of 5 business days of receiving the approved text or graphics English; limited to minor changes that are within the scope of this Agreement
Back-up and disaster recovery	The Contractor will ensure that daily back-ups of data and current software versions are kept off-site.

In the event that actual delivery of services falls below the prescribed Service Levels, a joint review between the Contractor and the University will occur. The review will include analysis of the gap and development of an action Plan to ensure standards are met in subsequent reporting periods.

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University of Idaho

Purchasing Services
1028 W. 6th Street
P.O. Box 442006
Moscow, Idaho 83844-2006

REQUEST FOR PROPOSALS NO. 11-34J

FOR

Employee Benefits Enrollment Management

For Additional Information, Please Contact:
Christopher P. Johnson, C.P.M.: Director
Phone (208) 885-6116
Fax (208) 885-6060
cjohnson@uidaho.edu
www.purchasing.uidaho.edu

Date Issued: March 4, 2011

Proposals Due: March 31, 2011

TABLE OF CONTENTS

PROPOSAL RESPONSE CERTIFICATION.....4

SECTION 1 - INSTRUCTIONS TO PROPOSERS.....5

1-1 SCOPE OF WORK5

1-2 PROPOSAL SUBMISSION5

1-3 REQUEST FOR PROPOSAL SCHEDULE5

1-4 INQUIRIES.....5

1-5 INTERPRETATION, CORRECTIONS, OR CHANGES IN RFP6

1-6 MODIFICATION OR WITHDRAWAL OF PROPOSALS6

1-7 ERASURES AND INTERLINEATIONS6

1-8 ACKNOWLEDGMENT OF AMENDMENTS OF RFP6

1-9 PROPOSAL COPIES6

1-10 OFFER ACCEPTANCE PERIOD6

1-11 REJECTION OF PROPOSALS6

1-12 PROPOSAL PRICE6

1-13 TERM OF AGREEMENT7

1-14 AWARD OF AGREEMENT7

1-15 PROPOSAL CONFIDENTIALITY7

1-16 FAR REQUIREMENT7

1-17 RECORD OF PURCHASES7

1-18 APPEAL OF AWARD.....7

SECTION 2 - INSTRUCTIONS FOR PREPARING PROPOSALS.....8

2-1 GENERAL8

2-2 RFP RESPONSE OUTLINE.....8

SECTION 3 - TECHNICAL SPECIFICATIONS.....9

3-1 CURRENT CONDITIONS9

3-2 SPECIFICATIONS9

SECTION 4 - PROCUREMENT PROCESS.....11

4-1 PROPOSER LIST AND QUALIFICATION EVALUATION.....11

4-2 PROPOSAL CLASSIFICATION11

4-3 PROPOSER INVESTIGATION11

4-4 FINAL OFFERS AND AWARD OF AGREEMENT11

SECTION 5 - EVALUATION PROCESS12

5-1 EVALUATION CRITERIA12

SECTION 6 - GENERAL CONTRACTUAL TERMS & CONDITIONS.....13

6-1 AGREEMENT TERMS AND CONDITIONS.....13

6-2 ASSIGNMENT13

6-3 TERMINATION FOR CONVENIENCE13

6-4 TERMINATION FOR DEFAULT13

6-5 APPLICABLE LAW AND FORUM13

6-6 LAWS, REGULATIONS AND PERMITS.....12

6-7 GENERAL QUALITY13

6-8 PROOF OF COMPLIANCE WITH AGREEMENT14

6-9 PAYMENT AND ACCEPTANCE14

6-10 CONTINUATION DURING DISPUTES.....14

6-11 SEVERABILITY14

6-12 INTEGRATION.....14
6-13 BINDING EFFECT.....14
6-14 APPROPRIATIONS CLAUSE.....14
6-15 IRS SECTION 501(C)(3) AND SECTION 115 CONSIDERATIONS14
6-16 COMPLIANCE WITH GOVERNOR’S EXECUTIVE ORDER.....14
6-17 DEBARMENT, SUSPENSION OR EXCLUSION15
6-18 NON-USE OF NAMES AND TRADEMARKS15
6-19 CONTRACTOR REPRESENTATIONS15
6-20 REGENTS’ APPROVAL.....15
6-21 SURVIVAL OF TERMS15
6-22 HEADINGS15
6-23 ADDITIONAL ACTS15
6-24 TIME OF ESSENCE.....15
6-25 WAIVER.....16
6-26 FORCE MAJEURE.....16
6-27 NO JOINT VENTURE.....16
6-28 INFORMATION TRUE AND CORRECT16
6-29 EQUAL OPPORTUNITY.....16
6-30 CONFIDENTIALITY16
6-31 UNIVERSITY’S RULES, REGULATIONS, AND INSTRUCTIONS.....16
ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO INFORMATION SECURITY AND DATA
MANAGEMENT17

SECTION 7 - GENERAL, PUBLIC LIABILITY, AND WORKER'S COMPENSATION INSURANCE21

7-1 RISK OF LOSS21
7-2 INDEMNIFICATION.....21

UNIVERSITY OF IDAHO PURCHASE ORDER GENERAL TERMS AND CONDITIONS.....23

APPENDIX A27

UNIVERSITY OF IDAHO REQUEST FOR PROPOSALS NO. 11-34J

PROPOSAL RESPONSE CERTIFICATION

DATE

The undersigned, as Proposer, declares that they have read the Request for Proposals, and that the following proposal 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 RFP 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 PROPOSERS

1-1 SCOPE OF WORK

The University of Idaho (herein referred to as the University) is soliciting proposals for an employee benefit enrollment management system with COBRA and retiree health and welfare administration. The University has a staff of approximately 2300 employees with 890 current retirees.

Demonstrations and/or interviews may be requested at the University’s discretion to clarify functionality and performance of proposed system.

1-2 PROPOSAL SUBMISSION

Proposal must be **SEALED and CLEARLY IDENTIFIED** with the Request for Proposals’ number, due date and time, Proposer’s name and address, and submitted no later than 4:00 p.m., Pacific Time, on March 31, 2011 to University of Idaho Purchasing Services, 1028 W. 6th Street, P.O. Box 442006, Moscow, ID 83844-2006.

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

The proposal must be signed by such individual or individuals who have full authority from the Proposer to enter into a binding Agreement on behalf of the Proposer so that an Agreement may be established as a result of acceptance of the proposal submitted. *By submitting a proposal, the Proposer is accepting the terms and conditions set forth in this Request for Proposal, and any addendums thereto, which includes general contract terms and conditions and purchase order terms and conditions.* The terms and conditions set forth in the Request for Proposals, including addendums thereto, and the Proposal and any terms and conditions included therein that are accepted by the University shall serve as the Agreement terms and conditions. The Agreement shall be subject to the applicable laws of the State of Idaho. The order of precedence of Agreement documents shall be RFP then Proposal. In addition, the Purchase Order terms and conditions shall apply to all purchase orders used under this contract. No other terms and conditions shall apply unless agreed to in writing by the parties.

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

1-3 REQUEST FOR PROPOSAL SCHEDULE

March 4, 2011	Request for Proposals issued
March 31, 2011	Proposals Due @ 4:00 p.m.

1-4 INQUIRIES

All inquiries concerning this request shall be submitted in writing (email is acceptable) and received by the University's office of Purchasing Services no later than 2:00 p.m., Pacific Time, on March 16, 2010, to:

Christopher Johnson, Director
University of Idaho
Purchasing Services
1028 West 6th Street
P.O. Box 4442006
Moscow, ID 83844-2006
Telephone: (208) 885-6116
Fax: (208) 885-6060
E-mail: cjohnson@uidaho.edu

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

1-5 INTERPRETATION, CORRECTIONS, OR CHANGES IN RFP

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

1-6 MODIFICATION OR WITHDRAWAL OF PROPOSALS

A Proposer may modify or withdraw a proposal at any time prior to the specified time and date set for the proposal 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 proposal must be initialed by the person(s) signing the proposal.

1-8 ACKNOWLEDGMENT OF ADDENDUMS TO RFP

Receipt of an addendum to this RFP must be acknowledged by a Proposer on the Proposal Response Certification.

1-9 PROPOSAL COPIES

Six (6) complete copies of the proposal shall be submitted to the University.

1-10 OFFER ACCEPTANCE PERIOD

A proposal shall constitute an offer to contract on the terms and conditions contained in this RFP and the proposal. Said proposal shall constitute an irrevocable offer for ninety (90) calendar days from the proposal opening date, even if the University makes one or more counter offers.

1-11 REJECTION OF PROPOSALS

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

1-12 PROPOSAL PRICE

The prices submitted in the proposal shall include everything necessary for the prosecution and completion of the Agreement including, but not limited to, furnishing all materials and all management, supervision, labor and service, except as may be provided otherwise in the Agreement Documents. In the event of discrepancy between the unit prices and their extensions, the total price will be adjusted accordingly. In the event of discrepancy between the sum of the extended total prices, the Total Proposal Price will be adjusted accordingly. The proposal price shall not include any allowance for Idaho State sales/use tax.

The University will evaluate the total price for the basic requirements with any options(s) exercised at the time of award. Evaluation of options will not obligate the University to exercise the option(s).

The University may reject an offer if it is materially unbalanced as to process for the basic requirements and the option quantities. An offer is unbalanced when it is based on prices significantly less than cost for some work and prices that are significantly overstated for other work.

1-13 TERM OF AGREEMENT

The initial term of this agreement shall be three (3) years, commencing upon the date of execution by the university. The term of this agreement may, if mutually agreed upon in writing, be extended by two (1) year increments for a total of two (2) additional years, provided written notice of each extension is given to the bidder at least thirty (30) days prior to the expiration date of such term or extension. In the event funding approval is not obtained by the University, this Agreement shall become null and void effective the date of renewal. During extension periods, all terms and conditions of this Agreement shall remain in effect.

1-14 AWARD OF AGREEMENT

The University shall make the award to the responsible Proposer whose proposal will be most advantageous to the University with respect to price, conformance to the specifications, quality, and other factors as evaluated by the University. The University is not required or constrained to award the Agreement to the Proposer proposing the lowest price.

The University may award an Agreement on the basis of initial offers received, without discussion; therefore, each initial offer should contain the offerer's best terms from a cost and technical standpoint.

1-15 PROPOSAL CONFIDENTIALITY

Each Proposer agrees that the contents of each proposal submitted in response to this RFP is Confidential, proprietary, and constitutes trade secret information, as defined in Idaho Code 9-340D(1), as to all technical and financial data THAT IS LABELED CONFIDENTIAL BY THE PROPOSER, and waives any right of access to such information, except as provided for by law. Except as determined by the University's Office of Purchasing Services, in its sole discretion, no information will be given regarding any proposals or evaluation progress until after an award is made, except as provided by law.

1-16 F.A.R. REQUIREMENT

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.

1-17 RECORD OF PURCHASES

Contractor will provide Purchasing Services a detailed usage report of items/services ordered, quantities, and pricing under this Agreement upon request.

1-18 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 PROPOSALS

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, RFP 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 proposal should be specific and complete in every detail, prepared in a simple and straight-forward manner.

Proposers are expected to examine the entire Request for Proposals, including all specifications, standard provisions, and instructions. Failure to do so will be at the Proposer's risk. Each Proposer shall furnish the information required by the invitation. It is required that proposal entries be typewritten. Periods of time, stated in number of days, in this request or in the Proposer's response, shall be in calendar days. Propose your best price on each item.

2-2 RFP RESPONSE OUTLINE

- A. Response Sheet: The proposal Response Certification (page 5) shall be attached to the front of the proposal and shall contain the Proposer'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 Proposer 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 services similar in scope to the requirements of this RFP are currently provided. In addition, please provide references for three firms whose business you have lost in the last three years.
- D. Experience and Support: Describe Proposer's experience in performing the requested services.
- E. Costs: Include itemized costs for all components and features to be delivered. Costs should be identified as one-time or continuing. Purchase prices, lease prices, installation charges, and maintenance charges must be identified. All equipment prices must be stated as FOB: Moscow, ID.
- F. Proposer Exceptions: Describe any exceptions to the terms and conditions contained within this document.

SECTION 3 - TECHNICAL SPECIFICATIONS & BID FORM

3.1 Current conditions:

- Active Employee Enrollment : 2300

Medical Plans	2 plans
Dental Plans	2 Plans
Vision	2 Plans
Life Insurance	Basic, Employee Supplementary Life, Dependent Life (Spouse & Child)
Disability	STD, LTD – 1 base option, 2 buy-up options
HSA	Send enrollment information, but NOT elections amounts to vendor
FSA	Health Care Spending Account Dependent Care Spending Account
EAP	For billing only

- Current Cobra Enrollment : 47 -
- Retiree : 890 current – estimated additional retirees in the next 3 years 200 – 300,

Eligibility	4 Tiers
Medical Plans	2 Pre-Medicare Plans 2 Post-Medicare Plans NOTE: Retirees make lifetime elections there is no annual enrollment period
Dental Plans	1 plan
Life Insurance	Flat amount
EAP	For billing only

3.2 Technical specifications:

Please fully describe how your system meets the following requirements:

Categories:

- Policy on:
 - System capabilities to process multiple effective dates
 - Handling life event changes; expedite enrollment when necessary, i.e. birth
 - Ability to Managing retroactive changes, including calculating premium and contribution amounts and then include on regular payroll file
- Communication process
 - Will University of Idaho have access to all employee communications between Vendor and employees?
Example: if employee calls Vendor, will we have access to notes?
 - Please provide samples of your employee communication materials, including new hire benefits information and instructions, COBRA election notices, and all other standard letters.
 - Is vendor able to Email users directly, follow-up, etc
- Interfaces to ERP (Banner): Processes for passing employee demographics data to vendor system and accepting benefits data from vendor for payroll processing on biweekly schedule.
 - Any existing vendor interfaces with Banner clients
 - Data requirements for vendor
 - Ability to meet data requirements and payroll processing deadlines consistently and accurately
 - Interface formats
 - Secure file transport functionality
- Interfaces to Banner Self Service, Luminis Portal: Allow for single sign on, i.e. employee signs on to Banner Self Service or Luminis Portal and authentication is passed logging the employee into the vendor’s system.
- Quality Control, Data Integrity
 - Change management methodology and process

- What other processes are in place?
- Strategy for identifying and resolving errors
 - Contingency plans
 - Notifications
 - Test files –. Explain testing model, testing platform and how current is the data in testing environment?
- Implementation process, please provide detailed description as well as timeline for both initial implementation and annual enrollment updates.
 - Does your system allow for midyear changes to employer rates/premiums?
 - Retroactive changes with multiple rates across plan years?
- Vendor’s Internal Systems
 - Timely delivery of payroll data
 - 1. Processes and procedures in place to ensure regularly defined delivery time
 - Billing and reporting for benefit vendors, third party administrators
 - Retiree billing
 - Enrollment changes
- Historical Information
 - Provide Historical Data upon termination for contract
 - House historical data from prior administrators
 - 1. Requirements and process for data transition
- Reporting available: What is your standard reporting package? Can the university run ad-hoc reports using an online reporting system?
- Life Insurance: Administer EOI for Life Insurance.
- COBRA:
 - Direct Billing to participants
 - Online Access for participants to review election and payment information
 - Is COBRA Administration in-house? If not, please list the name and location of the COBRA vendor you partner with.
- Customer Service:
 - Where is your call center located and what are the standard hours of operation staffed by a live CSR?
 - What is the turnover rate among CSR in this unit?

IMPLEMENTATION

Date of Implementation: Please detail implementation timeline with critical milestones. Open Enrollment should begin approximately 10/15 so we need to have the new system in place. Please list expectations and dates for any risks to the project which are outside your control or that the University must perform a task or provide information.

TRAINING

Please fully describe training and system access available. Please list typical University by function to receive any requisite training for systems trouble shooting, access and updating of information and/or ad hoc or standard reporting.

SYSTEM/SOFTWARE UPGRADES

All upgrades or changes to software should be fully tested in a non-production or development environment to insure that the production environment is not compromised. Please describe the ability of the University to be involved in testing and satisfied that the production environment will not be compromised

Demonstrations and/or interviews may be requested at the University’s discretion to clarify functionality and performance of proposed system. If requested, the vendor must be prepared to give a demonstration up to 10 minutes to allow the University to see a “real-life” current service at another client utilizing the proposer’s software. The demonstrations will be via distance over “WebEx” or some similar media. Additional detailed information will be provided to the shortlisted vendors prior to the interviews and demonstrations.

Please describe compliance with information security and data management under section 6-34 through 6-41 as specified in Section six.

Please address specific questions regarding any proposed interfaces as outlined in Appendix A of this RFP.

The successful proposer will be required to enter into a Business Associate Agreement with the University.

SECTION 4 - PROCUREMENT PROCESS

4-1 PROPOSER LIST AND QUALIFICATION EVALUATION

After the established date for receipt of proposals, a listing of Proposers submitting proposals will be prepared, and will be available for public inspection.

Qualifications and proposals submitted by interested Proposers will be reviewed and evaluated based on the evaluation factors set forth in the RFP.

4-2 PROPOSAL CLASSIFICATION

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

- A. Potentially Acceptable
- B. Unacceptable

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

Proposers are advised that the University may award an Agreement on the basis of initial offers received, without discussions; therefore, each initial offer should contain the offerer's best terms from a cost and technical standpoint.

4-3 PROPOSER INVESTIGATION

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

4-4 FINAL OFFERS AND AWARD OF AGREEMENT

Following any discussions with Proposers regarding their technical proposals, 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 Proposers 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 Proposals.

SECTION 5 - EVALUATION PROCESS

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

5-1 EVALUATION CRITERIA

The weighted evaluation criteria are listed below:

- 30% Price
- Pass/Fail Data Integrity and Software Security
- 25% User Interface; with employee, benefit staff and current ERP system
- 25% Administrative Services; including COBRA, billing administration and retiree management
- 10% References and Demonstrations
- 10% Integration process and support

Not necessarily listed in order of importance. The University may at its discretion use life cycle or best value analysis.

SECTION 6 - GENERAL CONTRACTUAL TERMS AND CONDITIONS

6-1 AGREEMENT TERMS AND CONDITIONS

The submission of a proposal herein constitutes the agreement of any Proposer 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 RFP. The submission of a proposal shall further constitute the agreement of each Proposer 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 proposal, and any attachments thereto and incorporations therein, the terms and conditions in the RFP, and the Proposer's response to the RFP.

6-2 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.

6-3 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.

6-4 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.

6-5 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.

6-6 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.

6-7 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.

6-8 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.

6-9 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.

6-10 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.

6-11 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.

6-12 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.

6-13 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.

6-45 APPROPRIATIONS CLAUSE

If the term of this Agreement is longer than one year, the University's obligations and liabilities hereunder are subject to the appropriation of funds from the State of Idaho, which appropriation shall be in the State of Idaho's sole discretion, from revenues legally available to the University for the ensuing fiscal year for the purposes of this Agreement. If the State of Idaho does not appropriate the funds for the purpose of this Agreement, the Agreement shall terminate and neither party shall have any further obligations hereunder.

6-15 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.

6-16 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.

6-17 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.

6-18 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.

6-19 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.

6-20 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.

6-21 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.

6-22 HEADINGS

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

6-23 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.

6-24 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.

6-25 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.

6-26 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.

6-27 NO JOINT VENTURE

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

6-28 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.

6-29 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.

6-30 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.

6-31 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.

ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO INFORMATION SECURITY AND DATA MANAGEMENT:

6-34 Data Compromise Response

- a. Immediately upon becoming aware of a Data Compromise, or of circumstances that could have resulted in unauthorized access to or disclosure or use of Customer or End User Data, Vendor will notify Customer, fully investigate the incident, and cooperate fully with Customer's investigation of and response to the incident. Except as otherwise required by law, Vendor will not provide notice of the incident directly to the persons whose data were involved, regulatory agencies, or other entities, without prior written permission from Customer.
- b. Notwithstanding any other provision of this agreement, and in addition to any other remedies available to Customer under law or equity, Vendor will reimburse Customer in full for all costs incurred by Customer in investigation and remediation of such Data Compromise, including but not limited to providing notification to third parties whose data were compromised and to regulatory agencies or other entities as required by law or contract; the offering of 12 months' credit monitoring to each person whose data were compromised; and the payment of legal fees, audit costs, fines, and other fees imposed by regulatory agencies or contracting partners as a result of the Data Compromise.

6-35 Data Integrity

Vendor will take commercially reasonable measures, including regular data integrity audits, to protect Customer and End User Data against deterioration or degradation of data quality and authenticity.

6-36 Data Privacy

- a. Vendor will use Customer Data and End User Data only for the purpose of fulfilling its duties under this Agreement and for Customer's and its End User's sole benefit, and will not share such data with or disclose it to any third party without the prior written consent of Customer or as otherwise required by law. By way of illustration and not of limitation, Vendor will not use such data for Vendor's own benefit and, in particular, will not engage in "data mining" of Customer or End User Data or communications, whether through automated or human means, except as specifically and expressly required by law or authorized in writing by Customer.
- b. All Customer and End User Data will be stored on servers, located solely within the Continental United States.
- c. Vendor will provide access to Customer and End User Data only those Vendor employees and subcontractors who need to access the data to fulfill Vendor's obligations under this Agreement. Vendor will ensure that employees who perform work under this Agreement have read, understood, and received appropriate instruction as to how to comply with, the data protection provisions of this Agreement, and have undergone all background screening and possess all qualifications appropriate to the nature of the employees' duties and the sensitivity of the data they will be handling prior to being granted access to the Data.

6-37 Data Retention and Disposal

- a. Vendor will use commercially reasonable efforts to retain data in an End User's account, including attachments, until the End User deletes them or for an alternative time period mutually agreed by the parties.
- b. Using appropriate and reliable storage media, Vendor will regularly back up Customer and End User Data and retain such backup copies for a minimum of 12 months. At the end of that time period and at Customer's election, Vendor will either securely destroy or transmit to Customer repository the backup copies. Upon Customer's request, Vendor will supply Customer a certificate indicating the records destroyed, the date destroyed, and the method of destruction used.
- c. Vendor will retain logs associated with End User activity for a minimum of 12 Months, unless the parties mutually agree to a different period.
- d. Vendor will immediately place a "hold" on the destruction under its usual records retention policies of records that include Customer and End User Data, in response to an oral or written request from Customer indicating that those records

may be relevant to litigation that Customer reasonably anticipates. Oral requests by Customer for a hold on record destruction will be reduced to writing and supplied to Vendor for its records as soon as reasonably practicable under the circumstances. Customer will promptly coordinate with Vendor regarding the preservation and disposition of these records. Vendor shall continue to preserve the records until further notice by Customer.

6-38 Data Security and Integrity [under review by IT security personnel]

- a. All facilities used to store and process Customer and End User data will employ commercial best practices, including appropriate administrative, physical, and technical safeguards, to secure such data from unauthorized access, disclosure, alteration, and use. Such measures will be no less protective than those used to secure Vendor's own data of a similar type, and in no event less than reasonable in view of the type and nature of the data involved. Without limiting the foregoing, Vendor warrants that all Customer Data and End User Data will be encrypted in transmission (including via web interface) and storage at no less than 128 bit level encryption. Vendor agrees and certifies that it, the system or any third parties working on the vendor's behalf have complied with all applicable requirements to be considered PCI- level 1 compliant and has taken all necessary steps to validate its compliance with the PCI DSS and PA DSS. Vendor is required to demonstrate compliance with this requirement by maintaining the application listing on The PCI Security Standards Council (see https://www.pcisecuritystandards.org/approved_companies_providers/validated_payment_applications.php?agree=true).
- b. Vendor will use industry standard and up to date security tools and technologies such as anti-virus protections and intrusion detection methods in providing Services under this Agreement.
- d. Vendor will at its expense conduct or have conducted at least annually:
 - A SAS 70 audit of Vendor's security policies, procedures and controls resulting in the issuance of a Service Auditor's Report Type II;
 - A vulnerability scan, performed by a scanner approved by Customer, of Vendor's systems and facilities that are used in any way to deliver services under this Agreement; and
 - A formal penetration test, performed by a process and qualified personnel approved by Customer, of Vendor's systems and facilities that are used in any way to deliver services under this Agreement.
- e. Vendor will provide Customer upon request the results of the above audits, scans and tests, and will promptly modify its security measures as needed based on those results in order to meet its obligations under this Agreement. Customer may require, at its expense, Vendor to perform additional audits and tests, the results of which will be provided promptly to Customer.

6-39 Data Transfer upon Termination or Expiration

- a. Upon termination or expiration of this Agreement, Vendor will ensure that all Customer and End User Data are transferred to Customer or a third party designated by Customer securely, within a reasonable period of time, and without significant interruption in service. Vendor will ensure that such migration uses facilities and methods are compatible with the relevant systems of the transferee, and to the extent technologically feasible, that Customer will have reasonable access to Customer and End User Data during the transition.
- b. Vendor will notify Customer of impending cessation of its business or that of a tiered provider and any contingency plans in the event of notice of such a failure. This includes immediate transfer of any previously escrowed assets and data and providing Customer access to Vendor's facilities to remove and destroy Customer owned assets and data. Vendor shall implement its exit plan and take all necessary actions to ensure a smooth transition of service with minimal disruption to Customer. Vendor will provide a fully documented service description and perform and document a gap analysis by examining any differences between its services and those to be provided by its successor. Vendor will also provide a full inventory and configuration of servers, routers, other hardware, and software involved in service delivery along with supporting documentation, indicating which if any of these are owned by or dedicated to Customer. Vendor will work closely with its successor to ensure a successful transition to the new equipment, with minimal downtime and effect on Customer, all such work to be coordinated and performed in advance of the formal, final transition date.

6-40 Response to Legal Orders, Demands or Requests for Data

- a. Except as otherwise expressly prohibited by law, Vendor will:
 - Immediately notify Customer of any subpoenas, warrants, or other legal orders, demands or requests received by Vendor seeking Customer and/or End User Data;
 - Consult with Customer regarding its response;
 - Cooperate with Customer's reasonable requests in connection with efforts by Customer to intervene and quash or modify the legal order, demand or request; and
 - Upon Customer's request, provide Customer with a copy of its response.

- b. If Customer receives a subpoena, warrant, or other legal order, demand or request seeking Customer or End User Data maintained by Vendor, Customer will promptly provide a copy to Vendor. Vendor will promptly supply Customer with copies of data required for Customer to respond, and will cooperate with Customer's reasonable requests in connection with its response.

6-41 Service Levels; Interruptions in Service; Suspension and Termination of Service; Changes to Service:

- a. Vendor warrants that the Services will be performed in a professional and workmanlike manner consistent with industry standards reasonably applicable to such Services. Vendor further warrants that the Services will be Operational at least 99.99% of the time in any given month during the term of this Agreement, meaning that the outage or downtime percentage will be not more than .01%. In the event of a Service outage, Vendor will (a) promptly and at Vendor's expense use commercial best efforts to restore the Services as soon as possible, and (b) unless the outage was caused by a Force Majeure event, refund or credit Customer, at Customer's election, the prorated amount of fees corresponding to the time Services were unavailable. Neither party will be liable to the other for any failure or delay in performance under this Agreement to the extent said failures or delays are proximately caused by forces beyond that party's reasonable control, provided that the party resumes performance as soon as it is reasonably able to do so.

- b. From time to time it may be necessary or desirable for either the Customer or Vendor to propose changes in the Services provided. Such changes shall be made pursuant to the Change Control Procedure. Automatic upgrades to any software used by Vendor to provide the Services that simply improve the speed, efficiency, reliability, or availability of existing Services and do not alter or add functionality, are not considered "changes to the Services" and such upgrades will be implemented by Vendor on a schedule no less favorable than provided by Vendor to any other customer receiving comparable levels of Services.

- c. Vendor will provide Customer with seven days' prior notice of scheduled downtime in the provision of Services for maintenance or upgrades. To the extent possible, Vendor will schedule downtime during times of ordinarily low use by Customer. In the event of unscheduled and unforeseen downtime for any reason, except as otherwise prohibited by law Vendor will promptly notify Customer and cooperate with Customers' reasonable requests for information regarding the downtime.

- d. Customer may suspend or terminate (or direct Vendor to suspend or terminate) an End User's access to Services in accordance with Customer's policies. Customer will assume sole responsibility for any claims made by End User regarding Customer's suspension/termination or directive to suspend/terminate such service. Vendor may suspend access to Services by Customer or an End User immediately in response to an act or omission that reasonably appears to jeopardize the security or integrity of Vendor's Services or the network(s) or facilities used to provide the Services. Suspension will be to the minimum extent, and of the minimum duration, required to prevent or end the security issue. Vendor may suspend Customer's access to Services if, after at least thirty (30) days' written notice to Customer and subsequent good faith, commercially reasonable efforts to resolve the matter with Customer to the parties' mutual satisfaction, Customer remains in material breach of this Agreement. The suspension will be lifted immediately once the breach is cured. Vendor may suspend access to Services by an End User in response to (i) a material breach by End User of any terms of use s/he has agreed to in connection with receiving the Services. Vendor will notify Customer of any suspension of End User access to Services before suspension or, if notice before is not f feasible, as soon as reasonably possible thereafter.

6-41 Health Insurance Portability and Accountability Act (HIPAA)

I understand that during the course of providing services to the University, I may receive or have access to University of Idaho current and former employee confidential and propriety information, including but not limited to information

concerning benefit election, patient information, employees, affiliated physicians and practitioners, business operations, etc. I agree that I will maintain the confidentiality of such information, and will not use or disclose such confidential information except as required to fulfill my duties under the contract; as expressly authorized by the University of Idaho; or as required by law. Specifically, I agree to maintain the confidentiality of protected health information concerning the University of Idaho's current and former employees consistent with the requirements of HIPAA and its implementing regulations, as amended, including the security and privacy regulations contained in 45 C.F.R. part 164.

SECTION 7 – INDEMNITY, RISKS OF LOSS, INSURANCE

7-1 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.

7-2 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.

7-3 Insurance

7.3.1 General Requirements

7.3.1.1 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.

7.3.1.2 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.

7.3.1.3 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.

7.3.1.4 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.

7.3.1.5 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.

7.3.1.6 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.

8.1.7 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.

7.3.2 Required Insurance Coverage.

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

7.3.2.1 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.

7.3.2.2 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.

7.3.2.3 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.

7.3.2.4 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.

7.3.2.4 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).

**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. OSHA REGULATIONS: Contractor guarantees all items, or services, meet or exceed those requirements and guidelines established by the Occupational Safety and Health Act.
15. 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.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.
21. 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.
22. 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.
23. UNIVERSITY REGULATIONS: Contractor shall follow and comply with all rules and regulations of the University and the reasonable instructions of University personnel.
24. 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.

UNIVERSITY OF IDAHO - REQUEST FOR PROPOSAL

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 maintain 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 PROPOSAL

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:

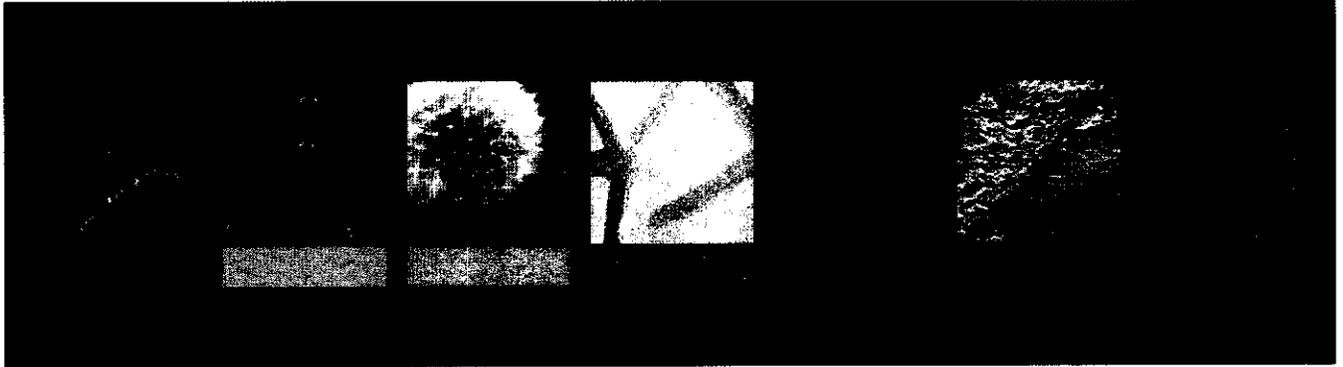
Carry Salonen, Risk Specialist, University of Idaho.
PH (208) 885-7177. FAX (208) 885-9490
csalonen@uidaho.edu

Appendix A – Proposed Application Interfaces

For any proposed interfaces to and from the University of Idaho’s Banner database (or any other locally hosted enterprise database), please address the following questions:

- What specific interfaces are proposed? Please indicate whether they are incoming or outgoing and what implementation options (batch or real-time) are available?
- Please provide an overview of the processing requirements of the proposed interfaces.
- Does the vendor provide an existing interface for the University of Idaho database application (i.e. Banner)? Please explain in detail.
- Does the proposed interface architecture require additional products or configurations beyond a standard Oracle database configuration? Will any additional software be required for the University infrastructure? Please explain in detail.
- If additional software will be required to implement the interface, will the initial cost and yearly maintenance included in the proposal?
- Can existing interface feeds already in place at the University of Idaho be accommodated by the vendor? What would be necessary to evaluate and estimate those existing interfaces?
- Will the proposed interface operate totally within University of Idaho trusted network or will data be transmitted remotely? Please describe in detail.
- What University of Idaho enterprise database(s) will be involved in the interface?
- What data elements will be extracted from or loaded into these databases? List schema, table, column and description for each data element needed, if known.
- Please describe any data to be included in the proposed interfaces that could be considered sensitive personal information?
- Will the interface require direct access to a University of Idaho database server? Please describe in detail. **NOTE: Access to database servers other than through database communication port(s) is currently prohibited.**
- If a real-time interface is being proposed, please describe the architecture in detail.
- What party will be responsible for building the interface (the vendor or University of Idaho staff)? Please explain in detail.
- If the proposed interface will be based on direct access to the University of Idaho database, will the connection be made from an identifiable list of vendor-hosted servers? Please explain in detail.
- Do the proposed interfaces process only full datasets or does the functionality allow for incremental updates to the University of Idaho database application(s)?
- What mechanism is provided to receive and evaluate the status of a load operation (i.e. how many rows were loaded successfully or failed, and why)? Please describe in detail.
- Will a detailed specification document be provided for each proposed interface? Please provide an example of the proposed format.

- Will a configuration management plan be provided to ensure that any changes to interfaces are properly tested in a controlled environment prior to implementation? Please explain in detail.
- Can a fully functional test environment be provided, with a complete University dataset, for testing interface modifications prior to implementation?
- How will the vendor ensure that processing deadlines for time-critical interfaces are monitored and met to ensure University operations are not adversely impacted?



Proposal to Provide an Employee Benefit
Enrollment Management Solution
to the University of Idaho

RFP No.: 11-34J

Due Date: March 31, 2011 @ 4:00 p.m.

Paul Sywulich
Vice President, Solution Architecture
Seven Parkway Center
875 Greentree Road, Suite 500
Pittsburgh, PA 15220
Phone: 412.919.4805
Fax: 412.922.6619
Email: psywulich@morneausobeco.com

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Table of Contents

Introduction..... 1

Response Sheet 3

SECTION 1 5

Background and History 5

SECTION 2 8

References..... 8

SECTION 3 13

Experience and Support..... 13

SECTION 4 15

Costs 15

SECTION 5 17

Proposer Exceptions 17

SECTION 6 19

Technical specifications..... 19

SECTION 7 52

Implementation..... 52

SECTION 8 54

Training..... 54

SECTION 9 56

System/Software Upgrades..... 56

SECTION 10 59

Proposed Application Interfaces..... 59

Notice of Confidentiality

This document contains confidential information or details of proprietary processes or systems developed by our firm. Therefore, we respectfully request that the contents be held in strict confidence and not shared with any third parties without our written permission. The contents of this document are protected by copyright.



APPENDIX A 66
About Morneau Shepell 66

APPENDIX B 72
Morneau Shepell Terms and Conditions..... 72

APPENDIX C 76
Sample Employee Communications Material 76

APPENDIX D 83
Electronic Data Transfer Guide 83

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Introduction

Morneau Shepell is excited to offer our benefits administration services to University of Idaho's employee and retired population. Established in 1962, our firm has focused on consulting and administration services for pension, savings, and health & welfare benefit programs since inception. Our annual revenue is \$335.2 million, qualifying Morneau Shepell as one of the largest providers of administrative solutions in North America.

We believe we are qualified to serve you for the following reasons:

- Our recommended approach leverages our automated, large-market system solution for the mid-market employer, while many of our traditional competitors implement a separate, pared-down platform with limited functionality and extensive manual procedures. We therefore offer a solution that is both comprehensive and cost-effective.
- Our *Ariel Benefits* platform automates the vast majority of business processes, minimizing risk of manual errors while maximizing operational efficiency. The net result is ongoing process improvement and associated savings to our clients.
- Our Express Implementation methodology facilitates a low-risk transition process with minimal time and effort for University of Idaho staff while offering high-quality, made-to-fit solutions. Our websites and service centers are branded to enforce value recognition for your plan participants.
- We have experience delivering solutions to diverse organizations with complex requirements, evidenced by our work with the Public Education Benefits Trust, Hawker Beechcraft Corporation, Bristol-Meyers Squibb, and the State of Nevada. We offer a flexible delivery model and tailored solutions to meet these varying needs.

The true measure of success for a firm such as ours is best measured in two ways:

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- **Client satisfaction** - Our firm's ultimate objective is always to meet and exceed the expectations of our clients. To this end, we run a Client Satisfaction Survey, with further specific follow-up when we complete project work. We are pleased to report that Morneau Shepell's most recent client satisfaction score is 4.45 of a possible 5, and that over 94% of respondents reported that they would recommend our services to others. Our Client Satisfaction Survey results and formal post-engagement follow-ups continually show industry-leading ratings. We commit to systematically measuring your expectations against our service delivery, and continually improving our service.

- **Market responsiveness** – Morneau Shepell has for many years achieved double-digit growth in revenue and we are the fastest growing firm in the industry. With over 2,400 professionals working across North America, the firm serves over 8,000 clients, ranging from small businesses with a handful of employees to some of the largest corporations, governments, and associations in North America. Our primary mission is to support plan sponsors in every aspect of the design and management of their benefits, wellness, and compensation programs.

We are confident in our ability to establish a truly effective partnership with University of Idaho for this project. We trust that the responses contained in this proposal will showcase our abilities to develop a successful transition plan and to ultimately deliver a leading edge, customer focused administrative solution for your benefits program.

Respectfully submitted,

MORNEAU SHEPELL



Paul Sywulich
Vice President, Enterprise Solution Architecture

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Response Sheet

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UNIVERSITY OF IDAHO REQUEST FOR PROPOSALS NO. 11-34J

PROPOSAL RESPONSE CERTIFICATION

March 30, 2011

DATE

The undersigned, as Proposer, declares that they have read the Request for Proposals, and that the following proposal 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 1 to - have been received and were examined as part of the RFP document.

Paul Sywulych

Name



Signature

Vice President, Solution Architecture

Title

Morneau Shepell Limited

Company

Seven Parkway Center - Suite 500, 875 Greentree Road,

Street Address

Pittsburgh, PA 15220-3508

City, State, Zip

tel.: 412.919.4805 fax: 412.922.6119

Telephone Number and Fax Number

412.919.4805

Cell Phone Number

psywulych@morneausobeco.com

E-mail Address

Delaware

State of Incorporation

52-1883918

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

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.

Company Overview

Morneau Shepell is a leading provider of human resource consulting and outsourcing services, with over 2,400 employees in more than 70 locations across North America. The company's solutions are designed to assist employers in managing the financial security, health and productivity of their employees. We serve over 8,000 clients representing over eight million employees and their families, ranging from small businesses with a handful of employees to some of the largest organizations in North America.

We offer consulting and administrative services for the full range of benefit, pension, health management, and employee assistance programs. This suite of services allows us to offer business solutions that help our clients reduce costs, increase employee productivity and improve their competitive positions by supporting their employees' financial security, health and well-being.

Morneau Shepell is the trade name of Morneau Shepell Ltd., which is the operating company of Morneau Shepell Inc., a publicly traded company on the Toronto Stock Exchange.

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The organization has been in business since 1962 -- following are some key milestones in the company's history:

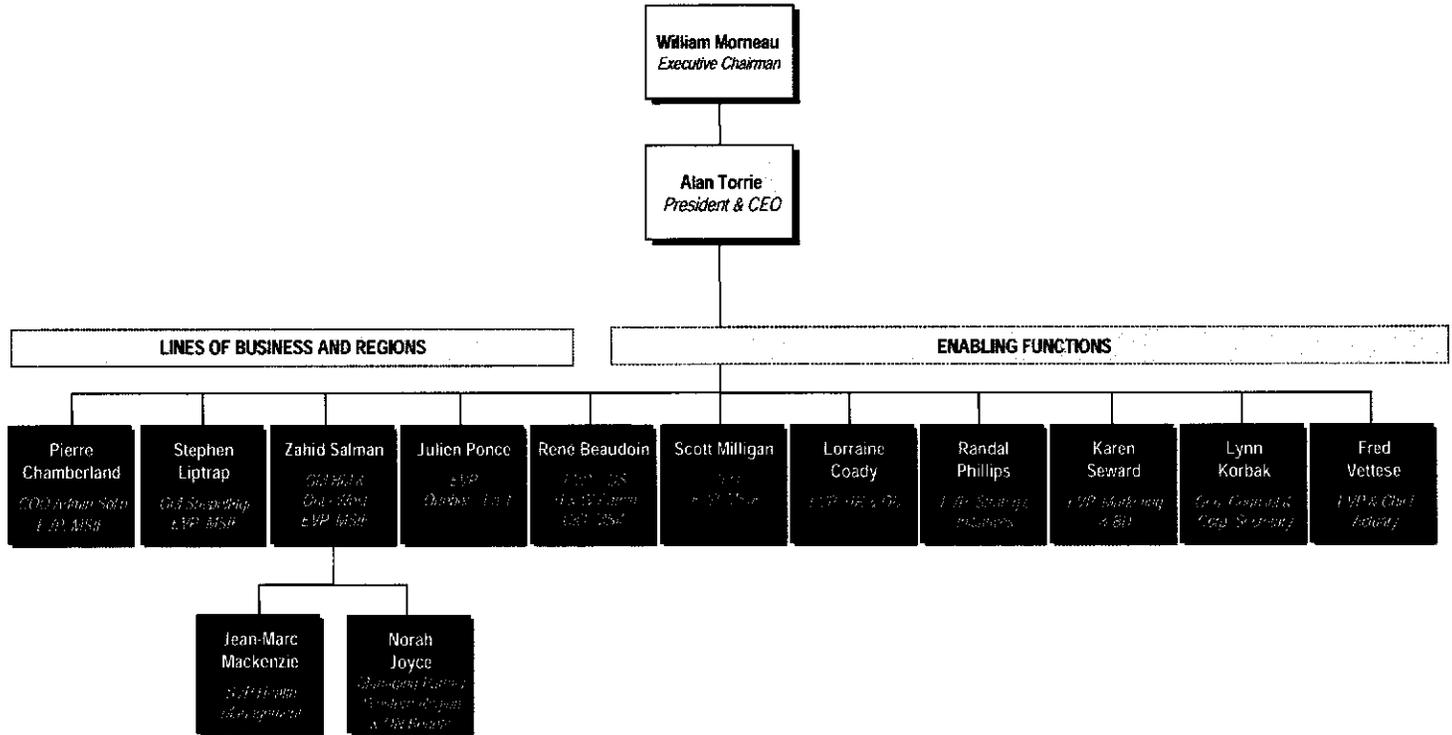
Year	Event
1962	Initially founded for and helped launch the Québec Pension Plan
1966	W.F. Morneau & Associates was established with expertise in benefits consulting and administration
1979	WarrenShepell was established and brought a core competency in behavior change services that emphasize prevention- and early-intervention
1981	FGI World was established to provide EAP, absence, disability, and occupational health and safety to build a full suite of health management solutions
1992	W.F. Morneau & Associates forms a strategic alliance with Coopers & Lybrand and absorbs its pension consulting and actuarial business
1997	W.F. Morneau & Associates and Sobeco merge to form Morneau Sobeco
1998	Morneau Sobeco acquires the Canadian pension consulting practice of Deloitte & Touche
2005	Morneau Sobeco becomes an income trust: Morneau Sobeco Income Fund (MSIF)
2006	MSIF expands its western Canada presence by acquiring Heath Benefits Consulting
2006	WarrenShepell and FGI World merge to form Shepell•fgi
2007	MSIF enhances its Ontario presence by acquiring the defined benefit pension business of Cowan Benefits Consulting
2008	MSIF adds further depth in western Canada by acquiring the actuarial firm of Leong & Associates
2008	MSIF becomes a major player in workplace health and productivity solutions with its acquisition of Shepell•fgi
2010	MSIF acquires the Worker's Compensation Services Practice of Deloitte
2011	MSIF converts from an income trust into a corporation, Morneau Shepell Inc.

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Organizational and Service Structure

The diagram below illustrates Morneau Shepell's national senior leadership team:



Morneau Shepell's Executive Committee includes all principal officers (Chairman, CEO/President, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, and Executive Vice Presidents) responsible for key strategic issues of the firm, and is supported by two Management Committees that are involved in business development and other management decisions.

SECTION 2

References

The Proposer 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 services similar in scope to the requirements of this RFP are currently provided. In addition, please provide references for three firms whose business you have lost in the last three years.

Current Client

Reference 1

Client Name	Hawker Beechcraft Corporation
Contact Name	Nita Long
Contact Title	Director, Compensation and Benefits
Address	10511 E. Central Wichita, Kansas 67206
Phone Number	316-778-1482
Email	nita_long@hawkerbeechcraft.com
Description of Service	<p>Momeau Shepell was selected in 2007 to provide administration services for the health & welfare and Defined Benefit plans of Hawker Beechcraft Corporation. This organization is a leading manufacturer of aviation products and services, with locations across the United States and numerous countries worldwide.</p> <p>We provide a full outsourcing solution for Hawker Beechcraft's 20 Health & Welfare plans and three Defined Benefit plans, which cover over 8,000 active employees and almost 12,000 retirees. The service model includes call center, self-service website, fulfillment, COBRA, direct billing for retirees, and data interface management with 11 different providers (including HRIS, payroll, insurance carriers, and trustee).</p>

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Reference 2

Client Name	State of Nevada (PEBP)
Contact Name	Chris DeSocio
Contact Title	Information Technology Officer
Address	901 South Stewart Street, Suite 1001 Carson City, Nevada 89701
Phone Number	775-684-7001
Email	cdesocio@peb.state.nv.us
Description of Service	<p>The Public Employee Benefit Plan (PEBP) team administers Health & Welfare benefits for all Nevada state and some non-state plan participants using our <i>Ariel Benefits</i> software. This includes active participants, retirees, direct billing, and COBRA administration – all handled by PEBP using our software on a licensed basis.</p> <p>We were selected in 2006 to provide benefit administration tools to support the approximately 40,000 active plan members and retirees. PEBP sought out a vendor who would remain innovative and continually strive to raise the bar on administration. During the implementation, we immediately demonstrated our commitment to efficiency – working with PEBP to identify where automation could enhance productivity and the quality of service and integrating these tools into the service offering. Our software, implemented over an eight-month period beginning in June 2006, has achieved significant efficiencies for PEBP's processing team.</p> <p>We continue to deliver innovation, meeting with PEBP regularly to review upcoming changes to the program, review processes, and determine how productivity and quality may be further enhanced.</p>

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Reference 3

Client Name	Public Education Benefits Trust (PEBT)
Contact Name	Ron Christensen
Contact Title	PEBT Vice-Chair
Address	160 Marsden Street Kimberley, British Columbia V1A 1G7
Phone Number	250-427-4265
Email	rchristensen@sd6.bc.ca
Description of Service	<p>The PEBT was established in 2002 and provides benefits, including a self-insured (with durational pooling) LTD plan, for unionized support staff employees in the K-12 sector of BC. The Trust originally provided benefits for 14,000 members from 44 school districts, but was expanded in the last round of bargaining to 22,000 members representing 59 school districts in the province.</p> <p>The PEBT LTD program is very unique in that it is made up of two components; "Core" LTD and "Other" LTD. The "Core" LTD is funded with monies received from the provincial government. This makes the role of the Plan Actuary crucial as the benefit level provided under the "Core" LTD is based on available funding and the Board may change, with the advice of the Plan Actuary, the benefit level depending on whether there is an actuarial surplus or deficit associated with the "Core" LTD program. Since inception, there has been one change to the benefit level, where the coverage was increased from 50% of monthly earnings to 60% of monthly earnings.</p> <p>The "Other" LTD is made available to those school districts that previously had a disability arrangement in place that exceeded the "Core" LTD benefit offered through the PEBT. The "Other" LTD is paid by the school district and/or employee based on agreed cost-sharing arrangements, and is underwritten on a fully insured basis with insurer.</p> <p>The PEBT LTD program is also unique in that it includes a confidential joint early intervention service (JEIS) to assist plan members in their return to work. The JEIS is a mandatory part of the LTD program and is supported by support staff unions, participating employers and the PEBT.</p> <p>Morneau Shepell is the benefit consultant and Plan Actuary to the PEBT assisting in the development and management of their LTD and JEIS programs as well as completing a full and comprehensive valuation of the life and LTD plans on an annual basis.</p>

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Former Clients (lost in the last three years)

Reference 1

Client Name	Detroit Medical Center (DMC)
Contact Name	Mr. David Weiner
Contact Title	Director of Benefit Programs
Address	3663 Woodward Ave Detroit, MI 48201
Phone Number	313-578-2281
Email	dweiner@dmc.org
Description of Service	<p>DMC joined Morneau Shepell in the fall of 2009 at which time Morneau Shepell was contracted to provide Annual Enrollment services for the entire active population in addition to ongoing services to all COBRA and Retiree populations.</p> <p>On December 30, 2010, a deal was closed whereby Vanguard Health Systems of Nashville, Tennessee purchased DMC. As a result of this acquisition, DMC will be absorbed into the Vanguard Health System benefits plan offerings and will no longer require the services of Morneau Shepell contracted as of July 1, 2011.</p>

Reference 2

Client Name	Canadian Forest Products Ltd. (wholly owned subsidiary of Canfor Corporation)
Contact Name	Ms. Jania Picton
Contact Title	Compensation & Benefits Coordinator
Address	Prince George Administration Centre 5162 Northwood Pulp Mill Road Prince George, BC V2L 4W2
Phone Number	250-962-3261
Email	Jania.Picton@canfor.com
Description of Service	<p>Canfor has been a Morneau Shepell client since 2000 when we were awarded a full outsourcing benefits administration mandate. Their program consists of one traditional and two flexible benefits plans, covering 1,600 plan participants. In 2001, Morneau Shepell commenced administration of Canfor's defined contribution plan, and a few years later, we began administering the company's 3,300-member defined benefit pension plan. As with their employee benefits program, this was a full outsourcing mandate featuring Web-based member self-service functionality. In 2007, Canfor decided to consolidate its outsourced DB pension administration services with its current actuarial services provider.</p>

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Reference 3

Client Name	Fisher Scientific
Contact Name	Ms. Terry Baker
Contact Title	Director, Benefits Administration
Address	2000 Park Lane Drive Pittsburgh, PA 15275
Phone Number	412-490-8965
Email	terry.baker@thermofisher.com
Description of Service	In 2003, Fisher Scientific chose Morneau Shepell as their pension administrators. They felt that our web-enrolment tool was the most user-friendly and that it offered more functionality than our competitors. We lost Fisher Scientific in 2006 as a result of the company being acquired by Thermo.

Please contact Paul Sywulich prior to contacting these references, so we can properly introduce you and confirm their availability.

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SECTION 3

Experience and Support

Describe Proposer's experience in performing the requested services

As a leader in benefits administration, Morneau Shepell provides cost-effective, high quality service and technology services to deliver made-to-fit solutions to our clients. Our software is web-enabled for active and inactive populations, and supports all elements of eligibility, service, and accounting management. Our software – *Ariel* – is developed and maintained in-house by over 150 technology staff, and has used to support benefit administrative outsourcing since the early 1990s. We deliver benefits administrative processing and call center services from three North American service centers, and support over 2.5 million plan participants.

As a leading benefits administrator, some key features of our solution include:

- Enrollment of new employees
- Management of open enrollment
- Process life event coverage changes
- Maintain beneficiaries and dependents
- Process terminations
- Administer death events
- Respond to benefits-related questions and requests
- Maintain and support our benefits administration system for changes in legislation, plan rules, etc.
- Provide initial qualifying notice of COBRA rights
- Provide COBRA election notices and manage related enrollment and billing process
- Support H.S.A. and F.S.A. administration – leveraging the client's elected provider or one of our strategic alliances for claims payment
- Handle direct billing of leave, retirement, and other populations not paid via regular payroll or pension check
- Manage appropriate back-up procedures, and maintain a disaster recovery plan

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- Co-ordinate and maintain insurer and other vendor data feeds
- Manage 'burden-of-proof' requirements and support dependent eligibility audits
- Perform other record-keeping functions
- Produce premium statements and complete reconciliations for insurance carrier payments
- Produce employer reports

We are flexible in our service offerings and always develop a solution that focuses on the client's specific requirements. We can offer University of Idaho a wide range of service models, which includes a full outsourcing solution, as well as the inclusion of more sophisticated elements such as custom-branded self-service websites that would allow your employees to perform a number of activities related to their group benefits on their own, such as printing forms, viewing benefits statements, and ongoing life event enrollment. We provide call center services to a number of clients as well. Additionally, we provide a dependent eligibility audit service which leverages our core *Ariel Benefits* solution.

We are committed to providing service of unequalled excellence and will provide a designated Client Service team to University of Idaho. Client Service teams are responsible for providing new clients a seamless conversion to the ongoing service model, as well as overseeing ongoing administration. The Client Service team consists of an Implementation Project Manager, Client Service Representative, and IT support staff. The Client Service Representative and Implementation Project Manager will coordinate efforts throughout the implementation process. Upon completion of the transition, the Client Service Representative will serve as the client's designated point of contact with responsibility for managing the ongoing administrative functions necessary to meet contractual expectations and customer satisfaction.

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SECTION 4 Costs

Include itemized costs for all components and features to be delivered. Costs should be identified as one-time or continuing. Purchase prices, lease prices, installation charges, and maintenance charges must be identified. All equipment prices must be stated as FOB: Moscow, ID.

Our proposed fees, which includes all requested on-line, data processing, and member service support are as follows:

- Implementation Cost (one-time fee): \$75,000
- Per Employee Per Month (continuing fee): \$5.35

Key Assumptions

Following are key assumptions underlying the above pricing:

- There will be less than 1,000 participant calls per annum
- There are 5 vendor interfaces, sent weekly
- A weekly inbound HRIS interface, received in our standard format
- A bi-weekly payroll interface sent in Banner's standard format
- Data conversion (implementation) in our standard format, including 18 months of history for health plans
- No data clean-up will be required
- Direct billing for inactive populations other than COBRA and retirees (e.g. leaves), which can be supported if desired

Client Support and Ongoing Changes

We believe that to the greatest extent possible, fees should be all-inclusive. We understand that a variety of issues may arise day to day that could be out of scope. To provide our clients with the greatest possible flexibility, our fees include an additional Client Support Bank of 120 hours. This size of bank has proven sufficient for

organizations of similar size and complexity as yours. Each item is charged to the Support Bank based on an approved flat-rate cost estimate. Additional Support Bank hours can be purchased at a rate of \$200 per hour. This Support Bank can be used for a range of services that would traditionally be out of scope:

- Additions or changes to HR or payroll data feeds
- Implementation costs for transitioning to new carriers
- Development of additional carrier feeds
- Plan design changes aside from routine annual premium rate or cost-sharing changes
- Addition of a new plan with a different plan design
- Ad-hoc queries or special reports developed by our staff
- Changes to the website navigation or content
- Development of participant enrollment materials, SPDs, or other communications

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SECTION 5

Proposer Exceptions

Describe any exceptions to the terms and conditions contained within this document.

Section 6 - General Contractual Terms and Conditions***6-1 Agreement Terms and Conditions***

The only part of this provision we have comments on is the following: "The submission of a proposal herein constitutes the agreement of any Proposer 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 RFP."

We are providing exceptions to some of the provisions listed in the RFP which we hope can be negotiated between the parties, and as such, the final agreement will not include all terms and conditions set forth in the RFP.

6-3 Termination for Convenience

We would require the University to provide reasonable notice for termination for convenience. We would suggest 180 days prior written notice to ensure that both parties have ample time to provide transition services to a third party provider. We would also request that on termination for convenience that we are paid all fees and charges incurred by us, on a time and materials basis, in respect of implementation and transition services.

6-4 Termination for Default

For a default, or material breach (which should be defined) of the contract, there should be a mechanism by which the University provides written notice of such default to Morneau Shepell in order to allow Morneau Shepell to remedy the breach within a reasonable cure period. If Morneau Shepell has not cured the breach within the cure period, the University would have the option to terminate.

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Section 7 – Indemnity, Risks of Loss, Insurance

7-2 Indemnification

Morneau Shepell requires that the indemnity in this section is (1) mutual (where applicable), (2) limited to direct damages only (not consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses), and (3) subject to a reasonable limit on Morneau Shepell's liability.

7-3 Insurance

7.3.1 General Requirements

7.3.1.1 - The only exception we have with this section is that the insurer will only endeavor to provide the University with thirty (30) days' written notice prior to cancellation or termination (not a non-renewal or other material change). Morneau Shepell can however provide you with such notice.

7.3.1.2 - Morneau Shepell is happy to provide you with certificates of insurance evidencing the requested insurance but we refrain from providing third parties with full copies of our insurance policies and endorsements.

7.3.2.2 - Morneau Shepell cannot comply with this section as we do not own any vehicles and only have non-owned automobile liability coverage which is covered under our Commercial General Liability insurance. We do however have a limit of \$1,000,000 on this coverage.

University of Idaho - General Terms and Conditions (Page 23-24)

This "purchase order" is not entirely applicable to the services that Morneau Shepell will be providing and we suggest that most of these terms will need to be modified or removed to reflect the applicable services.

SECTION 6

Technical specifications

Please fully describe how your system meets the following requirements:

Policy on:

1. System capabilities to process multiple effective dates

Effective dates are tracked at the attribute level for all participant data elements (demographics, job information, benefit elections, costs, dependents, beneficiaries, etc.) involved in Health & Welfare recordkeeping services. All configuration parameters are assigned an associated effective date on entry. As such, all changes – whether made via inbound feed, on-line or phone-based enrollment selection, or changes to plan parameters – are processed in accordance with provided effective dates and respect the associated rules as at the effective date of change. The system can therefore handle multiple enrollment changes during the open enrollment period (e.g. life event during open enrollment, where the salary in the prior plan year may be different from the salary for the upcoming plan year) retroactive changes that span plan years, and other complex situations with ease.

2. Handling life event changes; expedite enrollment when necessary, i.e. birth

The system supports three key types of events, as follows:

- **Time-based events** – periodic events such as open enrollment or partial mid-year re-enrollment (e.g. due to a significant plan change) are queued-up in batch by Morneau Shepell staff. This initiates notifications to the plan participants via e-mail or traditional mail (as desired), who can access the associated event in their ‘to-do’ list on the site.

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- **Trigger events** – includes new hires, changes in job or part/full-time status that may allow the employee to change his/her elections, retirement, etc. In these cases, the system detects the associated change when reported via the regular HRIS feed and queues-up the associated event automatically, notifying the participant of their ability to process their elections on-line via e-mail (or paper if no e-mail is on file).
- **Life events** – these are typically self-reported on the site. The list of events, associated reporting timelines, and Section 125 restrictions are configured based on the client's plan rules to ensure that every enrollment is screened automatically prior to publishing to the system. Where additional 'burden of proof' documents are required, the associated event is 'held' until the documents are received and processed in our service center.

Where an expedited enrollment is required, we have established procedures to accept the enrollment over the phone (all calls are recorded for quality assurance and compliance purposes) and to report the enrollment to the carrier prior to the next scheduled provider feed.

3. Ability to Managing retroactive changes, including calculating premium and contribution amounts and then include on regular payroll file

Our *Ariel Benefits* module handles retroactive adjustments to premiums, deductions, employer costs, and imputed income, and includes these on carrier invoices, payroll files, and direct bills as appropriate. All plan settings and member benefit data are time sensitive. As such, the system fully supports retroactive changes to plans, rates, and participant selections. For example: Rate Schedule A can be changed to Rate Schedule B for a prior billing period and any subsequent calculation for that period will produce an adjustment. Similarly, a participant plan selection can be changed retroactively and adjustment calculations will be produced. Complex scenarios containing a mixture of plan and participant enrollment changes are also fully supported. For example, if Member 1 has a coverage option change prior to the effective date of the change from rates A to B, the adjustment for the period prior to the rate change date will be based on schedule A and the adjustment for the portion after the rate change date will be based on schedule B.

Communication process

4. Will University of Idaho have access to all employee communications between Vendor and employees? Example: if employee calls Vendor, will we have access notes?

Authorized University of Idaho staff can access our web-based *Ariel 360* customer service module to view the following information:

- **Call history** – including questions asked, answers given, etc. for a given participant, and in summary (via reporting) for the population in general to help identify trends, etc.
- **Web site access** – each time the participant accesses the site and for some key transactions, this information is logged in *Ariel 360*
- **Communications** –outbound e-mails/documents sent to the participant, along with those received from the participant

We record 100% of inbound and outbound participant calls, and can make these available to the university on request.

In addition to the history of interactions, authorized university staff can emulate the experience of a given plan participant – if desired – to view more detailed interactions such as enrollment elections, history of demographic/job changes, etc.

5. Please provide samples of your employee communication materials, including new hire benefits information and instructions, COBRA election notices, and all other standard letters.

We have included samples of our employee communications material in Appendix C.

6. Is vendor able to Email users directly, follow-up, etc

We typically use e-mail to deliver high-volume or high-frequency communications to participants, where personal information is not included in the body of the message. Examples include:

- **New hire notification** - Typically, the new hire process is communicated via e-mail and contains key information required to access the participant website.
- **Open enrollment notification** - This is typically sent via e-mail, and reminders are sent to participants who haven't enrolled during the enrollment window (as agreed to by University of Idaho's management team).
- **Reminders** - Where a participant has not completed his or her event on time (new hire, open enrollment, work event) or has not returned required forms on time (health evidence, required documentation, pension elections), *Ariel Benefits* sends reminders on a pre-defined schedule (as agreed to by University of Idaho) prior to the default / stale-dating process.
- **Push communications** - We are able to send targeted messages to participants in batch to communicate changes in plan design, significant events (e.g., early retirement windows), campaigns to build employee awareness, and other notices pertaining to service delivery. This channel would be considered as part of the overall communication strategy design.

We support secure e-mail via TLS, and can leverage e-mail to work addresses for more personal information for clients who also support this protocol. Where not supported by the client, we can send a notification e-mail to the participant with a link to the full e-mail text containing personal information. Where e-mail is not practical (e.g. for inactive participants or for populations without e-mail access at work), we simply default to paper communications.

Participants are able to ask questions on-line or via e-mail sent to a University of Idaho branded e-mail address accessible by the call center team. CSRs access this shared e-mail account and respond to participant questions and do not include any personal information in the associated response (any request for personal information is sent via traditional mail).

Interfaces to ERP (Banner)

7. Processes for passing employee demographics data to vendor system and accepting benefits data from vendor for payroll processing on biweekly schedule.

a. Any existing vendor interfaces with Banner clients

We do not have any existing interfaces with a client that uses Banner. However, our formats are platform independent and relatively straightforward. We use standard formats and there is significant flexibility within the configuration to accommodate most requirements. See our response to question #7(d) below for additional details.

b. Data requirements for vendor

When implementing a new client we typically load the following types of data:

- **Employee/retiree demographic data** – we can use the same format as the ongoing HR interface from Banner
- **Benefit data** – this would include a record for each benefit the participant is currently enrolled in
- **Dependent data** – this would include one record for each covered dependent
- **Beneficiary data** – this would include one record for each beneficiary that a participant has designated. This is optional and assumes the data is currently available in electronic format. If this data is not available, we can conduct a beneficiary election campaign after the go live to solicit this information
- **COBRA data** – this includes some additional COBRA specific data such as qualifying event code, qualifying event date, paid-thru dates, etc.

We can provide a copy of our standard data conversion specification for review upon request.

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c. Ability to meet data requirements and payroll processing deadlines consistently and accurately

We will work with University of Idaho in advance of the project launch to understand the payroll and other reporting schedules. The process for processing inbound feeds and enrollment changes and for producing and transmitting payroll data is fully automated, and leverages an industrial strength scheduler (Control-M from BMC software), our specialized Electronic Data Interface team, and our 24x7 production support team to deliver on our service level commitments for over 20,000 interfaces annually. That coupled with our fully automated pre-payroll reconciliation process where we run predefined test scripts against the payroll data to verify accuracy, puts us in an advantageous position to meet any reporting timeline.

d. Interface formats

Our flexible interface management framework supports variable interface formats for a broad range of clients as follows:

- **Inbound data feeds** – we support a host of formats for HRIS/demographic feeds, post-payroll feeds (payroll results – e.g. deductions taken), and inbound carrier feeds (evidence approvals, etc.), and leverage our web-enabled *Ariel Interface Module* for this purpose. This module accepts variable file formats (XML, .csv, .txt, etc.) on a client-configured basis and manages the loading, validation, and on-line correction and distribution of inbound data to our core administration systems. This tool optimizes data accuracy and resolution timeframes through automated scheduling and notification capabilities and ensures timely and correct data is maintained in the system.
- **Payroll feeds** – our approach is to configure the payroll feed to match the payroll system's required format and content, and could leverage the existing feed format with BenefitConcepts if desired to minimize effort for the university. The payroll feed typically reports all cost information and any elections required for payroll purposes, and separates ongoing amounts from retroactive/one-time adjustments for simplicity.

- **Carrier feeds** – we leverage GenTran to generate 834 files and accept/manage response files where supported by carriers, and to map custom formats in other cases.

e. **Secure file transport functionality**

Data transfer is typically done by electronic file transfer using a secure FTP server. Data transmitted via FTP is typically encrypted with PGP or other encryption software. Morneau Shepell also supports SFTP and VPN.

The Interface Module also includes a secure file upload capability via https. Outbound interfaces are initiated by Control-M, our scheduling software supplied by BMC Software.

Interfaces to Banner Self Service, Luminis Portal

8. **Allow for single sign on, i.e. employee signs on to Banner Self Service or Luminis Portal and authentication is passed logging the employee into the vendor's system.**

We support single sign-on – both from a client's portal (such as Banner Self-Service or Luminis Portal), and from our site to carrier sites where this is supported by the carrier. We support both standards-based solutions leveraging SAML 1.1 or SAML 2.0, custom/packaged solutions (e.g. Netegrity), and custom / home-grown solutions as required for many of our clients.

For some clients, portions of the population (e.g. COBRA, retirees) may not have access to the client's HR portal or network, or restrictions prevent active employees from accessing the client's portal from home. In these cases, we can support a 'mixed' model, where our core authentication service can be open to only the applicable populations – or where our login page calls the client's authentication service for authorization. Where our authentication service is used, *Ariel* requires the following to grant access to the site:

- **Employee ID:** typically, a known identifier (employee number or payroll ID) is leveraged to minimize confusion. Where no unique identifier exists, a participant registration process allows the employee to assign his/her own identifier on-line.

- **Password:** in most cases, a password rule (e.g. portion of birth date and SSN) constructs the initial password and minimizes costs associated with personalized password-statement distribution. Alternatively, a random password can be generated in accordance with configurable password-strength requirements, and communicated to participants at inception. After initial login, the employee is required to change their password, in accordance with established rules, and to complete responses to three security questions (selected from a long list of standard questions). These security questions are used for the online password recovery process. When answered correctly, the password is reset to the default (if formula-based) or distributed (if random).

Typically, plan participants are locked-out after three failed log-in attempts. However, lock-out procedures can be customized and configured to University of Idaho's requirements.

Quality Control, Data Integrity

9. Change management methodology and process

Whether outsourcing administration for the first time or changing providers, employees will notice a change from what they are used to. For these reasons, it is important to manage change proactively by ensuring that we communicate with all of the constituents impacted by the change. Setting expectations early and communicating often will dramatically improve acceptance of the change, hence ensuring the success of the project.

At the outset of the project, we will establish and introduce you to our ongoing service team, including our executive sponsor, client relationship managers, solution architects, Contact Center manager, and other key staff. Because our proposed University of Idaho relationship manager and client managers will be heavily involved in both implementation and ongoing services to you, this transition process will be relatively smooth.

From a project management perspective, any change which is outside the scope of the benefits implementation project will be discussed with the project steering committee.

Once there is mutual agreement regarding the required change, the Morneau Shepell project manager will draft a Change Order and submit to the University of Idaho project manager for review and approval.

With respect to ongoing administration, we will finalize all service standards with you and establish a process for resolving service issues.

For administrator access by the HR team at University of Idaho, we will provide your management and HR staff with the appropriate user training on our benefits administration system. Training on our "super-user" functionality typically takes less than one business day. This training will ensure that there are minimal disruptions to the ongoing service during the cutover to the new system.

With regards to communication initiatives, as part of our transition services, Morneau Shepell will work with you to prepare an appropriate communication piece for employees/retirees that outline the changes in administrative procedures. This handout will specify:

- New contact telephone numbers
- Key information about accessing and using the self-service website
- Enrollment deadlines
- Forms to complete

We have a dedicated Communication Practice that is focused on assisting employers in meeting their internal communication needs. Our communication consultants have specialized expertise in traditional and flexible benefits and retirement plan communication. They are technically knowledgeable in the areas of benefit/pension content, legal, and tax issues affecting these plans, as well as administration issues. This enhances our ability to provide clear and effective communication to plan members, in order to improve their perception of their benefits programs.

We can provide a more comprehensive communication strategy to support the change in providers. This includes:

- Focus groups to present the company's objectives and proposed changes, in order to refine the new processes in place and adjust the future communication to answer employees' concerns;
- Information bulletins before and after the focus groups, to explain program changes, services available to members through the insurance company, new program features such as web self-service, and general tips and tricks about the new processes;
- Employee presentations to introduce the new program;
- Web-based and paper-based enrollment guide; and
- Detailed website presenting the plan details.

We would be pleased to discuss these strategies in more detail, including costs.

10. What other processes are in place?

Our quality framework, verified via annual CICA 5970/SAS 70 Type II audits, is described below:

Administrative Solutions Quality Framework

Our Administrative Solutions Quality Framework includes a variety of practices supporting our ongoing commitment to quality expressed via adherence to six key principles:

- **Leadership through involvement** – Our management team, up to and including the executive committee, are benefit practitioners who are focused on the internal and external workings of the administration business
- **Client focus** – We view the length and depth of our client relationships as a critical factor to our success, and consider day-to-day participant interactions as a component of the overall client relationship
- **Performance controls** – To succeed, we establish performance metrics, then manage ourselves on a daily basis to meet or better our service standards and test these regularly to confirm results
- **Continuous learning** – We provide opportunities for long-term development of our staff through internal and external training programs
- **Continuous improvement & breakthrough thinking** – Stresses the importance of innovation and evolution in our practices and supporting technology

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- **People focus** – As a service organization, the quality and availability of talented staff is critical, as reflected in our recruiting and retention strategies

Adherence to our overall quality framework is validated in a variety of ways:

- **Daily** – Via automated tracking, reporting, and escalation methods relating to client Service Level Agreements (SLAs) and Key Performance Indicators (KPIs)
- **Monthly or quarterly** – Accumulated & reported to clients through regular Service Reports
- **Annually** – Tested through CICA 5970/SAS 70 Type II audits performed by KPMG

We believe that quality is a key contributor to the success of Morneau Shepell, in the areas of achieving superior client service, improving risk management, and employee satisfaction. Quality at Morneau Shepell is built on a Quality framework that is described in more detail below:

Quality	Description
<p>Leadership</p>	<p>Leadership starts at the top – from the Executive level of our organization. Senior management, lead by Bill Morneau (Executive Chairman) and Alan Torrie (President & CEO) is responsible for creating a culture of quality, which “sets the tone,” by implementing appropriate policies and procedures, and choosing to recognize and reward quality in our employees. Input and participation at all levels of the firm is encouraged to ensure the policies are appropriate.</p> <p>In order to foster a culture of quality we recognize and reward employees for high quality work and compliance with policies. This is achieved through processes such as performance management, bonus and promotion systems and, if necessary, disciplinary actions.</p> <p>Clearly it is necessary to ensure effective and open communication of quality objectives and means to achieve the objectives in order to make Quality at Morneau Shepell work.</p>
<p>Professional and Ethical Principles</p>	<p>All employees are expected to conduct themselves in a professional and ethical manner in all of their dealings with colleagues, clients, and business associates.</p> <p>Professional and ethical principles include:</p> <ul style="list-style-type: none"> ▪ Integrity: Acting in a forthright, fair and honorable manner. ▪ Objectivity: Acting in the best interest of clients, avoiding conflicts of interest. ▪ Professional competence and due care: Applying the level of skill and professional knowledge expected by industry standards. ▪ Confidentiality: Respecting the confidential relationship that arises out of business activities and actively ensuring that confidential information is

Quality	Description
	<p>protected from access by others and not used for improper purposes.</p> <ul style="list-style-type: none"> ▪ Professional Behavior: No dishonest, deceitful, fraudulent behavior and compliance with all acts. <p>Compliance with relevant professional association codes of conduct by member employees is also required.</p>
<p>Client Acceptance and Client Planning</p>	<p>Intuitively, before we make a proposal to do work or accept an engagement we make an assessment of the appropriateness of the client, as well as the work.</p> <p>Similarly, we periodically assess our clients' relationships to ensure client satisfaction, identify new opportunities to do more work for the client (cross selling) and assess the economics of the relationship. We have developed an approach and some tools to assist and standardize these two processes firm-wide.</p> <p>We have developed a Contracting with Clients policy and standard form agreements. It is the firm's goal to ensure that it has contracts with each of its clients. This is becoming industry standard and clients are asking for written agreements more frequently. Contracts will ensure that we have a clear understanding of our relationship with the client, minimize understandings and better manage our liability and other exposure. For the administrative solutions business, there are service agreements in place with most clients. However, on the consulting side, we have few agreements in place. We will require engagement letters with all new consulting clients. With regard to existing clients, we will obtain them whenever possible and over the next few years will look to have them in place with all clients.</p> <p>For those involved in managing client relationships, a more detailed presentation about these points will follow.</p>
<p>Human Resources</p>	<p>People are our main resource and are key to providing superior quality service to clients. We must make sure that we have sufficient personnel with appropriate skills to perform the work we take on.</p> <p>We encourage continuing skills development of our staff through various means, including through the Integrated Learning program, mentoring, peer review, etc.</p> <p>Our employees must comply with our policies, professional standards and laws. Over the next few months we will be implementing a new program where we remind employees of key policies and ask them to confirm their commitment to compliance with firm policies.</p>
<p>Engagement Performance</p>	<p>Once we have been awarded the work from a client, we need to ensure that we are doing it right and in a high quality manner.</p> <p>We achieve this through a number of means:</p> <ul style="list-style-type: none"> ▪ Performance standards – This includes developing firm standard documents, templates, tools, and manuals, as well as following industry specific guidance. The Administrative and Consulting Management Committees are responsible for developing practice specific performance standards. The role of the National Specialist is also important here. ▪ Communication – It is your responsibility to ensure that you understand the

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Quality	Description
	<p>objectives of the work and keep others informed of progress and issues that you encounter. Coordination and communication among the team is key. The leader of the engagement team needs to ensure that the appropriate forums for effective communication are established.</p> <ul style="list-style-type: none"> ▪ Supervision – All work must be appropriately supervised. ▪ Consultation – Consultation is encouraged at all times. It uses the collective experience and technical expertise of the firm to reduce the risk of errors or poor quality service. National Specialists play a key role in the consultation process and should be considered a valuable resource. External consultation may also be appropriate from time to time in such areas as legal, financial, accounting or regulatory when specialized knowledge is not available internally.
<p>Engagement Quality Control</p>	<p>All work must go through some type of review. Generally, in the case of the final work product for consulting clients formal peer review is required. The firm's peer review policy has been revised and another meeting will be held for those directly affected by the policy. In the administrative practice there are many internal controls that satisfy this review requirement. If neither of these situations applies, have a colleague or supervisor review your work to ensure it has undergone a quality assurance process.</p>
<p>Monitoring</p>	<p>Designing and implementing our Quality practices is step 1. Step 2 is ensuring that it works in practice and is being appropriately applied.</p> <p>We conduct practice reviews of work of partners and senior client service staff to ensure consistent application of our quality practices, policies and standards.</p> <p>As well, we have been undergoing internal and external audits of various internal controls to ensure that they are properly designed and applied. These audits will continue from time to time and provide our CICA 5970 and SAS 70 Type II certifications.</p> <p>We will also monitor compliance through the performance evaluations process and the annual policy compliance confirmation to be obtained from all personnel.</p> <p>In addition to ensuring compliance, these processes will provide valuable feedback as to the appropriateness and effectiveness of our existing policies and procedures. Armed with this information, we can take appropriate action to continually improve Quality at Morneau Shepell.</p>

Each year, Morneau Shepell employs external auditors to provide impartial assessments of our practices in the form of a Section 5970 / SAS 70 Type II Report. Their audit is conducted in accordance with the standards established by the Canadian Institute of Chartered Accountants (CICA) and the American Institute of Certified Public Accountants for audits of controls at a service organization. These audits allow us to provide the highest level of assurance to clients about our quality and control procedures.

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Strategy for identifying and resolving errors

11. Contingency plans

The following table highlights some of the typical risks of errors or delays pertaining to the implementation process, along with mitigation strategies that Morneau Shepell has found to be effective in successfully transitioning similar clients:

Implementation Risk	Mitigation Strategy
Conversion data integrity	Standard conversion formats & dedicated data specialists with expert knowledge.
Incomplete source system mapping and incomplete conversion files	Specialized and robust tools for data loading and validations.
Incomplete data conversion files	Automatic data validation process for all inbound data files. Errors are categorized based on severity. On-line tools available to client for error review and data correction before consumption by downstream systems.
Incomplete plan documentation and inconsistencies in the application of plan rules	Leverage implementation workbooks used to completely describe solution requirements.
Unknown or vaguely defined administration policies and processes.	Implemented a process definition discipline to uncover the complete set of required administration processes.
Insufficient time / capabilities for testing	Standardized process and toll-gate procedures to identify and fill gaps in capabilities and resourcing.

Following transition, a series of standard controls are leveraged to minimize the occurrence of errors in ongoing service delivery:

Service Delivery Risk	Mitigation Strategy
Inbound data feed issues	Automated interface scheduling, data validations, and notifications avoid data issues and facilitate corrections before these are published to the recordkeeping database.
Outbound data feed issues	Automated interface scheduling and screening routines minimize data errors. Where available/supported by the receiver, confirmation files guarantee delivery.
Call center quality	All calls are recorded, with sample calls (minimum of 5 per CSR) reviewed and scored monthly by call center coach. Optional participant satisfaction survey, and ability for client to review sample calls for quality.
Call center availability	Primary and backup call center, with remote access available via IP Agent for business continuity purposes.
Data entry	Automated system edits and integrated peer-review process minimizes potential for errors.
System availability	Primary and backup data center, with on-site diesel generators, load-balancing switches, and redundant server capacity to support peak periods and ensure continuity.

12. Notifications

In the event of an error, the notification process to the client is dependent on the level of criticality of the associated issue as described below:

Issue Levels	Definitions	Examples
Level 1	An event causing a disruption in service, has a major member and/or client impact, and could have significant cost implications. <ul style="list-style-type: none"> ▪ <i>Relationship Lead to Client</i> 	<ul style="list-style-type: none"> ▪ Significant item escalated via Level 2 ▪ inability to provide an agreed upon service
Level 2	An issue identified that may impact service levels, service quality and/or cost implications. <ul style="list-style-type: none"> ▪ <i>Client Manager to Client</i> 	<ul style="list-style-type: none"> ▪ Critical payment/provider issues ▪ Delay in Configuration requests ▪ Escalations from Level 3
Level 3	An issue with a particular service, or an isolated item that may have impacted quality, or service levels, but did not meet the client expectations. These are normal services issues that are easily resolved. <ul style="list-style-type: none"> ▪ <i>Client Manager to Client</i> 	<ul style="list-style-type: none"> ▪ Call Center issues ▪ Change requests ▪ Ongoing research and resolution

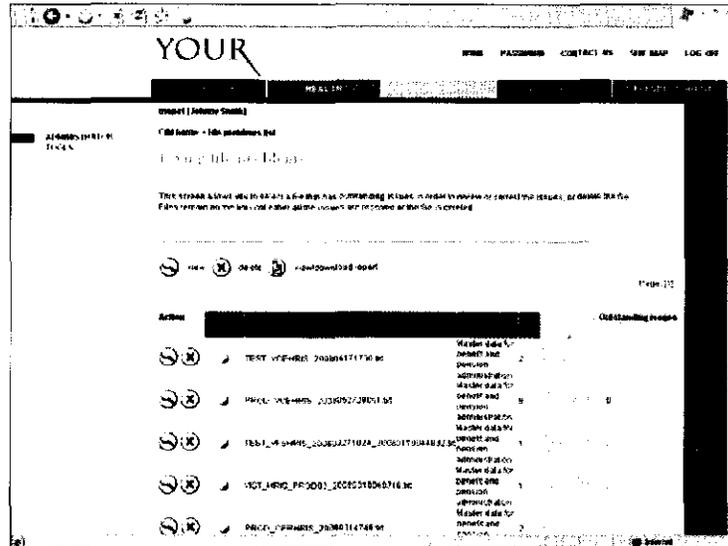
As relates to data integrity, we have built numerous real-time edits into both the data input screens and the interface process. All data received, whether from your system or from plan members, would go through a validation process prior to being transferred to the administration database.

There is an integrated, automated batch process for dealing with the apparent errors that are detected by the verification protocol. Such errors are placed into one of these three categories:

- **Warning only** – the change is accepted, but appears in a warning report as being questionable
- **Supervisor advise** – the change is held in pending mode, to be accepted or rejected only by someone with the proper authority
- **Reject** – certain apparent errors are rejected entirely until some sort of correction is made

To ensure that the administration database's integrity is maintained and service to plan members is not compromised, errors are dealt with promptly. The timing of these error corrections would be one of our service standards.

The following screen shot is from the Interface Module that allows the teams to troubleshoot data issues, and to confirm the proper upload of data.



13. Test files – Explain testing model, testing platform and how current is the data in testing environment?

We have a team of Quality Assurance specialists whose role is to ensure that test plans are comprehensive, to thoroughly review the results of all testing, and to report and oversee resolution of any discrepancies or problems noted. They execute test cases, log defects, and summarize test results. Sign-off by the Quality Assurance group is required before any system upgrade goes into the production environment.

At a high level, testing occurs:

- Whenever a system change or enhancement occurs, regardless of the reason for the change
- During implementation, on all client-specific processes – this includes inbound and outbound data feeds, system-generated calculations, self-service functionality, telephone and other infrastructure systems, data flow and other procedures

- Whenever legislative requirements or other data elements are updated – whether at the system or the client level
- Whenever parameters are set up or changed – at the client level

Our testing protocol is critical to our quality assurance, especially for our implementation project methodology. We will be pleased to share details with you when we have the opportunity to meet with you.

Implementation Testing

During implementation, testing is performed on all client-specific processes – this includes inbound and outbound data feeds, system-generated calculations, self-service functionality, telephone and other infrastructure systems, data flow and other procedures.

Whatever the category, work is done in the test environment. All unit and other testing is performed here. Then, the code or parameter set-up is transferred to the pre-production environment. Further testing occurs, including the user acceptance testing. Once that is complete, changes are moved into the production environment.

User Acceptance Testing

User acceptance testing is typically performed at the client site, and involves a two-day on-site session facilitated by Morneau Shepell staff followed by a week long period of client-driven testing with daily conference calls to report results and prioritize any defects/changes discovered.

During the UAT phase, we perform end-to-end testing intended to prove all aspects of the interfaces, eligibility, cost calculations, and web site usability. This includes sending us transactions in an HR feed (e.g. new hire, termination, status change), loading the HRIS file, enrolling members, generating a payroll interface and loading the interface to a payroll test environment.

This end-to-end test cycle gives users hands-on experience with the system, serves as a dress-rehearsal for go-live, and provides confidence that the process works from end-to-end.

Once the UAT is complete, all processes and calculations that formed part of the formal test grid will be entered into the Quality Control software for future reference. It is these calculations that will be used as our benchmark in testing future system releases.

The administration team has the ability to request a refresh of the pre-production environment whenever necessary. This involves doing a complete copy from production to pre-production. This is typically timed to coincide with major events such as open enrollment testing, plan design or rate changes, or any other significant system update.

Implementation process

14. Please provide detailed description as well as timeline for both initial implementation and annual enrollment updates.

Based on previous experience, an implementation project of this scope typically takes between four and six months to complete. We are confident that we can complete the implementation stage to begin open enrollment by mid-October, as requested, if appointed by the end of May. A sample project timeline is included in Section 9 of our proposal.

We will be able to confirm the actual project length after reviewing the timing with University of Idaho in the planning phase of the project. Our ability to establish a firm deliver date will be based on the availability of University of Idaho resources, other projects underway at University of Idaho, plan anniversary dates, status of electronic data, final scope, automation and customization needs, and other such factors. Whatever timeframe is established during the implementation phase, we will ensure that a seamless transition of services will occur.

Following is a description of the steps within a typical high-level implementation project plan. It illustrates the general steps required to successfully implement an outsourced administrative solution. A full, detailed project plan will be developed and finalized at the beginning of the implementation phase.

A. Project Planning

The purpose of this phase will be to carefully review the project and agree on a division of responsibilities between Morneau Shepell and University of Idaho. In a partnering arrangement of this type, it is important that responsibilities be clearly defined and understood on all sides. Based on this, a detailed Service Agreement will be developed for your review and approval. Our proposed project work plan will also be reviewed at this time, and modified as required. This document will detail the deliverables, responsibilities, project team organization, schedule, and processes for project control and change management.

It is important, during this stage, to identify an Implementation Team made up of our staff and yours who will be responsible for this project. We have found that a team approach ensures the functional requirements are fully understood, issues are addressed, and cohesive solutions identified. For continuity, we believe that the Implementation Team should meet at regular intervals throughout the project. Suggested meeting dates will be shown on the final work plan.

B. Information Gathering and Plan Analysis

During this phase, we will collect all relevant information relating to your current health benefits and billing administration processes and the plan to be administered. This will include items such as:

- Summary Plan Descriptions
- Plan texts
- Procedure manuals
- Employee booklets
- Collective bargaining agreements
- Interviews with many of those currently involved in benefits administration at University of Idaho
- Participant communication examples
- Enrollment package examples
- Management report samples

At this stage, we will prepare a formal plan analysis document. It is critical that our staff learn through such investigation, at an early stage, the details of your benefits programs

and the procedures surrounding it. In particular, we will want to ensure that we understand any administrative details that are not readily apparent from a review of your existing procedure documentation. This proves to be most useful as we work to develop optimal processes and test the system. A thorough understanding of the administrative details around the plan is essential to ensuring nothing is missed.

We will also clarify your needs in terms of reporting and begin to outline the data linkage requirements. This phase lays the groundwork for both the mapping of current processes and the identification of “best practices” moving forward.

C. Analysis of Data and Interfaces

We will identify the data elements required for plan administration, a key milestone in allowing us to both move forward towards a data conversion and an understanding of what data will be required from external sources on an ongoing basis.

We will also perform a thorough analysis of all the data interfaces required to obtain data and to distribute data to other service providers. This will build on the considerable work already done by you.

D. Review of Current Administration Procedures

This involves detailed process-mapping of the current arrangement. At this stage, further interviews with University of Idaho staff will be required. We will also organize discussion sessions to ensure that you and we both thoroughly understand all current processes. The final output will be a process map describing the current flow of information for University of Idaho.

E. Develop Prototype “Best Practices” System and Processes

We would define the overall requirements and develop a “best practice” procedures prototype for your review. From our perspective, the administration “system” involves:

- *Ariel Benefits* for record-keeping
- The electronic linkages to and from your HR and payroll systems for data updating (if identified as required)

- The processes we put in place to ensure the data in *Ariel Benefits*, and the information given to participants, is always complete and correct

In our experience, it is considerably more efficient to allow clients to review and critique a prototype version of the system and processes that is developed by us, rather than to ask them to develop best practices from a “blank sheet of paper”. The extensive rules documentation and process-mapping that you have already completed will form a valuable basis to our work in this area, significantly simplifying our efforts.

The “best practice” processes and practices will be thoroughly documented and work on a Procedures Manual will commence. By the time this phase is completed, any gaps in *Ariel Benefits* would be identified and documented for programmer action.

F. Configuration of *Ariel Benefits*

After review by the Implementation Team, we will begin setting up program parameters in *Ariel Benefits*. At this point, we would also make any necessary programming changes to accommodate your requirements and we would ask for your sign-off on the preliminary system specifications and procedures.

G. *Ariel Benefits* Modifications (if required)

If our analysis determines that there are gaps in *Ariel Benefits*' ability to effectively handle the requirements of your benefits plans, then specifications will be written and programming changes made. Of course, all changes will be thoroughly tested in terms of the University of Idaho plans.

H. Develop Test Database to Support Testing

In our experience, it is difficult to evaluate a benefits administration set-up and test it without realistic sample data. The use of “test live data” quickly identifies potential problems in terms of data consistency and systems interfaces. Our testing grid will cover all possible cases and the test database will include all member profiles and situations in the testing grid.

Based on the prototype processes and the plan descriptions, we will identify a comprehensive set of “test plan members” to use in the testing of all calculations and processing.

I. Test system enrollments, Record-keeping Functions, and Procedures for Ongoing Administration

At this stage, all functions performed by the system will be tested by various groups of *Ariel Benefits* specialists. Testing will cover items such as:

- Enrollment
- Life event changes
- Termination
- Retirement
- Death
- Data feeds to insurers or other service providers
- Data management in respect of the data flow from your HR and payroll systems (if required)
- Premium administration
- Annual processing
- Standard reports

J. Data Transfer

At this stage, we will perform several test conversions on a sampling of the live data. This permits us to gauge the quality and completeness of the data, so that issues can be dealt with before the scheduled date for the actual data transfer. Once the data is deemed to be accurate and up to date, the transfer would be completed. This would be accomplished using data originating from the current administration systems, or your HR and/or payroll system.

Once the database is populated, we suggest that it be subject to a detailed audit by you. We will provide a convenient reporting format for this process. We believe that it is essential that the staff involved in the checking process be familiar with the current plan administration, if at all possible. These individuals are the best ones to identify any potential problems.

K. Develop and Test HR and Payroll Interfaces

With the system and processes established and the live data ready or almost ready, the data linkages to your HR and payroll systems can be finalized, tested, and fine-tuned.

Ideally, our testing process will involve parallel runs over several months and pay cycles. For an implementation of this size, it will be desirable to begin to receive data feeds for parallel testing at least two months prior to the “go live” date.

A critical component to successful ongoing administration is our ability to perfect the timing of the data feeds and the related automated procedures.

L. Develop and Test Interfaces to and from Other Service Providers

Data feeds to and from other service providers would be developed and tested concurrent with the HR and payroll feeds. Any synchronization issues between these and the other feeds would be identified and resolved.

M. Develop and Customize Self-service Website

A University of Idaho-branded self-service website will be setup with the information, features, and functionality determined during the project planning stage of the implementation. We will customize the site to ensure that University of Idaho plan members are able to access all the data they need to view. We will develop any training materials that might be needed to assist them in enrolling and accessing their information, although most clients find the website so intuitive that formal training is not necessary.

At the same time, the “super-user” functionality would also be tested. This is merely an add-on to the member website, with a different security hierarchy. It allows your management and HR staff the ability to obtain member information and to request reports.

N. Test Website

Morneau Shepell will thoroughly test the enrollment processing and data access through the website to ensure stability and error-free access.

O. Setup Contact Center

At this point, we will be ready to establish the infrastructure required for the University of Idaho service team. We will:

- Finalize space allocations

- Setup telephones and computers
- Make final decisions as to team members
- Hire new employees to take the place of those being transferred to the University of Idaho account, and perhaps others to work on the University of Idaho team
- Setup and test *Ariel 360*, for performance monitoring and follow-up processes

P. Training

Prior to going into production, training sessions will be provided to our service team staff. The training will involve a thorough review of the benefits plans, an introduction to your corporate culture, all procedures and processes, as well as the service standards laid out in our Service Agreement. Any training required for your HR staff would be provided at this stage as well.

Q. Final Test of Calculations and Processes (User Acceptance)

Near the end of the implementation period, we will run the new processes in parallel with the existing administration. This allows for an overall test of the new procedures in real time, dealing with real situations.

If appropriate, a comprehensive sampling of calculations performed by your existing system will be reproduced using *Ariel Benefits* and the new processes. This final stage serves as the User Acceptance Test, permitting you to provide your formal sign-off prior to the "go live" date.

R. Quality Control Set-up

Once the user acceptance testing is complete, all calculations that formed part of the formal test grid will be entered into the Quality Control software for future reference. It is these calculations that will be used as our benchmark in testing future *Ariel Benefits* releases.

S. Implementation

Once all testing is complete and signoff has been provided, our Release Management Team will coordinate the deployment of all required software, configuration, and database updates into the production environment. At the same time, the Project

Manager and ongoing Client Manager will work together to ensure that all handoffs take place so that the transition to the new administrative model is seamless.

T. Annual Enrollment Updates

Given the importance of Annual Enrollment to all our clients, we manage it each year as a project and follow a pre-defined process to ensure consistent results. The following is a high level overview of some of the key aspects:

- University of Idaho and Morneau Shepell client manager provide overall guidance
- Morneau Shepell Project Manager accountable for overall success
- Detailed project planning (typically a 4-5 month project)
- Plan change analysis and system configuration updates
- Communications (working with University of Idaho to develop strategy)
- Changes to web site content
- Quality assurance (Internal testing and client User Acceptance Test)
- Enrollment and post enrollment processing activities
- Project closure meeting, including 'lessons learned' report to use in planning for the next year's enrollment

15. Does your system allow for mid-year changes to employer rates/premiums?

Yes, our system allows for mid-year changes to employer rates/premiums.

16. Retroactive changes with multiple rates across plan years?

Yes, the system handles retroactive changes with multiple rates across plan years.

Vendor's Internal Systems

17. Timely delivery of payroll data

a. Processes and procedures in place to ensure regularly defined delivery time

As mentioned previously, we will work with University of Idaho in advance of the project launch to understand the payroll and other reporting schedules. The process for processing inbound feeds and enrollment changes and for producing and transmitting payroll data is fully automated, and leverages an industrial strength scheduler (Control-M from BMC software), our specialized Electronic Data Interface team, and our 24x7 production support team to deliver on our service level commitments for over 20,000 interfaces annually. That coupled with our fully automated pre-payroll reconciliation process where we run predefined test scripts against the payroll data to verify accuracy, puts us in an advantageous position to meet any reporting timeline.

18. Billing and reporting for benefit vendors, third party administrators

Our system includes an integrated premium reporting and accounting module. Some features of this module include:

- Incorporation of all benefits on a single premium statement
- Option to produce the statement in summary (by member, including required groupings as needed) or in detail (by employee) mode
- On-line tools for initiating billing functions, and accessing historical results
- On-line entry of check payments and manual adjustments (or integration with a separate accounting system, if required)
- Accounting modules designed for strong internal controls and segregation of duties
- Support for detailed payment allocation or balance-forward on participant accounts
- Integrated accounting functions used to allocate payments to premium amounts, and to calculate carry-forwards by member
- Detailed on-line account inquiries
- Employee-level billing if direct bills are required in some cases (e.g. for leaves of absence or retirees)

- Inbound files for check payments (e.g. for pre-authorized checking, lock-box, or other methods of recording payments) and provide outbound extracts of results (e.g. for loading into a separate accounting system)
- Production of provider remittance reports

19. Retiree billing

Our *Ariel Benefits* Billing Administration and Accounting module provides complete capabilities for premium billing administration, payroll or pension deduction processing and leave payment management. The system supports employer premium statements and member direct billing. The payment services are integrated with financial institutions lock-box programs, pre-approved checking and credit card processing. Additionally the system can manage arrears payment collection and deferred payment plans.

20. Enrollment changes

Our system handles year-round qualified status changes. The system can detect eligibility-driven status changes (e.g. job change impacting eligibility or cost-sharing) based on the receipt of demographic data in the daily census file, automatically setup the event for employees to complete, and send an associated notification via e-mail. Life events (marriage, divorce, etc.) are typically self-reported by the employees. In all cases, the system handles enrollment on-line – processed by the employee or an administrator – and enforces client-configured business rules to ensure elections are consistent with the associated event's/plan's restrictions and to ensure any required documentation is received and approved by the administrator.

The system supports on-line capture via an intuitive user interface of all information pertaining to benefits administration, including:

- Demographic/job data – while typically reported via file interface, authorized client users can change this information on-line if desired
- Contact preferences – participants are able to modify this information (preference for e-mail vs. traditional mail) on-line, if desired
- Dependents
- Benefit elections – core benefits, voluntary benefits, F.S.A. / H.S.A. contribution levels, etc.

- On-line short-form evidence of insurability verification (if approved by the carrier)
- Primary care physicians (if applicable)
- Beneficiary designations (primary and contingent)

Historical Information

21. Provide Historical Data upon termination for contract

We would be able to provide Historical Data upon termination of the contract.

22. House historical data from prior administrators

a. Requirements and process for data transition

If desired by the University of Idaho, we can load historical participant and benefit election data into our system at transition. However, our typical approach is to only load 18 months of history for medical coverage to enable the production of accurate HIPAA certificates of creditable coverage.

The process for loading historical data is the same as for current data (see response to question 8) except that we would require multiple records for each participant and benefit type (e.g. a record for each time a change occurred).

Reporting available

23. What is your standard reporting package? Can the university run ad-hoc reports using an online reporting system?

We leverage an on-line reporting solution powered by Crystal Reports to allow authorized university users to run reports on an ad-hoc basis. The tool provides a list of available reports which contain run-time parameters which allow the user to tailor the report to meet their specific needs. For more complex reporting requirements, a series of configurable extracts to Excel or other analysis tools are available from the administrator site.

During implementation, we will review our existing report library along with the available run-time parameters (division, job, status, timeframes, etc.) with the team to ensure that these are sufficient for your needs. Where additional reports or modifications to existing reports are required, these are configured during the transition process for ongoing use. Sample reports from our current library are listed below:

Title	Source	Destination	Description	Frequency	Format
Premium Reimburse					
Premium Statement	<i>Ariel Benefits</i>	University of Idaho	Includes insured (non-ASO) benefits only	Monthly	<i>Ariel Benefits</i> Standard
Administration					
Interface Manager	<i>Ariel Benefits</i>	University of Idaho	Summarizes changes received in HRIS feed, along with data "errors" for inspection/correction by University of Idaho	Daily	Online <i>Ariel Benefits</i> Standard
To-Do List	<i>Ariel Benefits</i>	University of Idaho	Paper report listing the To-Do records to be processed – client can mark records for deletion or modification prior to sign-off	Per HRIS	<i>Ariel Benefits</i> Standard
Employee Communications					
On-line Confirmation Statement	<i>Ariel Benefits</i>	Employees	Confirmation Statement – provides coverage, costs, and dependent information to employees	Accessible anytime of day. Data updated nightly.	<i>Ariel Benefits</i> Standard
Confirmation of Coverage	<i>Ariel Benefits</i>	Employees	Paper version of the confirmation of coverage provided when electronic notification is not possible. Used for confirmation of authorization (i.e.: EOI approval).	Triggered automatically when coverage approved.	<i>Ariel Benefits</i> Standard
Benefit Confirmation Statement	<i>Ariel Benefits</i>	Employees	Paper version of the on-line Benefit Confirmation Statement provided to employees who have elected to receive paper-based communication.	Triggered automatically based on enrollment. Also available upon request.	<i>Ariel Benefits</i> Standard
Certificate of Creditable Coverage	<i>Ariel Benefits</i>	Employees	HIPAA mandated Certificate of Creditable Coverage	Triggered automatically based on certain events as required by regulations.	<i>Ariel Benefits</i> Standard
Overage Dependent Memo	<i>Ariel Benefits</i>	Employees	Overage dependent certification & annual re-certification memo	On event & annual re-confirmation	<i>Ariel Benefits</i> Standard
Enrollment	<i>Ariel Benefits</i>	Employees	Paper equivalent of email	Triggered	Custom

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Title	Source	Destination	Description	Frequency	Format
Notices			notification. Triggered automatically to notify employees that they are required to re-enroll based on a triggering event (i.e.: Change of address, dependent reaching coverage status, etc.)	automatically based on key events.	
Other Management Reports					
Enrollment Progress	<i>Ariel Benefits</i>	University of Idaho	Enrollment progress by division, day, hour, etc.	On request	<i>Ariel Benefits Standard</i>
Participant Counts by Plan & State	<i>Ariel Benefits</i>	University of Idaho	Counts by plan to pay admin fees to TPAs. Also used to monitor enrollment patterns and project counts for providers to negotiate network access fees with other plans.	Monthly	Custom
Plan Migration Report	<i>Ariel Benefits</i>	University of Idaho	Identifies who changed plans during annual enrollment, which plan they were in and which plan they moved to.	Annual	Custom
ASO Premium Journal Report	<i>Ariel Benefits</i>	University of Idaho	Summarizes medical/dental participants by network and fee types to pay TPA administrative fees.	Monthly	Custom
Life Premium Journal Report	<i>Ariel Benefits</i>	University of Idaho	Summarizes life participants by premium brackets.	Monthly	<i>Ariel Benefits standard</i>
Compare Error Report	<i>Ariel Benefits</i>	University of Idaho	Outlines data requiring University of Idaho resolution when University of Idaho sends synch up files to Morneau Shepell. Report will also summarize discrepancies by data type.	Monthly	<i>Ariel Benefits standard</i>
Open Enrollment Statistics	<i>Ariel Benefits</i>	University of Idaho	Provides statistics on activity during the open enrollment period.	Weekly during open enrollment	<i>Ariel Benefits Standard</i>
Plan Enrollment Statistics	<i>Ariel Benefits</i>	University of Idaho	Shows statistics of number of participants that enrolled in each option (for all benefit types), broken out by age range, gender, earnings, part- or full-time, marital status, double miners, waivers and if there are children covered.	Annually after re-Enrollment + monthly thereafter	<i>Ariel Benefits Standard</i>
Systems Availability Statistics	Infrastructure	University of Idaho	Report on systems performance and availability over a given period.	To be defined	Custom
Quarterly Management Report	Various	University of Idaho	Management report detailing major issues, performance based on service level agreements, current month activity (e.g., calls, transactions, etc.), and any variance from agreed upon servicing fees/estimated expenses.	Quarterly	Custom

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Title	Source	Destination	Description	Frequency	Format
COBRA Administration Detail Report	COBRA module	University of Idaho	Provides billed and paid details; includes a breakdown by plan, various sorts available	To be defined	Standard
COBRA Disbursement Report	COBRA module	University of Idaho	Provides carrier, coverage dates, paid dates, billed amounts, paid amounts, source of payment.	To be defined	Standard
COBRA Payment Posting Log	COBRA module	University of Idaho	Provides paid date, check amount & number, SSN, name, etc.	Weekly	Standard

Where required, our data management team supports any atypical reporting requirements not supported by our standard library. Typically, the frequency and extent of these support requirements are delivered within the hour bank allocated to each client.

Life Insurance

24. Administer EOI for Life Insurance.

The web enrollment tool evaluates evidence of insurability (EOI) requirements based on event type, reporting timeframe, and participant selections and indicates where any EOI requirement applies. Where acceptable to the carrier, we offer an on-line short-form EOI questionnaire. Assuming the participant answers 'no' to all questions on this questionnaire, the additional coverage is granted immediately. Where the participant answers 'yes' to any question, or where EOI is required for the spouse, a more comprehensive EOI questionnaire is required. Several options exist for providing this:

- The form is provided at the end of the enrollment transaction – the participant prints this, completes (or has his/her spouse complete), and forwards to the carrier for adjudication
- Some carriers support their own on-line EOI questionnaire process, and allow us to link to their site via single sign-on and to pass the associated participant information to facilitate their process
- Some carriers prefer to receive a regular interface from *Ariel* and push their own EOI forms / web links to the participant

We handle the associated adjudication results as follows:

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- We are able to send reminders and cancel the outstanding EOI based on a time schedule defined on a per-client basis

Some carriers notify us of their decision via regular interface, while others forward us a copy of the approval/decline notification.

COBRA

25. Direct Billing to participants

Our standard COBRA service includes the following:

- **Initial notification of COBRA rights** - we can provide this service based on the receipt of new hires and their corresponding initial enrollments
- **Qualified Event (QE) reporting** - our system detects qualifying events based on system triggers (e.g., termination, divorce, loss of dependent status, etc.), and starts the COBRA process
- **Qualified Event (QE) notification** - once a QE is identified, Morneau Shepell produces a QE notification and mails it to the qualified beneficiary with an election form
- **Election** - qualified beneficiaries (QB) who elect COBRA must submit the election form (or complete their election online) and forward the initial payment within the appropriate timeframes. We process the elections and report eligibility to the carriers as necessary
- **Billing process** - our standard process involves mailing billing coupons to the QB for the remainder of the plan year, or using ACH or other pre-authorized payment methods. If the employer prefers, we have the option to produce monthly billing statements. We typically collect payments directly from QB's so that we can properly enforce deadlines, etc. Payments are sent directly to a lockbox facility owned by a major bank and the funds are sent to the client with a financial report on a monthly basis
- **Open enrollment** - we can provide complete open enrollment services for the COBRA population. This would include mailing any required communication materials as well as the enrollment change forms.

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26. Online Access for participants to review election and payment information

We have the ability to provide access to participants so they can view their current coverage and any payment information. In addition, we have the capability to conduct open enrollment online for the COBRA population.

Is COBRA Administration in-house? If not, please list the name and location of the COBRA vendor you partner with.

COBRA Administration is conducted in-house.

Customer Service

27. Where is your call center located and what are the standard hours of operation staffed by a live CSR?

Our call center is located in Pittsburgh and is open from 8:00 a.m. to 8:00 p.m., Eastern Time, Monday to Friday. Clients typically choose a ten-hour window for service to plan members, although extended hours beyond this time window are available for those clients who request it (additional fees would apply). The service center is closed for all U.S. statutory holidays.

28. What is the turnover rate among CSR in this unit?

The current turnover rate for CSRs is 12%.

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SECTION 7 Implementation

Date of Implementation

Please detail implementation timeline with critical milestones. Open Enrollment should begin approximately 10/15 so we need to have the new system in place. Please list expectations and dates for any risks to the project which are outside your control or that the University must perform a task or provide information.

A well-planned implementation project is the key to a successful transition to a new service provider. The following is a sample timeline for implementation, including annual open enrollment:

Task	Responsibility	Timeframe
Project Kick-off	Joint	May 2
Project planning	Joint	May 2 – May 16
Review and confirm all details of the Client's H&W benefits plans	Morneau Shepell, with client support	May 17 - May 31
"Best Practices" analysis, and identification of appropriate administrative procedures	Joint	May 30 – June 3
Detailed requirements specifications, and process-mapping	Morneau Shepell	June 3 - June 17
Set up the <i>Ariel Benefits</i> administration systems to handle the Client's programs	Morneau Shepell	June 20 – July 18
Develop and customize a self-service website application for the Client's requirements	Morneau Shepell	June 27 – July 18
Co-ordinate data transfer to populate administration database	Morneau Shepell, with Client support	July 25 – August 8
Manage data clean-up, if required/desired	Morneau Shepell	August 9 – August 19
Test processes and procedures	Joint	August 22 – September 2
Develop and test HR/payroll data feeds	Joint	August 22 – September 16
UAT Testing for Ariel Benefits system	Joint	August 29 – September 26
Set up call center	Morneau Shepell	August 20 – September 19

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Task	Responsibility	Timeframe
Train administration staff on plan details and Client's culture	Morneau Shepell	September 19-October 14
Go live for Open Enrollment	Morneau Shepell	October 15, 2011
Post enrollment processing & interfaces	Morneau Shepell	November 1 – December 1
Go live for administration services	Morneau Shepell	January 1, 2012

The following risks are common to such projects and should be included in the risk mitigation plan for the project.

Description	Impact	Mitigation Strategy
Conversion data accuracy and completeness	The quality and completeness of the member, coverage, dependent and beneficiary data is unknown. Gaps in mandatory data may result in additional work for the University of Idaho team.	Review data requirements early in the project in order to have the greatest amount of time possible to address any issue.
Adherence to schedule	The schedule is tight and therefore vulnerable to slippage.	Adhere to deliverables and signoff schedule. Resolve issues / make decisions / answer questions quickly.
Third party delays / constraints	Outside stakeholders on whom the project depends may delay the schedule if unable to meet key milestones	Agree on dependencies and deadlines early.
Scope change	Additional work or re-work are likely to extend the project schedule, and may introduce unforeseen issues.	Avoid changes to signed-off deliverables; avoid new features.
Availability of University of Idaho staff during production preparations and the initial launch period.	Absence of key staff for vacation or other reasons may delay project activities, putting the go-live date at risk.	Maintain a vacation schedule and plan in advance for the required coverage.

SECTION 8 Training

Please fully describe training and system access available. Please list typical University by function to receive any requisite training for systems trouble shooting, access and updating of information and/or ad hoc or standard reporting.

We provide on-site or remote training via our website on changes to plan design and website functionality. Where call center services are managed by the client, we offer onsite training in the following:

- **Customer Care:** Includes skills such as effective listening, questioning, dealing with difficult people, problem solving and decision-making. Role-playing is used extensively in this segment.
- **Ariel Benefits:** We have a number of courses related to the set-up of *Ariel Benefits*, and appropriate procedures for initiating transactions and performing other functions. These are offered on a regular basis.
- **Benefits Legislation:** Periodic training on the technical aspects of Health & Welfare (and pension) legislation, and related tax regulation, is presented to administration and consulting staff on a regular basis.
- **Client Specific Products/Services/Processes:** Includes in-depth training on all client products, services, policies and processes.

We will develop any training materials that might be needed to assist University of Idaho employees during the enrollment process, performing “what if” modeling scenarios, and accessing their benefits plan information, although most clients find the self-service website so intuitive that formal training is not necessary.

For system administrator access by the University of Idaho HR team, we will provide your management and HR staff with the appropriate user training on our benefits administration system, website, and reporting tools. The training will involve a thorough

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review of plan configuration, all procedures and processes, and the recommended system usage for each administrative task.

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SECTION 9

System/Software Upgrades

1. All upgrades or changes to software should be fully tested in a non-production or development environment to insure that the production environment is not compromised. Please describe the ability of the University to be involved in testing and satisfied that the production environment will not be compromised

The system upgrades are transferred into the production environment on an automated basis typically during evenings or weekends with little impact to the existing system (except where clients choose to configure new capabilities).

Our procedures are well-established and proven to be effective in minimizing the potential for service disruptions. Client testing is typically not required for automated system upgrades, but could certainly be integrated into the upgrade process if desired. With respect to client specific changes (e.g. rate updates), we typically request that the client perform user acceptance testing in the pre-production environment and provide sign-off on the change before it is deployed to production.

2. Demonstrations and/or interviews may be requested at the University's discretion to clarify functionality and performance of proposed system. If requested, the vendor must be prepared to give a demonstration up to 10 minutes to allow the University to see a "real-life" current service at another client utilizing the proposer's software. The demonstrations will be via distance over "WebEx" or some similar media. Additional detailed information will be provided to the shortlisted vendors prior to the interviews and demonstrations.

We would also be pleased to schedule a demonstration of the various systems in order to show you how they would work together.

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3. Please describe compliance with information security and data management under section 6-34 through 6-41 as specified in Section six.

We confirm compliance with the information security and data management requirements listed in sections 6-34 through 6-41 with the following exceptions.

6-34 Data Compromise Response

As each case may be different, Morneau would like to include in this provision that both parties shall agree on a plan to investigate the Data Compromise at the time of its occurrence (i.e. decisions on which party will take the lead on the investigation, if any third party assistance is required, process on notifying members, etc.), including any costs associated with the investigation and an appropriate cap on such costs given the nature of the compromise and the scope of the investigation.

6-38 (a) Response to Data Security and Integrity

We are in the process of becoming compliant at Level 3. We have not pursued Level 1 because we do not actually process credit card information. To facilitate payment, we store credit card information for certain clients and transfer it to providers that do the actual processing. Level 1 is typically for a merchant that processes a high volume of credit card transactions.

6-38 (d) Bullet 2

We would like to suggest alternative language such as "A vulnerability scan, performed by a scanner mutually agreed on by customer and Vendor..."

6-38 (d) Bullet 3

We would like to suggest alternative language such as "A penetration scan, performed by a process and personnel mutually agreed on by customer and Vendor..."

6-40 Response to Legal Orders, Demands or Requests for Data

Morneau Shepell would like to add in subsections (a) and (b) that if it (or the University) receives a subpoena, warrant, or other legal order, demand or request seeking the University or End User Data maintained by Morneau Shepell, that Morneau Shepell shall, depending on the nature and extent of the request, be compensated by the University for reasonable fees incurred by Morneau Shepell on a time and materials basis for the time it spends on such requests.



4. Please address specific questions regarding any proposed interfaces as outlined in Appendix A of this RFP.

We have addressed all the questions outlined in Appendix A in Section 10 of our proposal.

5. The successful proposer will be required to enter into a Business Associate Agreement with the University.

We agree to this requirement.

SECTION 10

Proposed Application Interfaces

For any proposed interfaces to and from the University of Idaho's Banner database (or any other locally hosted enterprise database), please address the following questions:

1. What specific interfaces are proposed? Please indicate whether they are incoming or outgoing and what implementation options (batch or real-time) are available?

Typically, there are two interfaces required for each client we work with:

- **HRIS** – inbound (to provider) member demographic and employment data. Provides any updates to address, salary, employee group, etc. and communicates new hires. Can be full file or changes only format. Frequency is usually weekly or daily.
- **Pre-payroll** – outbound (from provider) deduction data provided to facilitate deductions from employee pay checks. Typically changes only format but can also be configured as a full file. Frequency coincides with pay cycles (weekly, bi-weekly, monthly).

We typically employ point-to-point interfaces. For HRIS and payroll interfaces we have developed proprietary tools that allow significant flexibility in format through various configuration options. For outbound eligibility interfaces, we use an EDI server product from Sterling Commerce called Gentrax. This product allows us to easily map the data to any number of standard (e.g. ANSI 834) or proprietary formats.

Our interface methodology allows for a significant amount of flexibility. In most cases, we are able to map to any fields and can work with existing formats. We can confirm this upon review of the specific requirements.

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At present we do not have any real-time interfaces. Our current client base has not required us to move in this direction. If University of Idaho requirements include real-time interfaces we would be pleased to discuss further.

2. Please provide an overview of the processing requirements of the proposed interfaces.

Processing requirements	
HRIS	<ul style="list-style-type: none"> ▪ Purpose: provides updates to employee demographic and employment data ▪ Frequency: daily or weekly, as required ▪ File transfer: can be scheduled to load off hours at a specified time ▪ Processing: client should review records that are held by the Interface Module due to validation rules and correct as necessary ▪ Confirmation: client has the option to review a change report that lists all changes detected by the system. The report is produced automatically and posted to the online Interface Module.
Payroll	<ul style="list-style-type: none"> ▪ Purpose: provides updates to payroll deduction and imputed income data ▪ Frequency: coincides with payroll calendar, typically a number of days in advance of the payroll run ▪ File transfer: can be scheduled to transmit at a specified time, per the payroll calendar ▪ Processing: client should review records that are rejected by the payroll system and correct or notify the provider of any issues ▪ Confirmation: client may wish to review or audit changes to payroll deductions. This is optional.

Does the vendor provide an existing interface for the University of Idaho database application (i.e. Banner)? Please explain in detail.

We do not have an existing interface with the University of Idaho.

3. Does the proposed interface architecture require additional products or configurations beyond a standard Oracle database configuration? Will any additional software be required for the University infrastructure? Please explain in detail.

The proposed interface architecture does not require any additional products or configurations. See our response to question #10 above for more information on our approach to interfaces.

4. If additional software will be required to implement the interface, will the initial cost and yearly maintenance included in the proposal?

No additional software is required to implement the interfaces.

5. Can existing interface feeds already in place at the University of Idaho be accommodated by the vendor? What would be necessary to evaluate and estimate those existing interfaces?

We would be happy to review the existing interfaces and accommodate them if this is possible. In order to evaluate the existing interfaces, we would require the specifications including the file layouts and any associated logic.

6. Will the proposed interface operate totally within University of Idaho trusted network or will data be transmitted remotely? Please describe in detail.

Given that the application will reside on Morneau Shepell servers, data will need to be transmitted to and from the University of Idaho. As described above, HRIS data will need to be transmitted to Morneau Shepell and payroll data will need to be received from Morneau Shepell.

7. What University of Idaho enterprise database(s) will be involved in the interface?

The HRIS interface will require read access to the employee HR related data. The payroll interface will require access to the payroll data to apply updates related to changes in benefit deduction amounts.

8. What data elements will be extracted from or loaded into these databases? List schema, table, column and description for each data element needed, if known.

We have included a sample Electronic Data Transfer Guide in Appendix D which lists the data elements required for the HRIS and payroll interfaces. We would be happy to discuss in more detail at your convenience.

9. Please describe any data to be included in the proposed interfaces that could be considered sensitive personal information?

We treat all personal information as sensitive and employ considerable care in dealing with our client's data. However, elements such as the SSN and salary would be considered especially sensitive.

10. Will the interface require direct access to a University of Idaho database server? Please describe in detail. NOTE: Access to database servers other than through database communication port(s) is currently prohibited.

We would not require direct access to any University of Idaho databases. We propose that the University initiate the outbound HRIS interface and we would provide the payroll interface to the University for loading to the payroll system.

11. If a real-time interface is being proposed, please describe the architecture in detail.

At present we do not have any real-time interfaces. Our current client base has not required us to move in this direction.

If the University of Idaho requirements include real-time interfaces we would be pleased to discuss further.

12. What party will be responsible for building the interface (the vendor or University of Idaho staff)? Please explain in detail.

For the HRIS file, University of Idaho resources would be expected to design, construct, test and implement. Morneau Shepell would assist in clarifying requirements and testing files loaded to the system.

For the payroll file, University of Idaho resources would be involved in design and testing the loading of files to the payroll system. Morneau Shepell would provide test files to assist with the testing process.

13. If the proposed interface will be based on direct access to the University of Idaho database, will the connection be made from an identifiable list of vendor-hosted servers? Please explain in detail.

No direct access is required. The proposed interfaces rely on the exchange of files in batch mode.

14. Do the proposed interfaces process only full datasets or does the functionality allow for incremental updates to the University of Idaho database application(s)?

We can configure the HRIS and payroll interfaces as full file or incremental (changes only). They can each be configured differently (e.g. HRIS = full file, payroll = incremental).

15. What mechanism is provided to receive and evaluate the status of a load operation (i.e. how many rows were loaded successfully or failed, and why)? Please describe in detail.

Our response to question 16 earlier in the proposal provides some information on the interface validation process. The Interface Module is an online tool that is available to designated administrators to enable them to review and correct errors associated with HRIS file loading. A screen shows all the relevant details such as file name, date loaded, number of records, number of initial errors and number of remaining errors. The user can click on an individual file, review each of the errors and correct them as necessary. There is also an interface validation report that can be printed and an HR changes report that includes all changes that resulted from the loading of the file.

16. Will a detailed specification document be provided for each proposed interface? Please provide an example of the proposed format.

Yes, please see Appendix D for a sample Electronic Data Transfer Guide that includes an example of the proposed format.

17. Will a configuration management plan be provided to ensure that any changes to interfaces are properly tested in a controlled environment prior to implementation? Please explain in detail.

Yes, a detailed configuration management plan will be created as part of our overall QA strategy. In general, we test all changes on two levels. First, the developer or configuration specialist that is implementing the change will conduct unit testing to ensure the change meets the requirements that were submitted with the change request. Once they are satisfied with the results, they will submit a deployment to the Release Management Team (RMT). The RMT will deploy the script to the pre-production environment. Once the change is in the pre-production, the Operations Team that maintains the interfaces in production will conduct their internal user acceptance test. Once they have signed off on the change, the RMT will deploy the script to the production environment. As a last step, the RMT will assign the ticket to the Operations Team who will confirm the change in the production environment and close the ticket.

18. Can a fully functional test environment be provided, with a complete University dataset, for testing interface modifications prior to implementation?

Yes, it is our standard practice to maintain a pre-production environment for all clients for testing interface modifications as well as core system and client configuration changes.

19. How will the vendor ensure that processing deadlines for time-critical interfaces are monitored and met to ensure University operations are not adversely impacted?

We employ the following strategy to ensure that all time-critical interfaces are monitored and delivered on time:

HRIS files (inbound)

Although these interfaces would be initiated by the University of Idaho, we setup an automated file watch to monitor receipt of the file as per the schedule. If a file is not received by the agreed upon time, the scheduler will send an automated e-mail to the University team as well as the Morneau Shepell assigned Client Manager.

Payroll Files

The payroll schedule for the entire year is loaded into the system and the files can be scheduled to be produced and delivered on a specific date and time. The Operations Team lead can monitor the files that are due each week and ensure that any required processing is complete prior to the due date. The Client Manager also monitors all deliverables for their assigned clients and is responsible for ensuring that all due dates are met.

Carrier Eligibility Files

All outbound eligibility files are setup in our scheduling tool to run on a pre-defined schedule (typically weekly). The scheduler runs the file, encrypts and transmits the file all without manual intervention. The files are usually run over night so they can be available for processing by the carriers in the morning.

To ensure timely delivery, the scheduler is configured to send automated e-mails should the job fail at any point in the process. These e-mails would be sent to our Production Support team as well as the Client Manager assigned to the University of Idaho. This ensures that any issues are resolved promptly so that the files can still be delivered on the date promised and avoid any delays in reporting eligibility.

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APPENDIX A

About Morneau Shepell

Our Consulting Style

Our goal is to ensure that our clients maximize the value of their investment in their compensation, retirement, and benefits programs. To achieve this, we commit to:

- Actively listen to clients
- Be proactive in recognizing the issues facing our clients
- Be innovative in problem solving
- Provide a cost-effective method to deliver high quality consulting advice.

As a first step, we recognize the client's resources and desired role in managing their compensation, retirement, and benefits plans. We then assist where and when we are needed. By adapting our style to complement our clients' strengths and weaknesses, we ensure that our support is focused and effective, and that we work with the client as part of the client's team. As a client changes, so to does our support and involvement.

Our consulting teams provide the appropriate depth of experienced professionals and support staff. This ensures that the work can be delegated and performed in a cost-effective manner. Our strict Peer Review Guidelines ensure that the end product is of the highest quality.

We believe in proactive consulting, ensuring that a systematic process is in place for meeting with clients and that service expectations are discussed openly and committed to by our entire service team.

Expertise in Administrative Solutions

Morneau Shepell has always had a strong presence in the administration of pension, savings, and benefits plans, and has almost four decades experience in providing these

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services. During this time, we have developed a number of proprietary systems and processes and have opened a number of administrative centers in Canada and the United States. At these locations, we provide all aspects of pension and benefits administration. This includes dealing directly with clients' employees by telephone and Internet.

Strategically, we view benefits and pension administration and outsourcing as a core business of our firm. We believe there will continue to be significant demand for these services in Canada and are committed to leadership in this field.

This commitment is demonstrated by our technology and administrative centers, located in Toronto, Montreal and Pittsburgh. In 1996, our firm was the first in its field to invest in the infrastructure for an administrative center to support pension, benefits and related HR administration when our Toronto facility was launched. Additional technical support centers were opened in Montreal and Pittsburgh, enabling the firm to provide "back-up" operational support to outsourcing clients. Having three technology centers improved our ability to offer business continuity services by providing uninterrupted service to our clients and their employees during power outages or weather emergencies.

Overall Value of Morneau Shepell's Service

Morneau Shepell provides effective and innovative consulting solutions because we use the right people and right processes. Our consultants have expertise in all aspects of employee benefits programs, including actuarial, compensation, legal, communications, and administration.

We believe the following attributes define the value of Morneau Shepell's consulting services:

Strong customer focus

Our customer focus is demonstrated through our long-term client relationships. We always seek to work for any organization for the long-term, by understanding their future objectives and needs. For example, we have served a number of our municipal clients for over 20 years.

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This customer focus is also proven by our client satisfaction survey results. We strive to continue to improve these results, and perform follow-ups on any issues that may be identified through the survey.

Involvement of people

We have structured our practice in a way that facilitates and encourages the sharing of knowledge throughout the firm, and co-operation between our various offices.

This is exemplified by our National Specialists structure. Each of our 13 major areas of practice is headed by a National Specialist. The national specialists' structure is aimed at consolidating and building the firm's intellectual capital.

Industry involvement

As a firm, we have a strong profile in the industry, thanks to our research base and knowledgeable employees. Our consultants are active in the actuarial profession and the employee benefits industry, with nationally-recognized expertise, and participation in the Society of Actuaries, the Canadian Institute of Actuaries, the Canadian Pension & Benefits Institute, and many other industry organizations. We partnered with CCH Canadian in the ongoing publication of the Handbook of Canadian Pension and Benefit Plans. The Handbook provides a comprehensive overview of Canadian plan designs and legislation, and is an important reference for industry professionals.

Peer review policy

This is a rigorous policy at Morneau Shepell. All documents, reports and calculations sent to clients are reviewed by colleagues before delivery. This policy is built into our firm's culture.

Our Services



DB, DC Hybrid & Flexible Retirement Plans

- > Accounting valuations
- > Funding valuations
- > Plan design
- > Provider searches
- > Retirement counselling
- > Savings vehicles
- > Strategic planning

Executive Arrangements

- > Funding strategies
- > Plan design for RCAs, SERPs and other vehicles

Governance

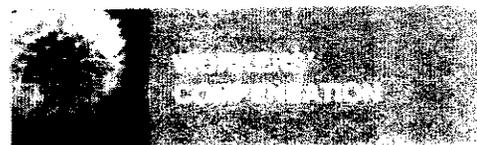
- > Audit of decision-making processes and other processes
- > Documentation
- > Policy setting
- > Structural framework
- > Training & education

Legal/Regulatory

- > Drafting plan texts
- > Interpreting legislation

Wind-ups (Full/Partial)

- > Insolvency issues
- > Surplus recovery strategies



- > Accident prevention programs
- > Actuarial analysis
- > Experience rating
- > Policy reviews & changes
- > Pooling arrangements
- > Training & communication

ASSET MANAGEMENT CONSULTING

Asset Management Products

- > Quarterly pension manager's pooled funds survey

Investment Consulting

- > Asset liability modeling
- > Fund governance reviews
- > Investment manager reviews and searches
- > Investment policy development
- > Portfolio analysis
- > Review of DC fund option

BENEFITS CONSULTING

Disability & Absence Management

- > Audits
- > Case management
- > Disability cost control
- > Policy development
- > Program design

Flexible & Traditional Benefits Plans

- > Claims audit
- > Cost containment
- > Insurance market studies
- > Plan design, funding and pricing
- > Post-retirement accounting valuations

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ADMINISTRATIVE SOLUTIONS

Administration

- > Defined Benefit and Defined Contribution pension plans
- > Flexible and traditional benefits plans
- > RRSPs and DPSPs
- > Share purchase and other savings plans

Employee Self-Service Tools

- > Administrator access
- > Internet/Intranet Web sites with enquiry and transactional functionality
- > Pension estimates
- > Retirement planning
- > "What if" software for benefits plan enrolment

"Back-office" activities

Full outsourcing, including call centre services

Support for internal administration

Volume-purchasing programs for associations

COMPENSATION CONSULTING

- > Compensation reviews
- > Custom surveys
- > Executive compensation
- > Incentive programs and stock options
- > Job evaluations
- > National surveys & reports
- > Pay equity
- > Policy setting

OTHER SERVICES STRATEGIC SOLUTIONS

Benchmarking

- > Benefits programs
- > Cash compensation
- > Perquisites
- > Retirement plans

Business-driven change

- > Downsizing
- > Due diligence evaluations for mergers, acquisitions & divestitures
- > Optimizing of tax-effectiveness
- > Plan conversions & mergers

International Matters

- > Cross-border transfers
- > Global pension plans
- > Mobile employees
- > Policy setting

COMMUNICATION CONSULTING

- > Communication strategies
- > Change management
- > Employee booklets
- > Employee statements
- > Total compensation statements
- > Plan launches
- > Web site solutions

EMPLOYEE ASSISTANCE PROGRAMS

We offer customized mental and emotional health and work/life balance support through our EAP programs.

- > Counselling
- > Work/life solutions
- > Trauma response
- > Global EAP and trauma
- > Health Coaching

HEALTH MANAGEMENT

We assist employees in maintaining or returning to the best possible health and productivity. We help organizations to manage their healthcare expenditures.

- > Attendance support line
- > Disability case management
- > Occupational claims management
- > Occupational health

ORGANIZATIONAL HEALTH & TRAINING

We work with organizations to create the conditions for good health and top performance.

- > Research based strategic solutions
- > Data analysis, surveys and benchmarking
- > Project management
- > Organizational training and workshops
- > Management coaching
- > Cross-cultural adaptation

APPENDIX B

Morneau Shepell Terms and Conditions

In any resulting agreement between our two parties, we would wish to use our following standard terms and conditions as a basis for discussion:

The following terms and conditions shall apply to the engagement letter between you and Morneau Shepell Limited (sometimes referred to as “we”, “us”, “our” or “Morneau Shepell”) to which these terms and conditions are attached and to any other services performed by Morneau Shepell for you. These terms and conditions, together with the engagement letter shall be referred to as this “agreement”.

- 1. Cooperation and Information.** You shall cooperate with us in the performance of our services. You shall be responsible for the timeliness, accuracy and completeness of all data and information provided to us. Our advice is based upon the facts and assumptions provided to us. We will not independently verify this information, unless otherwise specified herein.
- 2. Payment of Invoices.** Invoices submitted by us are payable upon receipt. Interest on unpaid invoices will accrue at a rate of 1% per month (12.68% per annum, compounded monthly) beginning 45 days after the invoice date.
- 3. Taxes.** All fees and other charges do not include any applicable federal, provincial or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes and duties shall be assumed and paid by you without deduction from the fees and charges hereunder.
- 4. Confidentiality.** We will treat as such all confidential information obtained from you in the course of performing our services and, except as provided in this paragraph, will not use or disclose such information except in connection with the performance of our services. This restriction will not apply to any confidential information that we are required by law or professional standards to disclose; that is in or subsequently

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enters the public domain; that is now or subsequently becomes known to us without breach of any confidentiality obligation of which we are aware; or that is independently developed by us.

5. **Intellectual Property Rights.** We retain all rights, including intellectual property rights, in all materials, software, documentation, tools, know-how, techniques, processes and methodologies supplied to you ("Deliverables") or created or used by us in the performance of our services. We grant you a non-exclusive, non-transferable, perpetual license to use the Deliverables for which we own the intellectual property rights for internal business purposes, such grant to become effective upon payment in full of all fees and taxes payable hereunder. This agreement shall not be construed as precluding or limiting in any way our right to (i) provide consulting or other services of any kind or nature to any person or entity or (ii) develop for us, or for others, anything that is competitive with the Deliverables or anything created or used by us to perform our services.
6. **Restriction on Use.** Our services and materials delivered in connection therewith are provided by us for your internal use and information only and may not be distributed, published, made available or relied upon by any other person, without our express written permission. This engagement is not intended for the express or implied benefit of any third party.
7. **Force Majeure.** Neither party shall be liable for delays resulting from circumstances or causes beyond its control, including without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.
8. **Term.** Subject to the other conditions relating to termination set out in this paragraph or as may be set out in any Statement of Work, the Engagement Letter may be terminated by either party at any time in writing to the other party. In the event of termination pursuant to this paragraph, you agree to compensate us for our time and expenses incurred to the termination date specified in the notice of termination, as well as for reasonable time and expenses incurred to bring the services to a close in a prompt and orderly manner

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- 9. Limitation on Liability.** Unless and only to the extent otherwise provided by local law without possibility of contractual waiver or limitation, Morneau Shepell's maximum liability to you for any aspect of this engagement shall be limited to direct money damages in the amount of fees paid for the services set out in the engagement letter for the preceding 6 month period. In no event shall Morneau Shepell be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including without limitation lost profits and opportunity costs). You are responsible for any decisions you make as a result of or in connection with our services. For the purposes of this paragraph, the term Morneau Shepell includes our related entities and their respective directors, officers, employees and agents. This paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense or loss, whether in contract, statute, tort (including negligence) or otherwise.
- 10. Limitation Period.** No action, regardless of form, arising out of or relating to this agreement may be brought by you more than one year after the cause of action has accrued.
- 11. Survival.** Terms which by their nature survive expiration or termination of this agreement shall survive, including sections 4,5,6,9 and 10.
- 12. Independent Contractor.** It is understood and agreed that each of the parties is an independent contractor and that neither party is, nor shall be considered to be an agent, distributor, partner, fiduciary or representative of the other. Neither party shall act or represent itself, directly or by implication, in any such capacity in respect of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.
- 13. Legal Counsel and Review by Authorities.** You should consult with or engage legal counsel for the purpose of obtaining legal advice or opinions on matters on which we provide our advice or services. We will use our professional judgment in resolving questions affecting your affairs relating to services we provide. However, you understand that the result of any such advice is not binding on regulatory authorities or the courts and should never be considered a representation, warranty, or guarantee that the authorities or courts will concur with our advice.

- 14. Electronic Communications.** Unless otherwise directed in writing, you recognize and accept the risks associated with communicating by Internet, including potential lack of security and/or delivery. We accept no responsibility for loss or damage associated with use of Internet communications.
- 15. Governing Law.** This agreement shall be governed by the laws of the State of Delaware and the laws of the United States applicable therein.
- 16. Entire Agreement.** This agreement constitutes the entire agreement between us concerning this engagement and the services provided hereunder, and supersedes all other oral or written representations, proposals, understandings or agreements relating to the subject matter thereof. This agreement may only be amended in writing by the parties. In the event of conflict or inconsistency between these Terms and Conditions and the attached engagement letter, these terms and conditions prevail.
- 17. Severability.** In the event that any provision of this agreement shall be held to be invalid, void or unenforceable, then the remainder of this agreement shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.
- 18. Assignment.** This agreement shall be binding upon both parties and our respective, successors and permitted assigns. Morneau Shepell is permitted to assign, transfer or delegate any of its rights or obligations to any affiliate or successor in interest to all or substantially all of the assets or business of the relevant Morneau Shepell practice, without your consent, in which case, such affiliate or successor in interest shall be bound by and entitled to the benefit of the terms of this agreement.
- 19. Language.** The parties have requested that this agreement and all communications and documents relating hereto be expressed in the English language. Les parties ont exigé que la présente convention ainsi que tous les documents s'y rattachant soient rédigés en anglais.

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APPENDIX C

Sample Employee Communications Material

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Retirement Letter

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ABC Company
875 Greentree Road, Suite 500
Pittsburgh, PA 15220

April 15, 2011

John Doe
123 Pittsburgh St
Pittsburgh, PA 15126

Dear John:

Congratulations on your retirement from ABC Company.

As a result of your retirement, your participation in the Company benefits program will change. The following information will assist you in understanding the benefit options available to you.

- As a retiree, you and your eligible dependents may participate in retiree medical coverage as of the date of your retirement. Your active employee medical coverage will end as of the last day of the month before your retirement date. If you participated in a company sponsored dental plan, you will be offered continuation of coverage as provided by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).
- For information about the Retirement Plan, please call the ABC Company Savings and Pension Center at 1-877-xxx-xxxx to speak with a pension representative.
- If you participated in the ABC Company Savings Plan, you will be sent information about the options available to you under the Plan. You may also call the ABC Company Savings and Pension Center at 1-877-xxx-xxxx to speak with a representative.
- If you participated in the Employee Life Insurance Plan, the Dependent Life Insurance Plan, or the Survivor Income Plan, coverage will end on the last day of the month in which your employment ended. However, you will have the right to convert all or part of this insurance to an individual policy by applying to the Prudential Insurance Company within 31 days of the termination of your employment. If applicable, a conversion form for the Dependent Life Insurance Plan or the Survivor Income Plan is attached. As a retiree, 1 x pay Life insurance will be provided to you by ABC Company until age 65. At age 65, this coverage will be reduced to \$6,000. You will also have the one-time opportunity at retirement to enroll in an additional 1 x pay voluntary life insurance plan. Under separate cover and if applicable, a conversion form for the Employee Life Insurance Plan will be sent to you once your retiree life insurance elections are recorded.
- If you participated in the Dependent Care Reimbursement Account (DCRA), your coverage will terminate as of the end of the month before your retirement date. You may submit eligible expenses incurred for the calendar year. If you participated in the Health Care Reimbursement Account (HCRA), your coverage will terminate as of the end of the month before your retirement. You will be offered the opportunity to continue your Health Care Reimbursement Account through COBRA on an after tax basis through the end of the calendar year of your retirement. You may submit eligible expenses incurred for the period of time you were participating in the Health Care Reimbursement Account. Note that for both HCRA and the DCRA, you must submit your eligible

expenses to be received no later than April 30th of the calendar year following the year of your participation. Any funds remaining in the Account(s) beyond that date will be forfeited.

- If you participated in the Long Term Care plan, coverage can be continued directly through the Plan's insurer. Finally, if you were enrolled in the financial planning program, the services may be utilized at any time during the calendar year in which you retired.

What you need to do:

You will use the online enrollment tool on the website to make your retiree medical and optional retiree life insurance coverage elections.

1. Go to www.abccompany.com.
2. Click on the Retirement link you will find on the site. Follow the instructions provided and complete all the necessary steps.

How to get more information

For more information about your retiree benefits coverage, visit the ABC company website.

If you have any questions about your retiree coverage or about making your retiree coverage elections, contact the ABC Company Service Center at 1-800-xxx-xxxx to speak with a representative. The ABC Company Service Center is available Monday – Friday, 9:00 AM – 6:00 PM Eastern Time.

Thank you for your cooperation.

ABC Company

Attachments:



COBRA Election Notice

Confidential

MORNEAU
SHEPELL

Notice Date : March 23, 2011

Qualification : March 15, 2011

Employer : Company Name

COBRA Service Center

John Doe
PO Box 123
Mayo, SC 29368

***This notice contains important information about your right to continue your health care coverage in the Plan(s) listed below.
Please read the information contained in these notices very carefully.***

COBRA Continuation Coverage Election Notice

Dear Mr. Doe:

The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events.

Please read the information contained in these notices very carefully. To elect COBRA continuation coverage, follow the instructions on the following pages to complete the enclosed Election Form and return it as soon as possible. If you have any questions concerning any information in this notice or your rights to continue coverage, you should contact:

**COBRA Service Center
PO Box 25406
Pittsburgh, PA 15220**

The COBRA Service Center can be reached at 1-800-555-2363 and is available Monday – Friday, 7:00 AM - 5:00 PM (CT)

If you do not elect COBRA continuation coverage, your coverage under the Plan will end on March 31, 2011 due to the death of the covered employee.

Each of the following persons is entitled to elect to continue health coverage under the Plan:

		Relationship to Insured
John Doe	08/24/1934	Self

Because of the above event that will end your coverage under the Plan, you and/or any of your dependents who were covered on the day before the event are entitled to continue your health coverage for up to 36 months. If you elect to continue your coverage under the Plan, your continuation coverage will begin on April 1, 2011 and can last until March 31, 2014.

Monthly rates for Continuation Coverage (includes 2% administrative fee):

Single
\$319.09

You do not have to send any payment with the Election Form. If elected, COBRA continuation coverage will begin on April 1, 2011 and can last until March 31, 2014.

IMPORTANT - To elect COBRA continuation coverage you MUST complete the "Election Form" and return it to the address as shown on form. Under federal law, you have 60 days after the date of this notice to decide whether you want to elect COBRA continuation coverage under the Plan.

The completed Election Form must be post-marked by 60 days of the printed date on Page 1. If you do not submit a completed Election Form by this date, you will lose your right to elect COBRA continuation coverage. If you reject COBRA continuation coverage before the due date, you may change your decision as long as you furnish a completed Election Form before the due date. However, if you change your decision after first rejecting COBRA continuation coverage, your COBRA continuation coverage will begin on the date you furnish the completed Election Form.

Important information about your rights is provided to you on the pages following this Election Form. If you have any questions about this notice or your rights to COBRA continuation coverage, you should contact:

COBRA Service Center
PO Box 25406
Pittsburgh, PA
15220

The COBRA Service Center can be reached at 1-800-555-2363 and is available Monday – Friday, 7:00 AM - 5:00 PM (CT)

John Doe
Qualification Date: March 15, 2011

COBRA CONTINUATION COVERAGE ELECTION FORM

ELECTING COVERAGE

Each eligible family member may elect coverage independently by completing a separate copy of this ELECTION FORM. The primary qualified beneficiary may elect to continue coverage on behalf of all eligible dependents who were covered the day before the qualifying event, but only a dependent or legal guardian may elect or decline coverage which the primary qualified beneficiary has declined.

If any family member declines any coverage, please complete the section titled DECLINING COVERAGE. Your completed ELECTION AGREEMENT must be returned by 60 days of the printed date on page one or you will lose your right to COBRA continuation coverage.

I elect the coverage(s) that I have checked below:

- Medical**
- Single
- Single + Spouse
- Single + Child(ren)
- Single + Family

You must provide the information below for any dependent not shown who will be covered. Complete any missing information for any dependents listed below.

Last Name, First	Birthdate	Gender	Relationship	Dependents
------------------	-----------	--------	--------------	------------

SSN

Important Information About Your COBRA Continuation Coverage Rights

What is continuation coverage?

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee (or retired employee) covered under the group health plan, the covered employee's spouse, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who is not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including open enrollment special enrollment rights.

How long will continuation coverage last?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued only for up to a total of 18 months. In the case of losses of coverage due to an employee's death, divorce or legal separation, the employee's becoming entitled to Medicare benefits or a dependent child ceasing to be a dependent under the terms of the plan, coverage may be continued for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 18 months after the date of Medicare entitlement. This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if:

- any required premium is not paid in full on time,
- a qualified beneficiary first becomes covered, after electing continuation coverage, under another group health plan that does not impose any preexisting condition exclusion for a preexisting condition of the qualified beneficiary,
- a qualified beneficiary first becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage, or
- the employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary receiving coverage (e.g. fraud).

How can you extend the length of COBRA continuation coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify The COBRA Service Center of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

Disability

An 11-month extension of coverage may be available if any of the qualified beneficiaries is determined under the Social Security Act (SSA) to be disabled. The disability has to have started at some time on or before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. Each qualified beneficiary who has elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined to no longer be disabled under the SSA, you must notify the Plan of that fact within 30 days after that determination.

Second Qualifying Event

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 18 months. Such second qualifying events may include the death of a covered employee, divorce or legal separation from the covered employee, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. You must notify the Plan within 60 days after a second qualifying event occurs if you want to extend your continuation coverage.

How can you elect COBRA continuation coverage?

To elect continuation coverage, you must complete the Election Form and furnish it according to the directions on the form. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of all of the qualified beneficiaries.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having preexisting condition exclusions applied to you by other group health plans if you have a 63-day gap in health coverage, and election of continuation coverage may help prevent such a gap. Second, you will lose the guaranteed right to purchase individual health coverage that does not impose a preexisting condition exclusion if you do not elect continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

How much does COBRA continuation coverage cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health

plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice.

When and how must payment for COBRA continuation coverage be made?

First payment for continuation coverage

If you elect continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election. (This is the date the Election Notice is post-marked, if mailed.) If you do not make your first payment for continuation coverage in full not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan. You are responsible for making sure that the amount of your first payment is correct. You may contact The Cobra Service Center to confirm the correct amount of your first payment.

Periodic payments for continuation coverage

After you make your first payment for continuation coverage; you will be required to make periodic payments for each subsequent coverage period. The amount due for each coverage period for each qualified beneficiary is shown in this notice. The periodic payments can be made on a monthly basis. Under the Plan, each of these periodic payments for continuation coverage is due on the 1st day of that coverage period. If you make a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without any break. The Plan will send periodic notices of payments due for these coverage periods.

Grace periods for periodic payments

Although periodic payments are due on the dates shown above, you will be given a grace period of 30 days after the first day of the coverage period to make a payment. Your continuation coverage will be provided for that coverage period if the payment is received before the end of the grace period.

However, for any coverage period that you make a payment later than the first day of the coverage period to which it applies, but before the end of the 30-day grace period, your coverage under the Plan will be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a periodic payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plan.

Your first payment and all periodic payments for continuation coverage should be sent to:

**COBRA Service Center
PO Box 644357
Pittsburgh, PA
15264**

**The COBRA Service Center can be reached at 1-800-555-2363 and is available Monday – Friday,
7:00 AM - 5:00 PM (CT)**

For more information

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your summary plan description.

If you have any questions concerning the information in this notice, your rights to continuation coverage, or if you want a copy of your summary plan description, you should contact

**The COBRA Service Center
PO Box 25406
Pittsburgh, PA
15220**

The COBRA Service Center can be reached at 1-800-555-2363 and is available Monday – Friday, 7:00 AM - 5:00 PM (CT)

Private sector employees seeking more information about rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, can contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) at 1-866-444-3272 or visit the EBSA website at www.dol.gov/ebsa State and local government employees should contact HHS-CMS at www.cms.hhs.gov/COBRAContinuationofCov/ or NewCobraRights@cms.hhs.gov

Keep Your Plan Informed of Address Changes

In order to protect your and your family's rights, you should keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

IMPORTANT

•If, after you elect COBRA and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you MUST notify the plan in writing. If you do not, you may be subject to a tax penalty.

For general information regarding your plan's COBRA coverage, please contact:

**The COBRA Service Center
PO Box 25406
Pittsburgh, PA
15220**

The COBRA Service Center can be reached at 1-800-555-2363 and is available Monday – Friday, 7:00 AM - 5:00 PM (CT)



Enrollment Reminder Notice

Confidential

MORNEAU
SHEPELL



ABC Company
875 Greentree Road, Suite 500
Pittsburgh, PA 15220

April 15, 2011

John Doe
123 Pittsburgh St
Pittsburgh, PA 15126

Dear John:

Important notice – You have an outstanding activity to complete.

According to our records, you have not yet completed the following activity related to the ABC Company employee benefits plan:

• New Hire Enrollment

You must go to the ABC Company website by April 30, 2011 and complete all of the steps in the enrollment process for any elections or changes to take effect.

If you do not complete this activity by the required date, we will remove any elections or changes you may have already made and cancel the event.

If you have any questions about this, contact the ABC Company Service Center at 1-800-xxx-xxxx to speak with a representative. The ABC Company Service Center is available Monday – Friday, 9:00 AM – 6:00 PM Eastern Time.

Thank you for your cooperation.

ABC Company



New Hire Letter

Confidential

MORNEAU
SHEPELL



ABC Company
875 Greentree Road, Suite 500
Pittsburgh, PA 15220

April 15, 2011

John Doe
123 Pittsburgh St
Pittsburgh, PA 15126

Re: New Hire Benefits Enrollment

The materials that are included with this communication provide you with general information about the benefit plans that are available to ABC Company employees eligible to participate in the ABC Company Benefits Plan. These materials will direct you to a variety of online tools that will assist you with obtaining more in-depth plan information. We understand that employees who are newly eligible for benefits frequently have many questions about the plans and hope that you find the tools and information helpful.

We further realize that you will be given a lot of information at this time and we want to simplify your understanding of benefit actions you need to take now versus benefits resources that are available to you year-round and that you can access as needed.

Benefit actions to consider now

Enrollment in ABC Company Benefits must be completed no later than 31 days following the later of your date of eligibility or receipt of benefit materials. The online enrollment tool is available to you now. If you choose to enroll before your benefits eligibility start date, your elections will be pended.

Benefit resources

You will have a variety of resources available to you, such as Summary Plan Descriptions, Benefit Highlights, Benefits Resource Guide and the Disability brochure just to name a few. Please refer to the Benefits Library on website to access benefits resource documents.

Enclosures

We have included the following documents with this communication. Please review them carefully.

- Benefit Highlights
- Important Notice from ABC Company About Your Prescription Drug Coverage, Administered by Caremark
- Health Insurance Portability and Accountability Act of 1996 Notice (HIPAA)

To obtain additional information about the benefits that are available to you go online to www.abccompany.com. You may also call the ABC Company Service Center at 1-800-xxx-xxxx to speak with a representative. The ABC Company Service Center is available Monday – Friday, 9:00 AM – 6:00 PM Eastern Time.

Yours Truly,

ABC Company



Required Forms

Confidential

MORNEAU
SHEPELL



ABC Company
875 Greentree Road, Suite 500
Pittsburgh, PA 15220

April 15, 2011

John Doe
123 Pittsburgh St
Pittsburgh, PA 15126

Dear JOHN:

Re: Required Documentation (Marriage)

According to our records, on January 13, 2011, you submitted enrollment or changes effective October 01, 2009 related to the ABC Company employee benefits plan.

Before we can finalize your elections or changes, you must provide the following supporting document (s) by **April 17, 2011**.

Marriage Certificate

If we do not receive the required forms and/or documents by April 17, 2011, your pending enrollment changes will be cancelled.

What you need to do:

1. Gather and/or complete the required forms and documents.
2. Complete the cover sheet included with this letter. Indicate on the sheet which documents you are providing.
3. Send the cover sheet and you're supporting documents to the ABC Service Center. You can fax your documents to 1-888-123-4567 or you can mail them to:

ABC Service Center
875 Greentree Road, Suite 500
Pittsburgh, PA 15220

If you have any questions, contact the ABC Service Center at 1-800-897-9700 to speak with a representative. The ABC Service Center is available Monday – Friday, 9:00 AM – 8:00 PM Eastern Time

Thank you for your cooperation.

ABC Service Center

Enrollment Forms Response Sheet

Date:	February 16, 2011
To:	ABC Service Center
Fax:	1-800-123-4567
From:	JOHN DOE
Employee ID:	00012345
Enrollment Number:	654321

Please find enclosed the outstanding documents related to my recent enrollment transaction: Marriage, effective October 01, 2009.

I have indicated the form(s) and/or document(s) I am submitting by checking the appropriate box(es) below:

Marriage Certificate

You can fax your documents to 1-888-123-4567 or you can mail them to:

ABC Service Center
875 Greentree Road, Suite 500
Pittsburgh, PA 15220

I understand that in some cases I may need to send a required form directly to the service provider. **If there are mailing instructions on a form, follow those instructions.**



Termination Letter

Confidential

MORNEAU
SHEPELL



ABC Company
875 Greentree Road, Suite 500
Pittsburgh, PA 15220

April 15, 2011

John Doe
123 Pittsburgh St
Pittsburgh, PA 15126
February 10, 2011

Dear John,

As a result of the termination of your employment with ABC Company, your participation in the company benefit programs will end. The following information will assist you in understanding the benefit options available to you.

- If you participated in the health care plans, your coverage will continue through the end of the month in which your employment ends. Information on continuation of health care coverage will be sent to you shortly.
- If you participated in the Savings and Investment Program or the Employee Incentive Thrift Plan, call the ABC Company Savings and Pension Center at 1-877-123-4567 for information on your account balance and the available options.
- If you are vested in the Retirement Income Plan or the ABC Hourly Pension Plan, you will automatically receive a statement of your accrued pension benefit from ABC Company and Pension Center.
- If you participated in the Employee Life Insurance Plan or the Dependent Life Insurance Plan or the Survivor Income Plan, your coverage will end on the last day of the month in which termination occurs. However, you will have the right to convert all or part of this insurance to an individual policy by applying to the Prudential Insurance Company within 31 days of the termination of your employment. If applicable, a conversion form is attached to this

letter. As an alternative, you may have the option to elect portable life insurance coverage. Portability enables you to continue similar Prudential group life insurance, which is often less expensive than individual life insurance. Be sure to read the enclosed brochure to learn more about the portability option and whether you are eligible. Retirees are not eligible for the portability option.

- If you participated in the Dependent Care Reimbursement Account (DCRA), your coverage will be terminated at the last day of the month of your termination date. If you participated in the Health Care Reimbursement Account (HCRA), your coverage will be terminated at the last day of the month of your termination date. However, you will be provided information in your COBRA materials to continue this enrollment on an after-tax basis through the end of the calendar year of your termination. Only HCRA expenses which were incurred while you were contributing to the account may be submitted for reimbursement. You have three months beyond the end of the plan year to submit eligible claims for reimbursement. Any funds remaining in the Accounts(s) beyond that date will be forfeited.

- If you participated in the Long-Term Care Plan, coverage can be continued directly through the Plan's insurer. Finally, if you were enrolled in the financial planning program, the services may be utilized at any time during the calendar year in which your employment is terminated.

If you have other questions about your benefit options, you can refer to the Summary Plan Description or call 1-800-123-4567 to speak with a representative at The ABC Company, Monday – Friday, 9:00 AM – 8:00 PM Eastern Time.

Thank You,

ABC Service Center

February 10, 2011

ABC COMPANY

GROUP TERM LIFE, DEPENDENT LIFE AND SURVIVOR INCOME PLAN
CONVERSION NOTICE

TO: JOHN DOE

AND FAMILY, IN CASES WHERE DEPENDENT LIFE INSURANCE IS IN PLACE Group Life Insurance coverage(s) provided by ABC Company is terminated on the date shown below.

Subject to the conversion privilege contained in the Group Contract and described in "Your Benefits" booklet, you may convert all or part of the insurance amounts indicated below to an individual life policy(ies) by applying for conversion and paying the first premium within 31 days of the coverage termination date.

Application for conversion may be made with any life insurance agent of the Prudential Insurance Company of America.

SPECIAL NOTE TO PARTICIPANTS WHO'S COVERAGE HAS BEEN
ASSIGNED

Please note that the decision to convert must be made by the owner of the policy. If you have assigned your coverage, this decision must be made by the assignee. Therefore, you must forward this conversion notice to the assignee, so that they may choose whether to exercise this right.

COVERAGE TERMINATION

The following coverage is terminated effective: February 28, 2011

Employee Life Insurance Amount	
Employee Life	\$978,985.00

Child Life \$5,000.00

These insurance amounts may be converted to an individual policy, as discussed above.

GROUP POLICY NUMBER: 0123456

NAME OF EMPLOYER: ABC COMPANY

CONTACT: ABC Service Center
875 Greentree Road, Suite 500
Pittsburgh, PA 15220

CONTACT TELEPHONE NUMBER: 1-800-123-4567



APPENDIX D
Electronic Data Transfer Guide

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MORNEAU
SHEPELL

Electronic Data Transfer Guide

Outlines our best-practice approach to data exchange
for master data and payroll directions related to the
administration of health & welfare benefits

MORNEAU
SHEPELL

Notice of Confidentiality

This document contains confidential information or details of proprietary processes or systems developed by our firm. Therefore, we respectfully request that the contents be held in strict confidence and not shared with any third parties without our written permission. The contents of this document are protected by copyright.

1. REVISION HISTORY 3

2. INTRODUCTION 4

3. GENERAL INFORMATION FOR DATA TRANSFER 4

4. FILE TRANSMISSION 4

4.1 File Naming Conventions..... 4

5. FIELD VALIDATION STATUS 5

6. MASTER DATA..... 5

6.1 Selection Logic 6

6.2 Confirming Master Data Changes 7

6.3 Master Data File Layout..... 8

6.3.1 Header Record..... 8

6.3.2 Transaction Record..... 8

6.3.3 Trailer Record 15

6.3.4 Unavailable Information..... 15

6.4 Areas of Concern for Master Data..... 15

6.5 Notes 15

6.6 Exceptions 16

7. PAYROLL DIRECTIONS 17

7.1.1 Payroll Directions Selection Logic..... 17

7.2 Payroll Directions File Layout 18

7.2.1 Header Record..... 18

7.2.2 Transaction Record..... 18

7.2.3 Trailer Record 21

7.3 Areas of Concern for Payroll 22

7.4 Notes 22

7.5 Exceptions 23

8. CLIENT SIGN-OFF..... 24

1. REVISION HISTORY

Version	Updated By	Date	Changes Made

2. INTRODUCTION

Morneau Shepell's Electronic Data Transfer guide is provided to assist in the implementation of standard interfaces required for the efficient integration of the client's Human Resource and payroll systems and Morneau Shepell's Ariel Administration system. The guide includes a description of the services available and the text file layouts for HR demographic and payroll deductions.

3. GENERAL INFORMATION FOR DATA TRANSFER

Following are some key elements of the electronic data interface files:

- The interfaces will be created based upon the fixed-length ASCII format specified within this document.
- All employees are sent on the HR demographic file, regardless of plan eligibility. This ensures that Morneau Shepell service center representatives can properly identify employees who call the service center but are not eligible for coverage. It also simplifies the transition process where eligibility rules change over time after Morneau Shepell begins administration of the plan(s).
- The interfaces are defined based on standard formats. Where fields are not available in the providing system or required in the receiving system, these will be indicated as such in the configuration requirements. This allows for additions and changes in the systems (version and provider) over time.
- The files include standard headers and footers that are used to validate the integrity of the transmission and to ensure that files are loaded in the right order.
- Morneau Shepell has defined a standard set of validation rules for the interface files. These protect the integrity of data in the Ariel system. Errors are trapped in the on-line interface module and are reported for action to designated HR or payroll administration teams. Where errors exceed the defined threshold, the system rejects the entire file and notifies the client and Morneau Shepell teams.
- Left justify and blank-fill unused portion of each field.

4. FILE TRANSMISSION

Files can be sent to Morneau Shepell using FTP or by uploading to the Ariel website using the on-line interface module upload feature. You have the option of encrypting FTP files using PGP software before sending them. Please note that public keys must be exchanged before sharing PGP-protected data.

Indicate whether files will be sent using FTP or through the website (HTTPS):

Indicate the name of a technical contact for exchanging PGP keys (or indicate "N/A" if not using PGP):

4.1 FILE NAMING CONVENTIONS

The name of the files should be composed as follows:

Nature of File_NAMTYPE_Date/Time.txt

- Where *Nature of File* is 4 characters with values = TEST or PROD
- Where NAM is the 3 character client abbreviation assigned by Morneau Shepell

- o Where TYPE is one of HRIS, PAYR, PPAY
- o Where *Date/Time* = date and time (Eastern Standard) the file was generated;
format= *yyyymmddhhmm*

Example: TEST_MORHRIS_200407141544.txt
 PROD_MORPAYR_200407141544.txt

Cycle numbers are used in the header of the file to ensure proper processing order. These will increment at every (successful) file extraction and will reset to 001 after cycle 999.

The 3-character client abbreviations will be: ABC

An example of a production file generated at 12:00 pm (noon) on March 20, 2006 would be:

PROD_ABCHRIS_200603201200.txt

Indicate the frequency with which the file(s) will be sent:

HRIS: <<Daily, Weekly, Bi-weekly, Monthly>>

Payroll: <<Daily, Weekly, Bi-weekly, Monthly>>

Post-payroll: <<Daily, Weekly, Bi-weekly, Monthly>>

5. FIELD VALIDATION STATUS

Morneau Shepell validates field values on incoming data files fields. The different levels of error severity are listed below:

1. Critical: as soon as a record fails on this rule, the validation and loading process will stop. The file will be rejected. Critical is typically assigned to the file header or trailer records.
2. Severe: as soon as a record fails on this rule, the file will be marked as rejected but the system will continue to validate all the other records in the file in order to provide a complete error report.
3. Error: when a record fails on this rule, the incorrect data in the affected field must be corrected before the system will load the record that contains this field.
4. Warning: when a record fails on this rule, the data must be confirmed or changed by client before the system will load the record that contains this field.

The system also assesses the total health of the interface file by counting the total number of record issues as compared against a predefined threshold. If the number of errors in any given file exceeds the threshold the file is rejected. The threshold can be defined as finite number of records or as a percent total as compared to the total number of records in a file.

Error threshold: Indicate the error tolerance as both a nominal and a percent of total records

Maximum number of errors per file:

Maximum percentage of error records per file:

The validation rules are outlined in the file layout sections.

6. MASTER DATA

The Master Data interface contains demographic, employment, and other indicative data from the Human Resource Information System (HRIS). The file includes the type of information required to handle

administration of benefits properly, and to include the type of information required by downstream providers such as insurers. Minimum information requirements include:

- Specific member demographics used to identify the member, such as employee number, SSN, and name;
- Information defining organizational hierarchy in relation to plan eligibility, cost and credit calculations, policy numbers, pay schedules, and other considerations that affect plan entitlement;
- Factors affecting coverage and costs, such as gender, birth date, and salary;
- Information used to contact the employee or send communications, such as e-mail address, phone number, and home / work address.

6.1 SELECTION LOGIC

The Master Data file can be sent either as a full file or as a changes-only interface. The former approach is typically used where the HR system does not track changes for all applicable participant attributes (e.g. employee's phone number) or where the volume of participants is low. In both cases, a snapshot of information as at the effective date of change is provided where one or more changes are completed subsequent to the last feed. Where a change pre-dates a previously-reported transaction, these are included in the file to confirm that they have not been superseded by the more recent change. The full-file interface also includes a current snapshot of participant information, to catch any changes which are not captured in the transaction review logic.

The on-line interface module reviews each participant record per the agreed validation rules (included in the file layout below), and flags records requiring administrator review. Records which pass the validation rules are compared – by attribute - against participant information on file as-at the effective date of the record for information which requires an effective date (noted with an asterisk in the file layout) or the date of the feed for information which does not require an effective date.

Indicate whether the file will be a full file or a changes-only interface:

Where a retroactive change occurs or where more than one change to key information is entered with a different effective date, there shall be more than one record included in the file for a given employee (maximum of one record per effective date). Changes that have been reported previously but which are effective after the retroactive change date must be reported again in the feed in order to confirm that the new change does not over-ride the prior information.

As an example, consider an employee who has the following history for salary and employee group information on file in the HR system and at Morneau Shepell (based on past HR feeds):

Salary	Employee group	Effective date
\$50,000	Regular	Oct 1, 2000
\$80,000	Executive	Feb 10, 2006

Now assume that this employee should have had received raise – to increase his salary to \$60,000 on Jan 1, 2006 prior to his recent promotion - but that this was not entered into the HR system previously. To correctly report this change in the HRIS interface, the following records would need to be sent:

Salary	Employee group	Effective date
--------	----------------	----------------

\$60,000	Regular	Jan 1, 2006
\$80,000	Executive	Feb 10, 2006

6.2 CONFIRMING MASTER DATA CHANGES

For each interface, an on-line *HR Changes Report* is posted and is available for download from the site. The report shows the changes the system recognized in the interface, either for new employees or changes to existing employees. These changes are processed as received, and do not require additional confirmation from HR or payroll administrators. Where reported changes are invalid, the administrator can make changes using the add/update feature, or can upload feeds to reverse and then correct participant information.

6.3 MASTER DATA FILE LAYOUT

6.3.1 HEADER RECORD

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Header Tag	String identifying the header record.	1	3	Character	'HDR'	Value must be "HDR" Mandatory	Critical Critical
Interface ID	Unique ID that identifies the interface file.	4	10	Character	e.g., 'ABCHRIS '	Mandatory	Critical
Cycle validation	This cycle should equal the last cycle number processed plus 1. If the expected cycle number exceeds the length of CYCLE_LEN, it will be reset to 001.	14	3	Numeric	e.g. '009'	Must be in range of 1 – 999 Mandatory Numeric Must follow the last file's cycle number	Critical Critical Critical Critical
Interface creation date & time validation	Run date and time.	17	14	Datetime	'20020825060130' (yyyymmddhhmmss)	Mandatory Must be a valid date/time Must be 14 digits, no spaces Value should be later than 19000101000001	Critical Critical Critical Critical

6.3.2 TRANSACTION RECORD

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Benefit Administration Group *	Organizational identifier – usually a company or division indicator	1	6	Character	'ABC' 'XYZ'	Mandatory Valid values per BAG domain	Error Error
See "ABC Workbook Appendix 1" for the valid domain.							

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Employee Group *	Used to indicate employee groups, such as executives, salaried staff, union staff, etc.	7	10	Character	'EXE' 'MAN' 'UST'	Mandatory Valid values per Employee Group domain	Error Error
See "ABC Workbook Appendix 1" for the valid domain.							
Employment Basis *	Typically relates to employee's work basis, such as full-time, part-time, retired, etc.	17	10	Character	'FTR' 'PTR' 'RET'	Mandatory Valid values per Employment Basis domain	Error Error
See "ABC Workbook Appendix 1" for the valid domain.							
Work Status *	Confirms whether the employee is actively at work, on leave, terminated, etc.	27	2	Character	'A' 'T' 'L' 'Q'	Mandatory Valid values per Work Status domain	Error Error
See "ABC Workbook Appendix 1" for the valid domain.							
Cost Center	Can be used for reporting purposes for grouping costs, if desired	29	10	Alphanumeric	'1234'	No validation rules apply	
HR ID Number	Employee ID for the HR system	39	10	Alphanumeric	'0000123456'	Mandatory	Error
Payroll ID/Filler	Employee ID number for the payroll system	49	10	Alphanumeric	'0007890123'	Leave this blank if it's the same number as HR ID Number	
Claims ID/Filler	ID number used to identify the member to the carrier for claims processing purposes.	59	10	Alphanumeric	'123456789'	Leave this blank if it's not required	

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
SSN	Social Security Number	69	9	Alphanumeric	'123456789'	Mandatory	Error
						Value should consist of 0-9	Error
Effective Date	Effective date of the information contained in the record – this is the effective date applied to any changes contained in the row	78	8	Character	YYYYMMDD '19990415' for April 15, 1999	Mandatory	Error
						Should be a valid date	Error
						Should be later than 19000101	Error
Surname	Employee's surname	86	40	Character	'Smith'	Mandatory	Error
						Value should be non-numeric	Warning
First Name	Employee's first name	126	40	Character	'John'	Mandatory	Error
						Value should be non-numeric	Warning
Middle Name	Employee's middle name	166	40	Character	'Franklin'	Value should be non-numeric	Warning
Number of Hours per Week *	Scheduled hours worked in a regular week – not adjusted for actual hours worked	206	4	Character	'3750' for 37.5 hours per week	Numeric	Error
Annual Salary *	Scheduled annual salary for insurance purposes.	210	10	Numeric	'0006750050' for \$67,500.50	Mandatory	Error
						Numeric	Error

N.B.: '0000000000' is a valid value.

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Employee Date of Birth	Date of birth of the employee	220	8	Character	'YYYYMMDD' '19721027' for October 27, 1972	Mandatory	Error
						Should be a valid date	Error
						Should be later than 19000101	Error
Employee Gender	Gender of the employee	228	1	Character	'M' for Male, 'F' for Female	Mandatory	Error
						Must be 'M' or 'F'	Error
Date of Hire	Date of hire used to apply waiting periods for benefit eligibility	229	8	Character	'19990415' for April 15, 1999	Mandatory	Error
						Should be a valid date	Error
						Should be later than 19000101	Error
Net Credited Service Date YYYYMMDD /Filler	Net credited service date, used to determine eligibility for post- retirement benefits – different from hire date if employee transfers between companies or is re-hired	237	8	Character	'19990415' for April 15, 1999	Should be a valid date	Error
						Should be later than 19000101	Error
						Used for pension purposes. Leave this blank if not required	
Address Line 1	First part of employee's home address	245	40	Character	'123 5 th Avenue'	Mandatory	Error
Address Line 2	Second part of employee's home address – typically this would be an apartment or suite number	285	40	Character	'Suite #123'	No validations	

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
City	Employee's city of residence	325	40	Character	'Wichita'	Mandatory	Error
						Value should be non-numeric	Warning
State of Residence	Employee's state of residence	365	2	Character	KS	Mandatory	Error
						Must be a valid Province or State, or 'ZZ' for outside of Canada or the U.S.	Error
Country	Employee's country of residence	367	40	Character	'USA'	Mandatory	Error
						Value should be non-numeric	Error
Postal/Zip Code	Employee's postal or zip code	407	10	Character	'67201'	XXXXX or XXXXX-XXXX if country = USA	Error
						XXX XXX or XXXXXX if country = Canada	Error
						N.B.: No validations apply if country is other than 'USA' or 'Canada'.	
Home Phone Number	Employee's home phone number	417	10	Character	'5148789090'	Value can contain 0-9	Error
Internal Address 1 /Filler	First line of internal mail address	427	40	Character	'Building 1'	No validation	
Internal Address 2 /Filler	Second line of internal mail address	467	35	Character	'123 First Street'	No validation	
Internal Address 3 /Filler	Third line of internal mail address	502	15	Character	'Room 5C'	No validation	
Internal Address 4 /Filler	Fourth line of internal mail address	517	35	Character	'Wichita, KS'	No validation	
Internal Address 5 /Filler	Fifth line of internal mail address	552	17	Character	'67201 USA'	No validation	

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Employee Office Telephone Number / Filler	Employee's phone number at work	569	16	Character	'5148789090x12345'	Value can contain 0-9 and x (for extension)	Error
N.B.: Field may be blank. If populated, validation rules above will apply.							
State of Work	State in which the employee is working	585	2	Character		Mandatory	Error
Must be a valid Province or State, or 'ZZ' for outside of Canada or the U.S.							Error
Date of this Data Feed	Date on which the file was run	587	8	Character	YYYYMMDD '19990415' for April 15, 1999	Mandatory	Error
Should be a valid date							Error
Should be later than 19000101							Error
Job title	Employee's job title	595	40	Character	'Operator'	No validation	
Language / Filler	Employee's language preference for communications	635	1	Character	'E' for English or 'F' for French	Leave this blank	
E-mail address	Employee's e-mail address at work	636	50	Character	'john.smith@ABC.com'	Must include the '@' character	Warning
N.B.: Field may be blank. If populated, validation rules above will apply.							

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Expected return date /Filler	The estimated return date from a leave of absence with the exception of disability leaves.	686	8	Character	'19990415' for April 15, 1999	Should be a valid date	Error
						Should be later than 19000101	Error
N.B.: Field may be blank. If populated, validation rules above will apply.							

* These fields are critical for benefit eligibility and calculation purposes, and therefore require an effective date when changes are sent in the feed. Other changes use the date of the data feed as the effective date where changes occur.

6.3.3 TRAILER RECORD

Field Name	Description	From	Length	Type Format	Example	Rule	Level
Trailer Tag	This field should contain the string identifying the trailer record. The trailer tag should be located in the first column of the record.	1	3	Character Mandatory	'TRL'	Mandatory	Critical
						Value must be 'TRL'	Critical
Trailer Interface ID validation	Unique ID that identifies the interface file. This is a mandatory field.	4	10	Character Mandatory	'ABCHRIS '	Mandatory	Critical
Trailer Records count validation	The records count in the trailer does not include header & trailer records.	14	8	Numeric Mandatory	'00001345' for 1345 records	Mandatory	Critical
						Numeric	Critical
						Value must equal total record count in the file	Critical

6.3.4 UNAVAILABLE INFORMATION

Where one or more of the optional fields in the standard file are not available in the HR or payroll system, please list these below for reference in developing administrative and other processes:



6.4 AREAS OF CONCERN FOR MASTER DATA

If there are specific elements of the interface specification which are likely to be problematic, list these below for special attention during the testing process:



6.5 NOTES



6.6 EXCEPTIONS

At times, it may be necessary to modify or enhance the standard interface due to:

- Missing or incomplete information for mandatory fields;
- Insufficient detail in the HR / payroll system to properly interpret plan rules;
- Preference to re-use an existing interface format;
- Desire to maintain additional data fields; and,
- Requirements to map or manipulate data on the Morneau Shepell end.

In these cases, it is possible to depart from the standard, but this does imply a change in project costs. Please indicate below where this is the case, and provide details if 'yes':

7. PAYROLL DIRECTIONS

The Payroll Directions interface is used by Morneau Shepell to report benefit elections, deductions, and employer costs to the payroll system. The interface contains one record for each benefit type for the employees identified for inclusion in the feed. Key information such as selected option, category, volume, costs (deductions, employer cost, taxable benefits – for imputed income), and effective dates are included for clarity. The payroll system typically requires only the cost information on an ongoing basis, as Morneau Shepell handles calculations of current and retroactive charges based on plan rules and sends these separately to allow for proper application in the payroll process. Clients can decide whether to load detailed information by benefit, or to apply the aggregated totals for each employee included in the file.

7.1.1 PAYROLL DIRECTIONS SELECTION LOGIC

The ongoing file can be sent either as a full-file, or as a changes-only interface. In the latter case, any changes made which are applicable to the current pay period will be included, and a full set of records (plus a total) is reported. Records are sent both for non-zero and null values, to ensure that benefit terminations are properly handled. Changes are never reported for future pay periods or for benefits which are on a waiting period, so the included effective date fields can be largely ignored.

Where a retroactive change occurs, these amounts are reported on separate lines from the ongoing amounts. This allows the client to report these separately on the employee's paycheque (where desired), and avoids the need to re-send the ongoing amount in the next feed (which is only a consideration for changes-only feeds).

It is anticipated that the payroll system will handle any situations in which the deductions or taxable benefits cannot be taken from the employee's paycheque, through carry-forward or other procedures.

Indicate whether the file will be a full file or a changes-only interface:

The destination for the interface shall be: <<Indicate destination system>>

7.2 PAYROLL DIRECTIONS FILE LAYOUT

7.2.1 HEADER RECORD

				Type /			
Field Name	Description	From	Length	Format	Example	Rule	Level
Header Tag	String identifying the header record.	1	3	Character	'HDR'	Value must be "HDR"	Critical
						Mandatory	Critical
Interface ID	Unique ID that identifies the interface file.	4	10	Character	e.g., 'ABCPAYR '	Mandatory	Critical
Cycle validation	This cycle should equal the last cycle number processed plus 1. If the expected cycle number exceeds the length of CYCLE_LEN, it will be reset to 001.	14	3	Numeric	E.g. '009'	Must be in range of 1 – 999	Critical
						Mandatory	Critical
						Numeric	Critical
						Must follow the last file's cycle number	Critical
Interface creation date & time validation	Run date and time.	17	14	Datetime	'20020825060130' (yyyymmddhhmmss)	Mandatory	Critical
						Must be a valid date/time	Critical
						Must be 14 digits, no spaces	Critical
						Value should be later than 19000101000001	Critical

7.2.2 TRANSACTION RECORD

				Type /			
Field Name	Description	From	Length	Format	Example	Rule	Level
Benefit Administration Group (BAG)	Defines the employee's division	1	6	Character	'ABC' 'XYZ'	Mandatory	Error
						Valid values per BAG domain	Error
						See "ABC Workbook Appendix 1" for the valid domain.	

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Employee Number / HR ID Number	Unique identifier for employee	7	10	Character	'0000123456'	Mandatory	Error
Benefit Type / Deduction Code	A unique code that refers to the deduction type being reported.	17	4	Character	'057' for Basic Life OR 'MED' for medical	Mandatory	Error
						Valid values per Benefit Type domain	Error
						See "ABC Workbook Appendix 1" for the valid domain.	
Benefit Option	This is the plan the employee is currently enrolled in for coverage	21	2	Character	'01'	Must be valid Benefit Option values according to the domain for the applicable benefit.	Error
						N.B.: this is not typically loaded into the payroll system in the ongoing feed but is provided if desired for reporting purposes.	
						See "ABC Workbook Appendix 1" for the valid domain.	
Benefit Level	This field identifies category of a Benefit Type.	23	1	Character	'S' for Employee Only	Must be per valid Benefit Level values for the applicable benefit.	Error
						N.B.: this is not typically loaded into the payroll system in the ongoing feed but is provided if desired for reporting purposes.	
						See "ABC Workbook Appendix 1" for the valid domain.	
Benefit Volume	Indicates volume of coverage for benefits like optional life insurance	24	10	Numeric	'10000000' for \$100,000.00 coverage	N.B.: this is not typically loaded into the payroll system in the ongoing payroll feed.	

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Employee Deduction Amount	This is the amount that will be used for employee deductions, refunds, and/or retros in the payroll provider(s)' system.	34	12	Numeric	E.g. '000000002312' for \$23.12 deduction; Or '-00000000913' for \$9.13 refund.		
Employer Deduction Amount	This is the amount that will be used for employer deductions, refunds, and/or retros in the payroll provider(s)' system.	46	12	Numeric	E.g. '000000002312' for \$23.12 group insurance deduction;		
Federal Taxable Benefit Amount	This is the amount that will be used for employee taxable benefit amounts in the payroll provider(s)' system.	58	12	Numeric	E.g. '000000002312' for \$23.12		
Quebec Taxable Benefit Amount (for clients with Canadian employees)	Provides the taxable benefit amount for benefits considered as taxable only in Quebec	70	12	Numeric	E.g. '000000002312' for \$23.12;		
Filler		82	8				
Filler		90	8				
Date Deductions Starts	Date benefit deduction begins	98	8	Character	'20010301' for March 1, 2001		
Filler		106	8				

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Basic/Retro Indicator	This is a special indicator used to identify any one-time or retroactive adjustments	114	1	Character	'R' for retro or ' ' for basic		

** Note: numeric fields are implied to have 2 decimal places but do not include a decimal point - data will be right justified and zero-filled (e.g., show 25,123.45 as 02512345). Amounts may be either positive or negative, although negatives typically apply only to retroactive amounts.*

7.2.3 TRAILER RECORD

Field Name	Description	From	Length	Type / Format	Example	Rule	Level
Trailer Tag	This field should contain the string identifying the trailer record. The trailer tag should be located in the first column of the record. E.g. 'TRL'	1	3	Character	'TRL'	Mandatory	Critical
						Value must be 'TRL'	Critical
Trailer Interface ID validation	Unique ID that identifies the interface file. This is a mandatory field.	4	10	Character	'ABCPAYR'	Mandatory	Critical
Trailer Records count validation	The records count in the trailer does not include header & trailer records.	14	8	Numeric	'00001345' for 1345 records	Mandatory	Critical
						Numeric	Critical
						Value must equal total record count in the file	Critical
Trailer Total Employee Amount	The total amount of the 'Employee Amount' column.	22	18	Numeric Mandatory	'000012345678912345'	Mandatory	Critical
						Value must be equal to the sum of amounts in "Employee deduction amount"	Critical

Field Name	Description	From	Length	Type Format	Example	Rule	Level
Trailer Total Employer Amount	The total amount of the 'Employer Amount' column.	40	18	Numeric Mandatory	'00001234567891 2345'	Mandatory	Critical
						Value must be equal to the sum of amounts in "Employer deduction amount"	Critical
Trailer Total Taxable Amount	The total amount of the 'Taxable Benefit Amount' column.	58	18	Numeric Mandatory	'00001234567891 2345'	Mandatory	Critical
						Value must be equal to the sum of amounts in "Federal taxable benefit amount"	Critical
Trailer Total Quebec Taxable Amount	The total amount of the 'Taxable Benefit Amount' column.	77	18	Numeric Mandatory	'00001234567891 2345'	Mandatory	Critical
						Value must be equal to the sum of amounts in "Quebec taxable benefit amount"	Critical

7.3 AREAS OF CONCERN FOR PAYROLL

If there are specific elements of the interface specification which are likely to be problematic, list these below for special attention during the testing process:



7.4 NOTES



7.5 EXCEPTIONS

At times, it may be necessary to modify or enhance the standard interface. Please indicate below where this is the case, and provide details if 'yes':



8. CLIENT SIGN-OFF

Team Member	Role	Date	Signature

Morneau Shepell is an industry leader in helping organizations deliver their human resource programs. For more nearly five decades, we have teamed up with North American companies to help them conceive and implement effective business solutions. The size and diversity of our client base gives our consultants a unique, forward-looking perspective on all pension, benefits, workplace health and productivity issues.



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