BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 18, 2013

TAB	DESCRIPTION	ACTION
1	**INTERCOLLEGIATE ATHLETICS** FY 2014 Athletics General Fund Limits	Motion to approve
2	**FY 2015 BUDGET REQUEST PROCESS GUIDELINES**	Motion to approve
3	**FY 2014 APPROPRIATIONS**	Motions to approve
4	**AMENDMENT TO BOARD POLICY** Section V.B. – Budget Policies - First Reading	Motion to approve
5	**AMENDMENT TO BOARD POLICY** Section V.F. - Bonds and Other Indebtedness - First Reading	Motion to approve
6	**BOISE STATE UNIVERSITY** Employee Dependent Fee Program	Motion to approve
7	**BOISE STATE UNIVERSITY** Planning and Design of Fine Arts Building	Motion to approve
8	**BOISE STATE UNIVERSITY** Acquisition of University Christian Church Property	Motion to approve
9	**BOISE STATE UNIVERSITY** Authorization for Issuance of 2013 General Revenue Project and Refunding Bonds	Motion to approve
10	**IDAHO STATE UNIVERSITY** Employee Dependent Fee Program	Motion to approve
11	**IDAHO STATE UNIVERSITY** ISU Bengal Pharmacy	Information item

TAB	DESCRIPTION	ACTION
12	**UNIVERSITY OF IDAHO** Authorization for Issuance of 2013 General Revenue Project and Refunding Bonds	Motion to approve
13	**LEWIS-CLARK STATE COLLEGE** Clearwater Hall Refinancing	Motion to approve

SUBJECT

FY 2014 Athletics Limits

REFERENCE

August 2012	Board approved second reading of new section V.X. Intercollegiate Athletics which set athletics and gender equity limits

APPLICABLE STATUTES, RULE OR POLICY

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

BACKGROUND/DISCUSSION

Board Policy V.X. clarifies “sources of funds” and “gender equity” as defined terms, requires an annual gender equity report, and requires Board approval of all annual limits on athletics expenditures. The General Fund appropriation is used for the purpose of calculating the limit on State General Funds for the athletics program as a whole and funds used for gender equity. For the purpose of computing the limit on Institutional Funds, the policy uses the rate of change of total Appropriated Funds as the calculator.

Funds allocated and used by athletics are limited as follows:

a. State General Funds –

i. The limit for State General Funds shall be allocated in two categories: General Funds used for athletics and General Funds used to comply with Title IX (gender equity).

ii. FY 2013 vs. FY 2014 General Fund limits:

	FY 2013	FY 2014
1) General Funds for Athletics:		
a) Universities	$2,424,400	$2,515,800
b) Lewis-Clark State College	$ 901,300	$ 935,300
2) General Funds for Gender Equity:		
a) Boise State University	$1,069,372	$1,109,700
b) Idaho State University	$ 707,700	$ 734,400
c) University of Idaho	$ 926,660	$ 961,600
d) Lewis-Clark State College	$ 0	$ 0

iii. The methodology for computing the limits for both categories of State General Funds shall be to calculate the rate of change for the next fiscal year ongoing State General Funds compared to the ongoing State General Funds in the current fiscal year, and then apply the rate of change to both limits approved by the Board in the previous year. Such limits shall be approved annually by the Board.

b. Institutional funds –

i. FY 2013 vs. FY 2014 limits:

	FY 2013	FY 2014
1) Boise State University	$ 386,100	$406,400
2) Idaho State University	$ 540,400	$568,900
3) University of Idaho	$ 772,100	$812,800
4) Lewis-Clark State College	$ 154,300	$162,400

ii. The methodology for computing the limits for Institutional Funds shall be to calculate the rate of change for the next fiscal year ongoing Appropriated Funds compared to the ongoing Appropriated Funds in the current fiscal year, and then apply the rate of change to the limit approved by the Board in the previous year. Such limits shall be approved annually by the Board. For purposes of this paragraph, "Appropriated Funds" means all funds appropriated by the Legislature to the institutions, including but not limited to, State General Funds, endowment funds, and appropriated tuition and fees.

IMPACT

General Funds Limit

The recommended FY 2014 General Funds limit shown in Attachment 1, lines 28-31 (columns f and g) represents a 3.77% increase as shown on line 9 under the "JFAC Action FY14" column.

Each institution will bring their gender equity plans to the Board in June. At that time the institutions could ask the Board for additional funding to add a new sport or to address other compliance issues.

Institutional Funds Limit

The institutional fund limits, as shown in Attachment 1, lines 14-21, represents a 5.27% increase as shown on line 8 under the "JFAC Action FY14" column.

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the limits as recommended.

BOARD ACTION

I move to approve the FY 2014 athletics limits for General Funds as listed on Attachment 1 lines 28-31 and the FY 2014 athletics limits for institutional funds as listed on Attachment 1 lines 14-21.

Moved by____________ Seconded by____________ Carried Yes____ No____

State Board of Education

Intercollegiate Athletics Support Limits

Calculation of Limits:	FY07	FY08	FY09	FY10	FY11	FY12	FY13	JFAC Action FY14
Appropriated Funds:								
Appropriation Allocation:								
General Funds	243,726,400	259,296,600	276,181,100	243,278,100	217,510,800	208,237,100	227,950,500	236,543,600
Endowment	7,624,800	7,851,500	8,595,000	9,616,400	9,616,400	9,616,600	9,927,400	10,729,200
Student Fee Revenue	119,823,900	124,329,300	127,108,700	133,651,800	146,341,600	177,262,700	202,268,900	216,048,800
Total Appropriated Funds	371,175,100	391,477,400	411,884,800	386,546,300	373,468,800	395,116,400	440,146,800	463,321,600
% Growth: Appropriated Funds	12.28%	5.47%	5.21%	-6.15%	-3.38%	5.80%	11.40%	5.27%
% Growth: General Funds	9.12%	6.39%	6.51%	-11.91%	-10.59%	-4.26%	9.47%	3.77%
% Growth: Student Fees		3.76%	2.24%	5.15%	9.49%	21.13%	14.11%	6.81%
Institutional Funds:								
Limits:								
Boise State University	344,500	363,300	382,200	358,700	346,600	346,600	386,100	406,400
% Growth from Prior Year	12.29%	5.46%	5.20%	-6.15%	-3.37%	0.00%	11.40%	5.26%
Idaho State University	482,100	508,500	535,000	502,100	485,100	485,100	540,400	568,900
% Growth from Prior Year	12.27%	5.48%	5.21%	-6.15%	-3.39%	0.00%	11.40%	5.27%
University of Idaho	688,800	726,500	764,400	717,400	693,100	693,100	772,100	812,800
% Growth from Prior Year	12.27%	5.47%	5.22%	-6.15%	-3.39%	0.00%	11.40%	5.27%
Lewis-Clark State College	137,800	145,300	152,900	143,500	138,600	138,500	154,300	162,400
% Growth from Prior Year	12.31%	5.44%	5.23%	-6.15%	-3.41%	-0.07%	11.41%	5.25%

			(a x 3.77%)	**(b x 3.77%)**	**(a + d)**	**(b + e)**
	(a)	**(b)**	**(d)**	**(e)**	**(f)**	**(g)**
General Fund Limit Detail	**FY 2013 General Account Limits**		**FY 2014 General Account Limits**			
	FY13 G.F.	**FY13 G.E.**	**G.F. Increase**	**G.E. Increase**	**FY14 G.F.**	**FY14 G.E.**
Boise State University	2,424,400	1,069,372	91,400	40,300	2,515,800	1,109,700
Idaho State University	2,424,400	707,700	91,400	26,700	2,515,800	734,400
University of Idaho	2,424,400	926,660	91,400	34,900	2,515,800	961,600
Lewis-Clark State College	901,300	0	34,000	0	935,300	0
Total	8,174,500	2,703,732	308,200	101,900	8,482,700	2,805,700

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SUBJECT

Discussion of FY 2015 Budget Request Process (Line Items)

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/ DISCUSSION

Board-approved budget requests for FY 2015 must be submitted to the executive and legislative branches [Division of Financial Management (DFM) and Legislative Services Office (LSO)] on September 3, 2013. To meet this deadline, the Board has established a process for developing agency and institutional requests. The first step is the establishment of line item request guidelines at the April Board meeting. These line item requests are then submitted to the Board for approval at its June meeting. The final budget request including line items and maintenance of current operations items is then approved in August. As indicated, budget requests are developed in two parts as directed by the DFM Budget Development Manual: maintenance of current operations (MCO) items and line items.

MCO requests are calculated using state budget guidelines and Board policy. The Board's budget request guidelines have historically focused upon the development of line item requests, capital budget requests, special one-time requests (if any), and the timeframe for presenting and approving these requests.

A MCO request includes funding for Change in Employee Compensation (CEC) or other personnel cost increases, inflationary increases for operating expenses (including utilities), and central state agency cost areas (Treasurer, Controller, etc.). These items are calculated using rates established by DFM. Other MCO items include external non-discretionary adjustments such as enrollment workload adjustment (EWA) and health education contract adjustments.

An MCO budget is considered the minimum to maintain operations while line items are funded for new or expanded programs, occupancy costs, and other initiatives deemed important by the Board, institution/agency, Legislature or Governor.

The capital building budget request is a separate process with funding provided by the Permanent Building Fund. Agencies and institutions seek funding for major capital projects and major maintenance projects through that process.

STAFF COMMENTS AND RECOMMENDATIONS

Under current economic conditions, it is estimated that state funding will continue to grow at a slow pace. While the increase in FY 2014 state appropriations was very helpful, a true MCO budget which fully funds CEC, health benefits, inflation, replacement capital and EWA would be a significant step in reinvesting in higher education.

Staff also recommends the following line item categories for the college and universities:
Systemwide

- Complete College Idaho initiatives
- Performance-based Funding
- Deferred Maintenance

Institution-level

- Institution Specific Initiatives (up to two)

The first three categories could be requested at the Systemwide level. Each institution could submit up to two (2) line item requests at the institutional level. This would provide the Governor and Legislature statewide Board priority initiatives and institution specific enhancements.

Complete College Idaho was the first priority of the Board in FY 2014.

Deferred maintenance has been a concern with the backlog of repair projects in the tens of millions at each institution. Staff and the institutions are examining the feasibility of engaging a firm to define, review and prioritize each institution's respective deferred maintenance inventories. An objective analysis would be important in order to bring a solid proposal to the Joint Finance Appropriations Committee and the Governor. It is hoped that this review would be completed in time for the next Legislative Session.

The information included in the final budget request must include supporting documentation enough to enable the Board, Division of Financial Management, and the Legislative Budget Office to make an informed decision.

BOARD ACTION

I move to direct the college and universities to use the following categories to develop FY 2015 Line Item budget requests:

1. Complete College Idaho (CCI) initiatives
2. Performance-based Funding
3. Deferred Maintenance
4. Institution Specific Initiatives (up to two)

Moved by___________ Seconded by_____________ Carried Yes____ No____

SUBJECT

FY 2014 Appropriation Information – Institutions and Agencies of the State Board of Education

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.
Various Legislative Appropriation Bills

BACKGROUND/ DISCUSSION

The 2013 Legislature has passed appropriation bills for the agencies and institutions of the Board.

The table on tab 3a page 3 lists the FY 2014 appropriation bills related to the State Board of Education.

IMPACT

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

ATTACHMENTS

Attachment 1 – FY 2014 Appropriations List Page 3

STAFF COMMENTS

Staff comments and recommendations are included for each specific institution and agency allocation.

BOARD ACTION

Motions are included for each specific institution and agency allocation.

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ATTACHMENT 1

State Board of Education
FY 2014 Appropriations of Interest to Institutions and Agencies

	General Fund	% Δ From FY 2013	Total Fund
College and Universities	$236,543,600	3.8%	$465,902,000
Community Colleges	30,226,600	8.9%	30,837,600
Agricultural Research & Extension Service	24,422,700	3.5%	24,474,700
Health Education Programs	10,558,800	4.3%	11,518,000
Special Programs	8,965,500	2.9%	10,688,300
Agencies			
Office of the State Board of Education	2,411,500	11.6%	5,408,700
Professional-Technical Education	48,957,400	1.4%	58,738,300
Public Broadcasting System	1,826,800	15.1%	7,935,200
Vocational Rehabilitation, Division	7,304,000	(2.7%)	23,122,700
State Department of Education (Superintendent of Public Instruction)	8,290,000	0.2%	35,671,900

Statewide Issues

Permanent Building Fund: Major Capital Projects

Idaho State University: Meridian Anatomy Lab	$1,957,300
University of Idaho: Integrated Research and Innovation Center	$2,500,000
Deferred Maintenance:	
Boise State University	$3,750,000
Idaho State University	$3,750,000
University of Idaho	$3,750,000
Lewis-Clark State College	$1,250,000

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SUBJECT

FY 2014 College and Universities Appropriation Allocation

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.C.1.d. and V.S.
Senate Bill 1186 (2013)

BACKGROUND/DISCUSSION

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

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

IMPACT

This action allocates the FY 2014 College and Universities lump-sum appropriation to the institutions for general education programs, and system-wide needs. These funds allocated along with revenue generated from potential fee increases will establish the operating budgets for the general education program for FY 2014. The allocation for FY 2014 is shown on page 5. The FY 2014 appropriation includes ongoing base funding for health insurance increases, Enrollment Workload Adjustment (EWA), and occupancy costs. The EWA includes the full $3.6M (line 32) requested per the EWA formula in Board policy. The Legislature also appropriated an additional $1.365M (line 33) “to be allocated … towards enrollment workload adjustment costs.”

After much deliberation, Business and Human Resources Committee (BAHR) determined that the EWA formula should be held inviolate. As such, BAHR recommends allocating the $3.6M for EWA consistent with the request allocation. Funding equity has become a perennial legislative and budget issue in part because EWA has not been consistently funded by the Legislature. However, BAHR feels strongly that manipulating the EWA formula would set a bad precedent and only exacerbate unfunded EWA balances for some institutions.

At the same time, BAHR also recognized that: (1) enrollment shifts attendant to the opening of the College of Western Idaho (CWI) are starting to work through BSU’s EWA three-year rolling average to the detriment of BSU; and (2) BSU experienced strong enrollment growth in FY 2010 – 2012 at a time when EWA was not funded. Therefore, BAHR believes it is necessary and appropriate to allocate the entire $1.365M EWA “plus-up” to BSU.

The appropriation bill included a section of legislative intent stating that "It is the responsibility of the State Board of Education to allocate funding appropriated in this act toward achieving an equitable distribution among the college and universities."

Last year, in response to the Office of Performance Evaluation (OPE) report on funding equity, Board staff and the institutions developed and agreed to a methodology for defining and calculating funding equity. In short, the methodology isolates funding for "Instruction" from all other "General Operations" and then quantifies how much funding would be needed to reach equality for instructional costs among the institutions. Attachment 3 shows the FY 2014 funding equity line item request was based on the goal of "equalizing" instructional funding to LCSC's funding per weighted student credit hour rate. Alternatively, "equalizing" instructional funding to UI's funding per weighted student credit hour rate was also considered. Some BAHR members thought the UI rate (line 78) made more sense because LCSC's smaller enrollment has a larger impact on its cost per credit hour. However, the Board ultimately approved a budget request pegged at LCSC's rate (line 77) because the resultant dollar amount ($9.5M) was closer to the unfunded EWA balance.

Now that the Legislature has provided additional funding for enrollment costs, the BAHR Committee recommends that funding equity should be calculated using the UI cost per credit hour rate as the benchmark. Using this approach, when the $1.365M of EWA plus-up is allocated entirely to BSU, the funding equity amounts on Attachment 3, line 78 would be as follows: BSU $1.3M, ISU $1.1M, UI $0, LCSC $0. BAHR finds that this is a reasonable allocation towards achieving an equitable distribution and moving the institutions closer to equity.

As a next step, BAHR will work on developing an acceptable variance or tolerance range for the funding per weighted student credit hour rate. A variance will allow the Board and the institutions to acknowledge that achieving exact equality in instructional funding each and every year is impracticable. BAHR will bring a proposed variance to the Board at a later date for approval.

ATTACHMENTS

Attachment 1 - C&U FY 2014 Appropriation Allocation	Page 5
Attachment 2 – C&U FY 2014 appropriation bill (S1186)	Page 7
Attachment 3 – Funding Equity Model	Page 12

STAFF COMMENTS

Staff recommends approval of the FY 2014 College and Universities allocation as presented in Attachment 3.

BOARD ACTION

I move to approve the allocation of the FY 2014 appropriation for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs, as presented on Tab 3b, Page 5, and to declare the allocation equitable.

Moved by__________ Seconded by__________ Carried Yes_____ No_____

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FY 2014 College and University Allocation
Based on JFAC Action
March 7, 2013

#	Appropriation:	FY13 Appr	FY14 Appr	% Chge	Sys Needs:	FY13 Appr	FY14 Appr
2	**General Educ Approp: Bill No. S1186**				HERC	1,424,600	1,435,500
3	General Account	227,950,500	236,543,600	3.77%	Innovation	942,600	942,600
4	Endowment Funds	9,927,400	10,729,200	8.08%	Sys Nds	140,000	140,000
5	ARRA Funds	0	0		IGEM	2,010,900	2,000,000
6	Total Gen Acct & Endow Funds	237,877,900	247,272,800	3.95%	Total	4,518,100	4,518,100
7	Student Fees/Misc Revenue	208,484,300	218,629,200	4.87%			
8	One-time Student Fees:						
9	Total Gen Educ Approp	446,362,200	465,902,000	4.38%			
10							
11							

#	Allocation:	BSU	ISU	UI	LCSC	SYS-WIDE	TOTAL
13	FY13 General Account	74,104,600	61,799,700	74,736,200	12,791,900	4,518,100	227,950,500
14	FY13 ARRA Funds (one-time)	0	0	0	0	0	0
15	FY13 Endowment Funds	0	2,125,600	6,466,800	1,335,000	0	9,927,400
16	Remove one-time CAES funds	0	0	0	0	0	0
17	Base Rescission	0	0	0	0	0	0
18	Base Reduction	0	0	0	0	0	0
19	Restore Health Insurance Holiday	0	0	0	0	0	0
20	**FY14 Budget Base**	74,104,600	63,925,300	81,203,000	14,126,900	4,518,100	237,877,900
21	% Base Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22							
23	**Additional Funding for FY14:**						
24	MCO Adjustments:						
25	Personnel Benefits	293,700	392,000	365,600	90,800		1,142,100
26	Inflation including Library B&P	0	0	95,400	0		95,400
27	Replacement Items: One-Time	0	0	0	0		0
28	CEC @ 2.0%	0	0	0	0		0
29	Endowment Fund Adjustments	0	89,100	579,700	0		668,800
29	Nonstandard Adjustments:						
30	Risk Mgmt/Controller/Treasurer	(15,400)	8,300	(900)	(11,400)		(19,400)
31	External Nonstandard Adjustments:						
32	Enrollment Workload Adjustment (EWA)	(88,000)	1,791,700	1,341,500	589,400		3,634,600
33	EWA Surplus	1,365,400	0	0	0		1,365,400
34	Line Items						
35	Occupancy Costs	1,650,000	562,000	296,000	0		2,508,000
36							
37	Total Addl Funding	3,205,700	2,843,100	2,677,300	668,800	0	9,394,900
38							
39	**FY14 Gen Acct & Endow Allocation**	77,310,300	66,768,400	83,880,300	14,795,700	4,518,100	247,272,800
40	% Change From FY13 Adjusted Budget Base	4.33%	4.45%	3.30%	4.73%	0.00%	3.95%
41	% Change From FY13 Original Approp	4.33%	8.04%	12.24%	15.66%		
42							
43	FY14 Estimated Student Fee Revenue	76,835,300	56,194,300	73,098,200	12,501,400	0	218,629,200
44							
45	FY14 Operating Budget	154,145,600	122,962,700	156,978,500	27,297,100	4,518,100	465,902,000
46							

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STATEMENT OF PURPOSE

RS22290

This is the FY 2014 appropriation to the State Board of Education for College and Universities in the amount of $465,902,000. This appropriation includes benefit cost increases, inflationary increases with dedicated funds, one-time replacement items with dedicated funds, a decrease in statewide cost allocation, $5,000,000 of ongoing General Funds for enrollment increases, and increases in endowment funds. There is one line item funded in this appropriation that provides 11.49 FTP and $2,508,000 ongoing General Funds for occupancy costs (maintenance, custodial, utility, security) for eight facilities on the campuses of Boise State University, Idaho State University, and the University of Idaho. This appropriation results in a 3.8% increase on the General Fund

FISCAL NOTE

	FTP	Gen	Ded	Fed	Total
FY 2013 Original Appropriation	3,938.98	227,950,500	218,411,700	0	446,362,200
Reappropriation	0.00	0	84,971,900	0	84,971,900
FY 2013 Total Appropriation	3,938.98	227,950,500	303,383,600	0	531,334,100
Noncognizable Funds and Transfers	81.16	0	18,129,600	0	18,129,600
FY 2013 Estimated Expenditures	4,020.14	227,950,500	321,513,200	0	549,463,700
Removal of One-Time Expenditures	0.00	0	(95,537,000)	0	(95,537,000)
Base Adjustments	0.00	0	0	0	0
FY 2014 Base	4,020.14	227,950,500	225,976,200	0	453,926,700
Benefit Costs	0.00	1,104,500	754,300	0	1,858,800
Inflationary Adjustments	0.00	0	1,373,600	0	1,373,600
Replacement Items	0.00	0	585,500	0	585,500
Statewide Cost Allocation	0.00	(19,400)	0	0	(19,400)
Change in Employee Compensation	0.00	0	0	0	0
Nondiscretionary Adjustments	0.00	5,000,000	0	0	5,000,000
Endowment Adjustments	0.00	0	668,800	0	668,800
FY 2014 Program Maintenance	4,020.14	234,035,600	229,358,400	0	463,394,000
1. Funding Equity - BSU, ISU, UI	0.00	0	0	0	0
2. Complete College Id-Systemwide	0.00	0	0	0	0
3. Performance Funding - Systemwide	0.00	0	0	0	0
4. Occupancy Costs - BSU, ISU, UI	11.49	2,508,000	0	0	2,508,000
5. Biomedical Research - BSU	0.00	0	0	0	0
6. Anatomy/Physiology Lab - ISU	0.00	0	0	0	0
7. College of Law - 2nd Yr Boise (UI)	0.00	0	0	0	0
8. Complete College Idaho - LCSC	0.00	0	0	0	0
9. HERC/EPSCoR Increase	0.00	0	0	0	0
Budget Law Exceptions	0.00	0	0	0	0
FY 2014 Total	4,031.63	236,543,600	229,358,400	0	465,902,000
Chg from FY 2013 Orig Approp	92.65	8,593,100	10,946,700	0	19,539,800
% Chg from FY 2013 Orig Approp.	2.4%	3.8%	5.0%	0.0%	4.4%

LEGISLATURE OF THE STATE OF IDAHO

Sixty-second Legislature First Regular Session - 2013

IN THE SENATE

SENATE BILL NO. 1186

BY FINANCE COMMITTEE

AN ACT

APPROPRIATING MONEYS TO THE STATE BOARD OF EDUCATION AND THE BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO FOR COLLEGE AND UNIVERSITIES AND THE OFFICE OF THE STATE BOARD OF EDUCATION FOR FISCAL YEAR 2014; PROVIDING GUIDANCE FOR EMPLOYEE COMPENSATION; PROVIDING NON-GENERAL FUND REAPPROPRIATION; PROVIDING LEGISLATIVE INTENT FOR SYSTEMWIDE NEEDS; PROVIDING LEGISLATIVE INTENT FOR UNIVERSITY RESEARCH; PROVIDING LEGISLATIVE INTENT FOR THE USE OF GENERAL FUNDS; PROVIDING LEGISLATIVE INTENT ON THE ALLOCATION OF FUNDS; AND EXEMPTING APPROPRIATION OBJECT AND PROGRAM TRANSFER LIMITATIONS.

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

SECTION 1. There is hereby appropriated to the State Board of Education and the Board of Regents of the University of Idaho for college and universities, and the Office of the State Board of Education, the following amounts to be expended according to the designated programs and expense classes, from the listed funds for the period July 1, 2013, through June 30, 2014:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	FOR TRUSTEE AND BENEFIT PAYMENTS	TOTAL
I. BOISE STATE UNIVERSITY:					
FROM:					
General Fund	$64,506,300	$7,680,800	$3,757,800		$75,944,900
Unrestricted Fund	58,015,700	17,931,000	888,600		76,835,300
TOTAL	$122,522,000	$25,611,800	$4,646,400		$152,780,200
II. IDAHO STATE UNIVERSITY:					
FROM:					
General Fund	$63,254,100	$1,286,500			$64,540,600
Charitable Institutions Endowment Income Fund	892,800				892,800
Normal School Endowment Income Fund	1,335,000				1,335,000

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	FOR TRUSTEE AND BENEFIT PAYMENTS	TOTAL
Unrestricted Fund	29,069,100	20,764,500	$6,360,700		56,194,300
TOTAL	$94,551,000	$22,051,000	$6,360,700		$122,962,700
III. UNIVERSITY OF IDAHO:					
FROM:					
General Fund	$66,880,700	$6,299,100	$3,534,100		$76,713,900
Agricultural College Endowment Income Fund	690,000	47,400	229,800		967,200
Scientific School Endowment Income Fund	2,489,300		849,100		3,338,400
University Endowment Income Fund	2,007,100	186,800	666,900		2,860,800
Unrestricted Fund	38,635,800	33,659,700	802,700		73,098,200
TOTAL	$110,702,900	$40,193,000	$6,082,600		$156,978,500
IV. LEWIS-CLARK STATE COLLEGE:					
FROM:					
General Fund	$11,733,800	$1,292,900	$434,000		$13,460,700
Normal School Endowment Income Fund		1,335,000			1,335,000
Unrestricted Fund	9,552,400	2,949,000	0		12,501,400
TOTAL	$21,286,200	$5,576,900	$434,000		$27,297,100
V. SYSTEMWIDE:					
FROM:					
General Fund	$1,365,400	$1,085,100		$3,433,000	$5,883,500
GRAND TOTAL	$350,427,500	$94,517,800	$17,523,700	$3,433,000	$465,902,000

SECTION 2. EMPLOYEE COMPENSATION. The Legislature finds that investing in state employee compensation should remain a high priority even in tough economic times, and therefore strongly encourages agency directors, institution executives and the Division of Financial Management to approve the use of salary savings to provide either one-time or ongoing merit increases for deserving employees, and also target employees who are below policy compensation. Such salary savings could result from turnover and attrition, or be the result of innovation and reorganization efforts that create savings. Such savings should be reinvested in employees. Institutions are cautioned to use one-time funding for one-time payments and ongoing funding for permanent pay increases.

SECTION 3. NON-GENERAL FUND REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the State Board of Education and the Board of Regents of the University of Idaho for college and universities any unexpended and unencumbered balances of moneys categorized as dedicated funds appropriated for fiscal year 2013, to be used for nonrecurring expenditures, for the period July 1, 2013, through June 30, 2014.

SECTION 4. LEGISLATIVE INTENT. It is the intent of the Legislature that of the amount appropriated from the General Fund in Section 1, Subsection V. of this act, the following amounts may be used as follows: (1) An amount not to exceed $140,000 may be used by the Office of the State Board of Education for systemwide needs; (2) An amount of approximately $1,435,500 may be used for the mission and goals of the Higher Education Research Council as outlined in State Board of Education policy III.W., which includes awards for infrastructure, matching grants, and competitive grants through the Idaho Incubation Fund program; and (3) An amount not to exceed $942,600 may be used by the State Board of Education for instructional projects designed to foster innovative learning approaches using technology, to promote accountability and information transfer throughout the higher education system including longitudinal student-level data and program/course transferability, and to promote the Idaho Electronic Campus.

SECTION 5. LEGISLATIVE INTENT. It is the intent of the Legislature that of the amount appropriated from the General Fund in Section 1, Subsection V. of this act, up to $2,000,000 may be awarded for competitive state university research under the direction of the Higher Education Research Council to support the goals of the Idaho Global Entrepreneurial Mission (IGEM) University Research Initiative. These funds are envisioned as seed funding for strengthening Idaho's future by strategically investing in the development of expertise, products, and services that result in state economic growth. Selected project proposals are expected to exhibit high potential for near term technology transfer to the private sector. The State Board of Education shall establish guidelines for submission, review, approval, and project reporting requirements. It is the intent of the Legislature that the State Board of Education shall report to the Joint Finance-Appropriations Committee no later than February 1, 2014 regarding the allocation and use of funds through the Systemwide Program.

SECTION 6. LEGISLATIVE INTENT. It is the intent of the Legislature that of the amount appropriated from the General Fund in Section 1, Subsection V. of this act, $1,365,400 of ongoing funds shall be allocated by the State Board of Education towards enrollment workload adjustment costs.

SECTION 7. LEGISLATIVE INTENT. It is the responsibility of the State Board of Education to allocate funding appropriated in this act toward achieving an equitable distribution among the college and universities.

SECTION 8. EXEMPTIONS FROM OBJECT AND PROGRAM TRANSFER LIMITATIONS. For fiscal year 2014, the State Board of Education and the Board of Regents of the University of Idaho for college and universities is hereby exempted from the provisions of Section 67-3511(1), (2) and (3), Idaho Code, allowing unlimited transfers between object codes and between programs, for all moneys appropriated to it for the period July 1, 2013, through June 30, 2014. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

BAHR Funding Equity Model - (uses FY 2007 Equity Settlement as base)

EWA value set at FY07 level using 33% of General Funds, then switched to 67% in FY09 per Board Policy

A	B	C	D BSU	E ISU	F UI	G LCSC	H Total
1		FY07 GF Approp (ongoing)	$75,070,300	$65,353,800	$87,824,700	$12,362,600	$240,611,400
2							
3		FY07 Actual EWA WSCH (note A)	723,172	575,732	602,188	103,401	2,004,493
4	$36.69	FY07 "Instruction" per EWA value	$26,533,164	$21,123,609	$22,094,282	$3,793,776	$73,544,867
5	(1 - 4)	FY07 General Operations	$48,537,136	$44,230,191	$65,730,418	$8,568,824	$167,066,533
6							
7		FY08 GF Approp (ongoing)	$80,170,800	$70,235,000	$92,273,700	$13,502,100	$256,181,600
8		EWA Change to "Instruction"	$0	$0	$0	$0	$0
9	(7 - 8)	Non-EWA GF Approp	$80,170,800	$70,235,000	$92,273,700	$13,502,100	$256,181,600
10	(9 ÷ 1)	% Change from prior year approp	6.7943%	7.4689%	5.0658%	9.2173%	6.4711%
11	(10 x 4)	State Changes to "Instruction"	$1,802,742	$1,577,698	$1,119,246	$349,684	$4,849,371
12	(4 + 11)	FY08 "Instruction"	$28,335,907	$22,701,307	$23,213,528	$4,143,460	$78,394,238
13	(7 -1 - 11)	State Changes to General Ops	$3,297,758	$3,303,502	$3,329,754	$789,816	$10,720,829
14	(5 + 13)	FY08 General Operations	$51,834,893	$47,533,693	$69,060,172	$9,358,640	$177,787,362
15		FY08 Actual EWA WSCH (note A)	756,523	576,591	586,815	105,725	2,025,655
16	(12 ÷ 15)	FY08 Instruction per WSCH	$37.46	$39.37	$39.56	$39.19	$38.70
17							
18	Transition from 33% to 67% EWA Value: 2.03 multiplier						
19	(12 x 2.03)	FY08 "Instruction"	$57,521,890	$46,083,653	$47,123,462	$8,411,224	$159,140,229
20	(14 ÷ 2.03)	FY08 General Operations	$22,648,910	$24,151,347	$45,150,238	$5,090,876	$97,041,371
21		FY08 Total Ongoing State Funds	$80,170,800	$70,235,000	$92,273,700	$13,502,100	$256,181,600
22			$76.03	$79.92	$80.30	$79.56	$78.56
23							
24		FY09 GF Approp (ongoing)	$87,587,000	$74,418,200	$95,959,300	$15,101,600	$273,066,100
25		EWA Change to "Instruction"	$424,700	$0	$2,500	($27,900)	$399,300
26	(24 - 25)	Non-EWA GF Approp	$87,162,300	$74,418,200	$95,956,800	$15,129,500	$272,666,800
27	(26 ÷ 7)	% Change from prior year approp	8.7208%	5.9560%	3.9915%	12.0529%	6.4350%
28	(19 x 27)	State Changes to "Instruction"	$5,016,344	$2,744,745	$1,880,931	$1,013,800	$10,655,820
29	(19+25+28)	FY09 "Instruction"	$62,962,934	$48,828,398	$49,006,893	$9,397,124	$170,195,349
30	(30 - 20)	State Changes to General Ops	$1,975,156	$1,438,455	$1,802,169	$613,600	$5,829,380
31	(24 - 29)	FY09 General Operations	$24,624,066	$25,589,802	$46,952,407	$5,704,476	$102,870,751
32		FY09 Actual EWA WSCH (note A)	799,542	614,133	576,322	104,528	2,094,525
33	(28 ÷ 32)	FY09 Instruction per WSCH	$78.75	$79.51	$85.03	$89.90	$81.26
34							
35		FY10 GF Approp (ongoing)	$78,352,400	$65,809,500	$82,748,000	$13,467,500	$240,377,400
36		EWA Change to "Instruction"	$467,600	$0	($272,400)	$170,900	$366,100
37	(35 - 36)	Non-EWA GF Approp	$77,884,800	$65,809,500	$83,020,400	$13,296,600	$240,011,300
38	(37 ÷ 24)	% Change from prior year approp	-11.0772%	-11.5680%	-13.4837%	-11.9524%	-12.1051%
39	(38 x 29)	State Changes to "Instruction"	($6,974,539)	($5,648,471)	($6,607,961)	($1,123,180)	($20,354,150)
40	(29+36+39)	FY10 "Instruction"	$56,455,995	$43,179,927	$42,126,532	$8,444,844	$150,207,299
41	(35-24-39)	State Changes to General Ops	($2,260,061)	($2,960,229)	($6,603,339)	($510,920)	($12,334,550)
42	(35 - 40)	FY10 General Operations	$21,896,405	$22,629,573	$40,621,468	$5,022,656	$90,170,101
43		FY10 Actual EWA WSCH (note A)	867,568	648,435	597,757	120,076	2,233,836
44	(40 ÷ 43)	FY10 Instruction per WSCH	$65.07	$66.59	$70.47	$70.33	$67.24
45							
46		FY11 GF Approp (ongoing)	$70,116,300	$59,071,300	$73,576,700	$12,019,800	$214,784,100
47		EWA Change to "Instruction"	$0	$0	($706,300)	$0	($706,300)
48	(46 - 47)	Non-EWA GF Approp	$70,116,300	$59,071,300	$74,283,000	$12,019,800	$215,490,400
49	(48 ÷ 35)	% Change from prior year approp	-10.5116%	-10.2389%	-10.2299%	-10.7496%	-10.3533%
50	(49 x 40)	State Changes to "Instruction"	($5,934,435)	($4,421,170)	($4,309,483)	($907,786)	($15,572,873)
51	(40+47+50)	FY11 "Instruction"	$50,521,560	$38,758,757	$37,110,749	$7,537,059	$133,928,125
52	(46-35-50)	State Changes to General Ops	($2,301,665)	($2,317,030)	($4,861,817)	($539,914)	($10,020,427)
53	(46 - 51)	FY11 General Operations	$19,594,740	$20,312,543	$36,465,951	$4,482,741	$80,855,975
54		FY11 Actual EWA WSCH	917,144	679,467	613,588	120,854	2,331,052
55	(51 ÷ 54)	FY11 Instruction per WSCH	$55.09	$57.04	$60.48	$62.37	$57.45
56							
57		FY12 GF Approp (ongoing)	$67,101,400	$56,619,800	$70,477,000	$11,520,800	$205,719,000
58		EWA Change to "Instruction"	$0	$0	$0	$0	$0
59	(57 - 58)	Non-EWA GF Approp	$67,101,400	$56,619,800	$70,477,000	$11,520,800	$205,719,000
60	(59 ÷ 46)	% Change from prior year approp	-4.2999%	-4.1501%	-4.2129%	-4.1515%	-4.2206%
61	(60 x 51)	State Changes to "Instruction"	($2,172,354)	($1,608,515)	($1,563,432)	($312,900)	($5,657,202)
62	(51+58+61)	FY12 "Instruction"	$48,349,205	$37,150,242	$35,547,317	$7,224,159	$128,270,923
63	(57-46-61)	State Changes to General Ops	($842,546)	($842,985)	($1,536,268)	($186,100)	($3,407,898)
64	(57 - 62)	FY12 General Operations	$18,752,195	$19,469,558	$34,929,683	$4,296,641	$77,448,077
65		FY12 Actual EWA WSCH	894,063	704,890	636,639	135,326	2,370,918
66	(62 ÷ 65)	FY12 Instruction per WSCH	$54.08	$52.70	$55.84	$53.38	$54.10
67	Use col. H/r66	FY12 Instruction $s to change to FY12 average	$21,203	$985,580	($1,103,996)	$97,213	$0
68	Use col. F/r66	FY12 Instruction $s to change to FY12 max	$1,571,598	$2,207,930	$0	$331,882	$4,111,411
69	Note A: WSCH corrected after removing CIP code 30 emphasis for BSU and LCSC retroactive to FY 2007						
70	Adjustment for future EWA (3-yr ave) related to FY12 actual hours						
71		FY13 Actual EWA	3,512,100	1,924,200	870,500	348,400	6,655,200
72		FY14 EWA Request	(283,900)	1,639,100	1,343,400	590,200	3,288,800
73		FY15 EWA Request	(507,400)	558,900	506,700	318,100	876,300
74		Adjusted Instruction	$51,070,005	$41,272,442	$38,267,917	$8,480,859	139,091,223
75		Adjusted Per WSCH	$57.12	$58.55	$60.11	$62.67	$58.67
76	Use col. H/r66	FY12 Instruction $s to change to FY12 average	$1,380,691	$80,329	($919,128)	($541,892)	$1,461,020
77	Use col. F/r66	FY12 Instruction $s to change to LCSC	$4,960,831	$2,902,955	$1,630,196	$0	$9,493,982
78	Use col. F/r66	FY12 Instruction $s to change to UI	$2,671,468	$1,097,993	$0	($346,519)	$3,769,460

SUBJECT

Community Colleges FY 2014 Appropriation Allocation

APPLICABLE STATUTE, RULE, OR POLICY

Senate Bill 1188 (2013)

BACKGROUND/DISCUSSION

The Legislature makes an annual appropriation to the State Board of Education for community college support. The allocation to the colleges includes the current year (FY 2013) base allocation plus each college's respective share in any annual budget adjustments according to the normal budgeting process.

IMPACT

This action allocates the FY 2014 Community Colleges appropriation to the institutions. The funds allocated along with revenue generated from other non-appropriated sources will establish the operating budgets. The FY 2014 Allocation, shown on Tab 3c, page 3, consists of the lump-sum appropriation.

The FY 2014 appropriation includes ongoing base funding for health insurance increases, Enrollment Workload Adjustment (EWA), and occupancy costs. Also included are line item enhancements for additional nursing positions at College of Southern Idaho, funding for the Ensuring Student Success initiative at College of Western Idaho, and funding for Dual Credit Region 1 at North Idaho College.

ATTACHMENTS

Attachment 1 – FY 2014 CC Appropriations Allocation	Page 3
Attachment 2 – Appropriation Bill (S1188)	Page 5

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the FY 2014 Community College allocation.

BOARD ACTION

I move to approve the allocation of the FY 2014 appropriation for the College of Southern Idaho, College of Western Idaho and North Idaho College, as presented on Tab 3d, Page 3.

Moved by__________ Seconded by__________ Carried Yes_____ No_____

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Idaho Community Colleges
FY 2014 Appropriation Allocation
7-Mar-13

S1188 (2013)

		CSI	CWI	NIC	Total
1	FY 13 Total Appropriation				
2	General Funds	11,544,300	6,528,400	9,677,200	27,749,900
3	Dedicated Funds	200,000	200,000	200,000	600,000
4	Total FY13 Total Appropriation	11,744,300	6,728,400	9,877,200	28,349,900
5					-
6	FY 14 Base				-
7	General Funds	11,544,300	6,528,400	9,677,200	27,749,900
8	Dedicated Funds	200,000	200,000	200,000	600,000
9	Total FY 14 Base	11,744,300	6,728,400	9,877,200	28,349,900
10					-
11	FY 14 Maintenance				-
12	General Funds	11,698,200	7,348,800	9,779,600	28,826,600
13	Dedicated Funds	200,000	200,000	200,000	600,000
14	Total FY 14 Maintenance	11,898,200	7,548,800	9,979,600	29,426,600
15					-
16	FY 14 Line Items				-
17	Occupancy Costs	70,000	-	-	70,000
18	Additional Nursing Positions	180,000	-	-	180,000
19	Ensuring Student Success	0	900,000	0	900,000
20	Dual Credit Region 1	0	0	250,000	250,000
21	Liquor Funds Spending Auth.	800	5,700	4,500	11,000
22					-
23	FY 14 Total Appropriation				-
24	General Funds	11,948,200	8,248,800	10,029,600	30,226,600
25	Dedicated Funds	200,800	205,700	204,500	611,000
26	FY 14 Total Appropriation	12,149,000	8,454,500	10,234,100	30,837,600
27					
28					
29	GF Change from FY 13 Total	3.5%	26.4%	3.6%	8.9%
30					
31	GF Appropriation Allocation				
32	PC	9,498,500	5,196,200	9,150,900	23,845,600
33	OE	1,545,800	3,052,600	878,700	5,477,100
34	CO	903,900		0	903,900
35	TB		0		0
36	Total General Funds	11,948,200	8,248,800	10,029,600	30,226,600

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STATEMENT OF PURPOSE

RS22301

This is the FY 2014 appropriation for Community Colleges in the amount of $30,837,600. This appropriation includes $220,800 of ongoing General Funds for benefit cost increases and $855,900 of ongoing General Funds for enrollment increases. The funding provided for enrollment increases is based on a formula and the College of Western Idaho will receive $783,500, the College of Southern Idaho will receive $46,800, and North Idaho College will receive $25,600. There are five line items funded. Line item #1 provides $70,000 ongoing General Funds to the College of Southern Idaho for occupancy costs (maintenance, custodial, utility, security) for the Advanced Technology and Innovation facility. Line item #2 provides $180,000 of ongoing General Funds to the College of Southern Idaho for additional nursing instructors for the registered nursing program. Line item #7 provides $900,000 ongoing General Funds to the College of Western Idaho to expand student services, including virtual registration, advising, and counseling. Line item #9 provides $250,000 of ongoing General Funds to North Idaho College to expand dual-credit college-level core classes to area high schools. Line item #13 provides $11,000 of dedicated funds to clear out a one-time fund balance to be distributed among the three institutions.

FISCAL NOTE

	FTP	Gen	Ded	Fed	Total
FY 2013 Original Appropriation	0.00	27,749,900	600,000	0	28,349,900
Noncognizable Funds and Transfers	0.00	0	0	0	0
FY 2014 Base	0.00	27,749,900	600,000	0	28,349,900
Benefit Costs	0.00	220,800	0	0	220,800
Inflationary Adjustments	0.00	0	0	0	0
Replacement Items	0.00	0	0	0	0
Change in Employee Compensation	0.00	0	0	0	0
Nondiscretionary Adjustments	0.00	855,900	0	0	855,900
FY 2014 Program Maintenance	0.00	28,826,600	600,000	0	29,426,600
1. Occupancy Costs - CSI	0.00	70,000	0	0	70,000
2. Additional Nursing Positions - CSI	0.00	180,000	0	0	180,000
3. Framework for Accountability - CSI	0.00	0	0	0	0
4. STEM Initiative - CSI	0.00	0	0	0	0
5. Idaho Falls Outreach Center - CSI	0.00	0	0	0	0
6. Graduation Rate Improvement - CSI	0.00	0	0	0	0
7. Ensuring Student Success - CWI	0.00	900,000	0	0	900,000
8. Nursing Program Support - CWI	0.00	0	0	0	0
9. Dual Credit Region 1 - NIC	0.00	250,000	0	0	250,000
10. Complete College Idaho - NIC/Sandpoint	0.00	0	0	0	0
11. Veteran's Center - NIC	0.00	0	0	0	0
12. One-Stop Shopping - NIC	0.00	0	0	0	0
13. Clear One-Time Fund Balance	0.00	0	11,000	0	11,000

Statement of Purpose / Fiscal Note **S1188**

Budget Law Exceptions	0.00	0	0	0	0
FY 2014 Total	0.00	30,226,600	611,000	0	30,837,600
Chg from FY 2013 Orig Approp	0.00	2,476,700	11,000	0	2,487,700
% Chg from FY 2013 Orig Approp.	0.0%	8.9%	1.8%	0.0%	8.8%

Contact:

Paul Headlee
Budget and Policy Analysis
(208) 334-4746

Statement of Purpose / Fiscal Note **S1188**

LEGISLATURE OF THE STATE OF IDAHO

Sixty-second Legislature First Regular Session - 2013

IN THE SENATE

SENATE BILL NO. 1188

BY FINANCE COMMITTEE

AN ACT

APPROPRIATING MONEYS TO THE STATE BOARD OF EDUCATION FOR COMMUNITY COLLEGES FOR 2014; AND EXEMPTING APPROPRIATION OBJECT AND PROGRAM TRANSFER LIMITATIONS.

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

SECTION 1. There is hereby appropriated to the State Board of Education for Community Colleges, the following amounts to be expended according to the designated programs and expense classes, from the listed funds for the period July 1, 2013, through June 30, 2014:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	TOTAL
I. COLLEGE OF SOUTHERN IDAHO (CSI):				
FROM:				
General Fund	$9,498,500	$1,545,800	$903,900	$11,948,200
Community College Fund	158,500	27,100	15,200	200,800
TOTAL	$9,657,000	$1,572,900	$919,100	$12,149,000
II. COLLEGE OF WESTERN IDAHO:				
FROM:				
General Fund	$5,196,200	$3,052,600		$8,248,800
Community College Fund	0	205,700		205,700
TOTAL	$5,196,200	$3,258,300		$8,454,500
III. NORTH IDAHO COLLEGE (NIC):				
FROM:				
General Fund	$9,150,900	$878,700		$10,029,600

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	TOTAL
Community College Fund	122,200	57,300	$25,000	204,500
TOTAL	$9,273,100	$936,000	$25,000	$10,234,100
GRAND TOTAL	$24,126,300	$5,767,200	$944,100	$30,837,600

SECTION 2. EXEMPTIONS FROM OBJECT AND PROGRAM TRANSFER LIMITATIONS. For fiscal year 2014, the State Board of Education for Community Colleges is hereby exempted from the provisions of Section 67-3511(1), (2) and (3), Idaho Code, allowing unlimited transfers between object codes and between programs, for all moneys appropriated to it for the period July 1, 2013, through June 30, 2014. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION

SUBJECT
Allocation of the State Division of Professional-Technical Education Appropriation

APPLICABLE STATUTE, RULE, OR POLICY
Idaho State Board of Education Governing Policies & Procedures, Section V.C.d.

BACKGROUND
The Idaho Legislature appropriates funds for Professional-Technical Education to the Division of Professional-Technical Education in five designated programs: State Leadership and Technical Assistance, General Programs, Postsecondary Programs, Underprepared and Unprepared Adults/Displaced Homemakers, and Related Services. The Division of Professional-Technical Education requests approval of the FY2014 appropriation allocation detailed on Tab 3d Page 3 (Attachment 1).

DISCUSSION
The allocation is based on the level of funding in Senate Bill No. 1152 and the Provisions of the State Plan for Professional-Technical Education. The state General Fund appropriation reflects an overall increase of 1.4% from the original FY2013 appropriation. The Legislature funded employee benefit increases; maintenance level increases in the statewide cost allocation for the Division of Professional-Technical Education and Eastern Idaho Technical College; maintenance level increase for professional-technical school added cost support units; and one-time funds for replacement operating expenses and capital outlay at the Division of Professional-Technical Education and the six technical colleges.

IMPACT
Establish FY2014 operating budget.

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS
Staff recommends approval of the FY 2014 Division of Professional-Technical Education allocation.

BOARD ACTION

I move to approve the request from the Division of Professional-Technical Education for the FY 2014 appropriation allocation as detailed on Tab 3d page 3 (Attachment 1).

Moved by ________________ Seconded by ____________ Yes ____ No _____

DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION
Allocation of State Division of Professional-Technical Education
FY 2014 Appropriation

	FY13 Allocation	FY14 Allocation
Program 01 (State Leadership and Technical Assistance)		
By Standard Class:		
Personnel Costs	$ 1,874,300	$ 1,896,700
Operating Expenses	342,300	344,900
Capital Outlay	0	35,500
Totals	$ 2,216,600	$ 2,277,100
By Source of Revenue:		
General Funds	1,892,000	1,908,800
One-time General Funds	-	43,700.00
Federal Funds	324,600	324,600
Totals	$ 2,216,600	$ 2,277,100
Program 02 (General Programs)		
By Major Program Area:		
Secondary Formula	$ 9,585,651	$ 9,185,651
Professional-Technical School Added Cost	2,434,400	3,056,900
General Programs Leadership	210,600	212,900
Special Programs		
Federal Leadership	650,348	650,348
Advanced Learning Partnership	544,341	544,341
Adult/Retraining	766,440	766,442
Support and Improvement Services	805,920	1,055,918
Totals	$ 14,997,700	$ 15,472,500
By Source of Revenue		
General Funds	$ 10,490,200	$ 10,965,000
One-time General Funds	-	-
Federal Funds	4,439,700	4,439,700
Dedicated Funds	67,800	67,800
Totals	$ 14,997,700	$ 15,472,500
Program 03 (Postsecondary Programs)		
By Technical College:		
College of Southern Idaho	5,534,484	5,550,484
College of Western Idaho	6,596,614	6,636,014
Eastern Idaho Technical College	5,949,091	5,925,591
Idaho State University	9,516,798	9,606,598
Lewis-Clark State College	3,788,997	3,779,397
North Idaho College	4,066,816	4,079,616
Totals	$ 35,452,800	$ 35,577,700
By Source of Revenue:		
General Funds	$ 34,516,800	$ 34,931,300
One-time General Funds	390,000	136,400
Unrestricted Funds	546,000	510,000
Totals	$ 35,452,800	$ 35,577,700

Allocation of State Division of Professional-Technical Education
FY 2014 Appropriation

	FY13 Allocation	FY14 Allocation
Program 04 (Underprepared Adults/Displaced Homemaker Program)		
By Major Program:		
Postsecondary Formula	$ 1,747,300	$ 1,747,300
Displaced Homemaker Program	170,000	170,000
Totals	$ 1,917,300	$ 1,917,300
By Source of Revenue:		
General Funds	$ -	$ -
Federal Funds	1,747,300	1,747,300
Dedicated Funds	170,000	170,000
Totals	$ 1,917,300	$ 1,917,300
Program 05 (Related Services)		
By Standard Class:		
Personnel Costs	$ 376,600	$ 381,300
Operating Expenses	233,500	232,700
Trustee Payments	2,879,700	2,879,700
Totals	$ 3,489,800	$ 3,493,700
By Source of Revenue:		
General Funds	970,600	972,200
One-Time General Funds	-	-
Federal Funds	2,136,500	2,136,500
Dedicated Funds	140,000	140,000
Miscellaneous Revenue	242,700	245,000
Totals	$ 3,489,800	$ 3,493,700
By Source of Revenue:		
General Funds	$ 47,869,600	$ 48,777,300
One-time General Funds	390,000	180,100
Federal Funds	8,648,100	8,648,100
Dedicated Funds	377,800	377,800
Unrestricted Funds	546,000	510,000
Miscellaneous Revenue	242,700	245,000
Totals	$ 58,074,200	$ 58,738,300

STATEMENT OF PURPOSE

RS22178

This is the fiscal year 2014 appropriation to Professional-Technical Education in the amount of $58,738,300. This amount includes $439,200 for the increased costs of benefits, $180,100 for one-time replacement items, a $1,700 decrease in statewide cost allocation, and $472,500 for a statutory increase in enrollment costs at the technical high schools.

FISCAL NOTE

	FTP	Gen	Ded	Fed	Total
FY 2013 Original Appropriation	529.18	48,259,600	1,166,500	8,648,100	58,074,200
Reappropriation	0.00	0	307,800	351,800	659,600
FY 2013 Total Appropriation	529.18	48,259,600	1,474,300	8,999,900	58,733,800
Noncognizable Funds and Transfers	(13.22)	0	(246,500)	0	(246,500)
FY 2013 Estimated Expenditures	515.96	48,259,600	1,227,800	8,999,900	58,487,300
Removal of One-Time Expenditures	0.00	(390,000)	(61,300)	(351,800)	(803,100)
Base Adjustments	0.00	0	(36,000)	0	(36,000)
FY 2014 Base	515.96	47,869,600	1,130,500	8,648,100	57,648,200
Benefit Costs	0.00	436,900	2,300	0	439,200
Inflationary Adjustments	0.00	0	0	0	0
Replacement Items	0.00	180,100	0	0	180,100
Statewide Cost Allocation	0.00	(1,700)	0	0	(1,700)
Change in Employee Compensation	0.00	0	0	0	0
Nondiscretionary Adjustments	0.00	472,500	0	0	472,500
FY 2014 Program Maintenance	515.96	48,957,400	1,132,800	8,648,100	58,738,300
1. Complete College Idaho 60% Goal	0.00	0	0	0	0
Budget Law Exceptions	0.00	0	0	0	0
FY 2014 Total	515.96	48,957,400	1,132,800	8,648,100	58,738,300
Chg from FY 2013 Orig Approp	(13.22)	697,800	(33,700)	0	664,100
% Chg from FY 2013 Orig Approp.	(2.5%)	1.4%	(2.9%)	0.0%	1.1%

Contact:

Paul Headlee
Budget and Policy Analysis
(208) 334-4746

Statement of Purpose / Fiscal Note **S1152**

LEGISLATURE OF THE STATE OF IDAHO

Sixty-second Legislature First Regular Session - 2013

IN THE SENATE

SENATE BILL NO. 1152

BY FINANCE COMMITTEE

AN ACT

APPROPRIATING MONEYS TO THE DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION FOR FISCAL YEAR 2014; PROVIDING GUIDANCE FOR EMPLOYEE COMPENSATION; EXEMPTING APPROPRIATION OBJECT TRANSFER LIMITATIONS FOR THE POSTSECONDARY PROGRAM; AND PROVIDING NON-GENERAL FUND REAPPROPRIATION FOR FISCAL YEAR 2014.

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

SECTION 1. There is hereby appropriated to the Division of Professional-Technical Education, the following amounts to be expended according to the designated programs and expense classes, from the listed funds for the period July 1, 2013, through June 30, 2014:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	FOR TRUSTEE AND BENEFIT PAYMENTS	TOTAL
I. STATE LEADERSHIP & TECHNICAL ASSISTANCE:					
FROM:					
General Fund	$1,634,500	$282,500	$35,500		$1,952,500
Federal Grant Fund	262,200	62,400	0		324,600
TOTAL	$1,896,700	$344,900	$35,500		$2,277,100
II. GENERAL PROGRAMS:					
FROM:					
General Fund	$190,900	$22,000		$10,752,100	$10,965,000
Hazardous Materials/Waste Enforcement Fund				67,800	67,800
Federal Grant Fund	172,500	14,800		4,252,400	4,439,700
TOTAL	$363,400	$36,800		$15,072,300	$15,472,500

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	FOR TRUSTEE AND BENEFIT PAYMENTS	TOTAL
III. POSTSECONDARY PROGRAMS:					
FROM:					
General Fund	$31,933,600	$2,997,600	$136,500		$35,067,700
Unrestricted Fund	0	510,000	0		510,000
TOTAL	$31,933,600	$3,507,600	$136,500		$35,577,700
IV. UNDERPREPARED ADULTS/DISPLACED HOMEMAKERS:					
FROM:					
Displaced Homemaker Fund				$170,000	$170,000
Federal Grant Fund				1,747,300	1,747,300
TOTAL				$1,917,300	$1,917,300
V. RELATED SERVICES:					
FROM:					
General Fund	$120,600	$10,700		$840,900	$972,200
Miscellaneous Revenue Fund	213,500	31,500			245,000
Seminars and Publications Fund		140,000			140,000
Federal Grant Fund	47,200	50,500		2,038,800	2,136,500
TOTAL	$381,300	$232,700		$2,879,700	$3,493,700
GRAND TOTAL	$34,575,000	$4,122,000	$172,000	$19,869,300	$58,738,300

SECTION 2. EMPLOYEE COMPENSATION. The Legislature finds that investing in state employee compensation should remain a high priority even in tough economic times, and therefore strongly encourages agency directors, institution executives and the Division of Financial Management to approve the use of salary savings to provide either one-time or ongoing merit increases for deserving employees, and also target employees who are below policy compensation. Such salary savings could result from turnover and attrition, or

be the result of innovation and reorganization efforts that create savings. Such savings should be reinvested in employees. Agencies are cautioned to use one-time funding for one-time payments and ongoing funding for permanent pay increases.

SECTION 3. EXEMPTIONS FROM OBJECT TRANSFER LIMITATIONS. For fiscal year 2014, the Division of Professional-Technical Education, Postsecondary Program, is hereby exempted from the provisions of Section 67-3511 (1) and (3), Idaho Code, allowing unlimited transfers between object codes, for all moneys appropriated to it for the period July 1,2013, through June 30, 2014. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 4. NON-GENERAL FUND REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the Division of Professional-Technical Education any unexpended and unencumbered balances of moneys categorized as dedicated funds and federal funds as appropriated for fiscal year 2013, to be used for nonrecurring expenditures, for the period July 1, 2013, through June 30, 2014.

SUBJECT

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

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/DISCUSSION

The intent of the Idaho Robert R. Lee Promise Scholarship Category A award is to encourage the best and brightest Idaho students to attend an Idaho college or university. Applicants are ranked based on academic and professional-technical high school records, and ACT or COMPASS scores. The provisions of Idaho Code §33-4307(2)(a), require the State Board of Education to annually set the amount of the award. The amount of the award has been $3,000 per year ($1,500 per semester) since the fall 2001 semester.

The FY 2014 appropriation will fund approximately 105 total scholarships. Seventy-five percent of the new scholarships are awarded to students pursuing academic programs and twenty-five percent are awarded to professional-technical students.

IMPACT

The Joint Finance-Appropriations Committee (JFAC) approves scholarships and grants funding at an aggregate level. The Office of the State Board of Education (OSBE), as the administering agency, then allocates the funding among the various state-sponsored scholarships and grants. The Category A Scholarship Program will be allocated $317,000 for the 2013-2014 academic year.

STAFF COMMENTS AND RECOMMENDATIONS

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

BOARD ACTION

I move to approve the amount of the Idaho Promise Scholarship, Category A, at $3,000 per year ($1,500 per semester) for those applicants who are selected to receive or renew the Idaho Robert R. Lee Promise Category A scholarship for the 2013-2014 academic year.

Moved by__________ Seconded by__________ Carried Yes_______ No______

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SUBJECT

Idaho Promise Scholarship – Approve Category B Award.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/ DISCUSSION

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

Statute permits the State Board of Education to set the annual individual amount up to $600 and the total award up to $1,200. If actual awards are different than projected for the fall 2013 semester, the Board may choose to increase or decrease the amount of the award for the spring 2014 semester.

IMPACT

The FY 2014 legislative appropriation will provide $3,634,473 for the Promise Category B Scholarship. Based upon participation during FY 2013, Board staff has estimated the number of eligible students in academic year 2013-2014 to be approximately 8,050 students. With the award set at $450 per student per year, the total amount awarded to all eligible students would be $3,622,500.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Promise Category B scholarship in the amount of $225 per semester ($450 annually).

BOARD ACTION

I move to approve the amount of the Idaho Promise Scholarship, Category B, at $225 per semester per student ($450 annually) for those current recipients who maintain eligibility and for qualified first-year entering students under the age of 22 in academic year 2013-2014, and to delegate to the Executive Director the authority to approve adjustments to the amount as necessary resulting from any enrollment changes or holdbacks that may be ordered by the Governor during FY 2014.

Moved by__________ Seconded by__________ Carried Yes______ No______

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SUBJECT

FY 2014 Idaho Opportunity Scholarship

APPLICABLE STATUTE, RULE, OR POLICY

Idaho Code § 33-5605
IDAPA 08.01.13.010.01 and 08.01.13.300.02.a
H383 (2012)

BACKGROUND/ DISCUSSION

The intent of the Idaho Opportunity Scholarship is to provide financial resources to Idaho students who are economically disadvantaged, to close the gap between the estimated cost of attending an eligible Idaho institution of higher education and the expected student and family contribution toward such educational costs, and to encourage the educational development of such students in eligible Idaho postsecondary educational institutions. Rules require the State Board of Education annually establish the maximum amount of the award, the cost of attendance for purposes of this award determination, and the amount of the expected family contribution. Authorized administrative costs up to a maximum of $50,000 of the annual interest earnings are permitted.

In fiscal years 2008 and 2009, the Legislature appropriated a total of $20M to fund an endowment for this scholarship program. In addition, during those same years the Joint Finance-Appropriations Committee appropriated $1,925,000 to fund current year awards. The corpus and interest earnings from the Opportunity Scholarship Account were used during FY 2010 through FY 2012 to help fund the Opportunity Scholarship program. For FY 2013, several state scholarship programs associated with similar federal scholarship programs were discontinued and their funding was shifted to support $550,800 in Opportunity Scholarships. This was combined with the use of corpus and interest earnings for a total budget of $1,000,000.

The maximum award amount for FY 2013 was $3,000 per year ($1,500 per semester); the student contribution for FY 2013 was set by the Board at $5,000; and the standard cost of attendance for award determination purposes was $16,500 for the FY 2013 award year. Staff awarded 357 renewals and new scholarships for FY 2013 in the amount of $992,900.

Staff recommends maintaining the maximum award amount set for the FY 2014 academic year at $3,000. The majority of full-year student recipients were eligible for the maximum $3,000 award. The scholarship methodology provides "last dollars." Using this model, not all students will receive full awards.

The Board is responsible for setting the cost of attendance (COA) which is used in the formula to determine the amount of a student's award and the maximum amount of the scholarship award. For purposes of the formula, the staff recommendation is to use a maximum of $18,600 as the COA to determine scholarship awards for students at 4-year institutions. Staff recommends using a maximum of $12,700 as the COA for students attending 2-year institutions. This recommendation is based upon the increase in the COA for all students.

Eligible students are expected to share in the cost of their education and will be required to contribute an amount determined by the Board. Board staff recommends that the amount of the student contribution for students attending 4-year institutions be increased by $1,500 to $6,500. Board staff also recommends that the student contribution for students attending 2-year institutions be decreased by $500 to $4,500. These changes are requested to reflect the increase in student wages due to the federal minimum wage increase. In addition, the ratio of 4-year student contribution to 4-year COA was applied to the 2-year institution model to ensure that students attending 2-year institutions have the same proportional opportunity to benefit from this program. Finally, it is recommended that the Board continue to accept student-initiated scholarships and gifts from non-federal and non-institutional sources as part of the student contribution.

IMPACT

No new state General Funds were provided for Opportunity scholarships for FY 2014. However, several state scholarship programs have been discontinued and the savings rolled into the Opportunity Scholarship program which results in the ability to dedicate $1,000,000 in general funds.

STAFF COMMENTS AND RECOMMENDATIONS

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

Staff recommends the FY14 Cost of Attendance for the Opportunity scholarship award formula to be set at $18,600 for students attending 4-year institutions.

Staff recommends the FY14 Cost of Attendance for the Opportunity scholarship award formula to be set at $12,700 for students attending 2-year institutions.

Staff recommends that the FY14 student contribution be set at $6,500 for students attending 4-year institutions and $4,500 for students attending 2-year institutions, and to accept student-initiated scholarships and non-institutional and non-federal aid as part of the student contribution.

BOARD ACTION

I move to approve the maximum amount of the Idaho Opportunity Scholarship, to be $3,000 per year ($1,500/semester) for those applicants who are selected to receive or renew the Idaho Opportunity Scholarship for the fiscal year 2014.

Moved by__________ Seconded by__________ Carried Yes_______ No______

I move to set the Cost of Attendance to be used in the formula that determines the award for the Opportunity Scholarship at a maximum of $18,600 4-year institutions and at a maximum of $12,700 for 2-year institutions for the fiscal year 2014.

Moved by__________ Seconded by__________ Carried Yes_______ No______

I move to set the student contribution for the fiscal year 2014 at $6,500 for students at 4-year institutions and at $4,500 for students at 2-year institutions, and to accept student-initiated scholarships and non-institutional and non-federal aid as part of the student contribution.

Moved by__________ Seconded by__________ Carried Yes_______ No______

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SUBJECT

Board Policy V.B. – Budget Policies – first reading

REFERENCE

February 2013	Board approved second reading for V.A. Policies regarding Miscellaneous Receipts

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/DISCUSSION

At the February 2013 Board meeting, the Board approved the second reading of changes to policy V.A. which removed "miscellaneous receipts" as a defined term because the definition is out of date and unnecessary. Staff found the term is also used in policy V.B., so the policy needs to be updated. The proposed amendment will replace the term "miscellaneous receipts" with "student tuition and fee revenue".

IMPACT

The proposed amendment would clarify that policy V.B. (Budget Policies) applies to student tuition and fee revenue.

ATTACHMENTS

Attachment 1 – Section V.B. – First Reading Page 3

STAFF COMMENTS AND RECOMMENDATIONS

While staff had this section of policy open, they took the opportunity to remove multiple references to "school" throughout the policy because the term is obsolete. Staff also updated section V.B.3. to align policy with current practice and update terminology with regard to operating budgets. Specifically, the policy's references to "allotments" and a "Fiscal Reference Manual" are obsolete.

Staff recommends approval.

BOARD ACTION

I move to approve the first reading of proposed amendments to Board policy Section V.B., Budget Policies, with all revisions as presented.

Moved by____________ Seconded by_____________ Carried Yes____ No____

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1. Budget Requests

For purposes of Items 1. and 10., the community colleges (CSI, CWI and NIC) are included.

a. Submission of Budget Requests

The Board is responsible for submission of budget request for the institutions~~, school~~ and agencies under its governance to the executive and legislative branches of government. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

b. Direction by the Office of the State Board of Education

The preparation of all annual budget requests is to be directed by the Office of the State Board of Education which designates forms to be used in the process. The procedures for the preparation and submission of budget requests apply to operational and capital improvements budgets.

c. Preparation and Submission of Annual Budget Requests

Annual budget requests to be submitted to the Board by the institutions~~, school~~ and agencies under Board governance are due in the Office of the State Board of Education on the date established by the Executive Director.

d. Presentation to the Board

Annual budget requests are formally presented to the designated committee by the chief executive officer of each institution~~, school~~ or agency or his or her designee. The designated committee will review the requests and provide recommendations to the Board for their action.

2. Budget Requests and Expenditure Authority

a. Budget requests must include projected ~~miscellaneous receipts~~student tuition and fee revenue based on the enrollment of the fiscal year just completed (e.g., the FY 2003 budget request, prepared in the summer of 2001, projected ~~miscellaneous receipts~~ student tuition and fee revenue based on academic year 2001 enrollments which ended with the Spring 2001 semester).

b. Approval by the Executive Director, or his or her designee, as authorized, for all increases and decreases of spending authority caused by changes in ~~miscellaneous receipts~~student tuition and fee revenue is required.

c. ~~Miscellaneous receipts~~Student tuition and fee revenue collected by an institution will not be allocated to another institution. The lump sum appropriation will not be affected by changes in ~~receipts~~student tuition and fee revenue.

3. Operating Budgets (Appropriated)

a. Availability of Appropriated Funds

i. Funds appropriated by the legislature from the State General ~~Account~~ Fund for the operation of the institutions~~, school~~ and agencies (exclusive of funds for construction appropriated to the Permanent Building Fund) become available at the beginning of the fiscal year following the session of the legislature during which the funds are appropriated, except when the appropriation ~~legislation~~ contains an emergency clause.

~~ii. These funds are generally allotted periodically or are disbursed on submission of expenditure vouchers to the Office of the State Controller.~~

b. Approval of Operating Budgets

i. The appropriated funds operating budgets for the institutions~~, school~~ and agencies under Board supervision are based on a fiscal year, beginning July 1 and ending on June 30 of the following year.

ii. During the spring of each year, the chief executive officer of each institution~~, school~~ or agency prepares an operating budget for the next fiscal year based upon guidelines adopted by the Board. Each budget is then submitted to the Board in a summary format prescribed by the Executive Director for review and formal approval before the beginning of the fiscal year.

c. ~~Budget Transfers and Revisions~~Appropriation Transactions

i. Chief Executive Officer Approval

The chief executive officer of each institution, agency, ~~school,~~ office, or department is responsible for approving all ~~budget transfers~~appropriation transactions. Appropriation transactions include original yearly set up, object and program transfers, receipt to appropriation and non-cognizable funds.

ii. ~~Allotment and Allotment Transfers~~Institution Requests

Requests for ~~allotments or changes in allotments~~appropriation transactions are submitted by the institutions~~, school or agency~~ to the Division of Financial Management and copies provided concurrently to the Office of the State Board of Education. ~~(Refer to allotment form in the Fiscal Reference Manual of the Division of Financial Management.)~~ ~~The Office of the State Board of~~

~~Education will coordinate the request for allotments and changes to allotments for the college and universities.~~

4. Operating Budgets (Non-appropriated -- Auxiliary Enterprises)

   a. Auxiliary Enterprises Defined

      An auxiliary enterprise directly or indirectly provides a service to students, faculty, or staff and charges a fee related to but not necessarily equal to the cost of services. The distinguishing characteristic of most auxiliary enterprises is that they are managed essentially as self-supporting activities, whose services are provided primarily to individuals in the institutional community rather than to departments of the institution, although a portion of student fees or other support is sometimes allocated to them. Auxiliary enterprises should contribute and relate directly to the mission, goals, and objectives of the college or university. Intercollegiate athletics and student health services should be included in the category of auxiliary enterprises if the activities are essentially self-supporting.

      All operating costs, including personnel, utilities, maintenance, etc., for auxiliary enterprises are to be paid out of income from fees, charges, and sales of goods or services. No state appropriated funds may be allocated to cover any portion of the operating costs. However, rental charges for uses of the facilities or services provided by auxiliary enterprises may be assessed to departments or programs supported by state-appropriated funds.

   b. Operating Budgets

   Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

5. Operating Budgets (Non-appropriated -- Local Service Operations)

   a. Local Service Operations Defined

      Local service operations provide a specific type of service to various institutional entities and are supported by charges for such services to the user. Such a service might be purchased from commercial sources, but for reasons of convenience, cost, or control, is provided more effectively through a unit of the institution. Examples are mailing services, duplicating services, office machine maintenance, motor pools, and central stores.

   b. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.

c. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

6. Operating Budgets (Non-appropriated -- Other)

   a. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.

   b. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

7. Agency Funds

   a. Agency funds are assets received and held by an institution~~, school~~ or agency, as custodian or fiscal agent for other individuals or organizations, but over which the institution~~, school~~ or agency exercises no fiscal control.

   b. Agency funds may be expended for any legal purpose prescribed by the individual or organization depositing the funds with the institution~~, school~~ or agency following established institutional disbursement procedures.

8. Major Capital Improvement Project -- Budget Requests

   For purposes of Item 8., the community colleges (CSI, CWI and NIC) are included, except as noted in V.B.8.b.~~(2~~ii~~)~~.

   a. Definition

      A major capital improvement is defined as the acquisition of an existing building, construction of a new building or an addition to an existing building, or a major renovation of an existing building. A major renovation provides for a substantial change to a building. The change may include a remodeled wing or floor of a building, or the remodeling of the majority of the building's net assignable square feet. An extensive upgrade of one (1) or more of the major building systems is generally considered to be a major renovation.

   b. Preparation and Submission of Major Capital Improvement Requests

      i. Permanent Building Fund Requests

         Requests for approval of major capital improvement projects to be funded from the Permanent Building Fund are to be submitted to the Office of the State Board of Education on a date and in a format established by the Executive Director. Only technical revisions may be made to the request for a given fiscal year after the Board has made its recommendation for that fiscal year. Technical revisions must be made prior to November 1.

ii. Other Requests

Requests for approval of major capital improvement projects from other fund sources are to be submitted in a format established by the Executive Director. Substantive and fiscal revisions to a requested project are resubmitted to the Board for approval. This subsection shall not apply to the community colleges.

c. Submission of Approved Major Capital Budget Requests

The Board is responsible for the submission of major capital budget requests for the institutions~~, school~~ and agencies under this subsection to the Division of Public Works. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

9. Approval by the Board

Requests for approval of major capital improvement projects must be submitted for Board action. Major capital improvement projects, which are approved by the Board and for which funds from the Permanent Building Fund are requested, are placed in priority order prior to the submission of major capital budget requests to the Division of Public Works.

10. Occupancy Costs.

a. Definitions.

i. “Auxiliary Enterprise” is an entity that exists to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to the cost of the goods or services.

ii. “Eligible Space” means all owner-occupied space other than auxiliary enterprise space. Space owned by an institution but leased to another entity is not eligible space. Occupancy costs for “common use” space (i.e. space which shares eligible and auxiliary enterprise space) will be prorated based on its use. When funds are used to expand, remodel, or convert existing space, the eligible space shall be limited to square footage of the expanded, remodeled or converted space, only.

iii. “Gross Square Feet” (GSF) means the sum of all areas on all floors of a building included within the outside faces of its exterior walls.

iv. "Occupancy costs" means those costs associated with occupying eligible space including custodial, utility, maintenance and other costs as outlined in the occupancy costs formula.

b. Notification of New Eligible Space.

i. No institution shall acquire, build, take possession of, expand, remodel, or convert any eligible space for which occupancy costs will be requested unless prior written notification has been provided to the Division of Financial Management (DFM) and the Legislative Services Office, Budget and Policy Analysis Division (LSO-BPA). Written notification shall be provided to DFM and LSO-BPA by the approving entity or institution within thirty (30) calendar days of final project approval by:
1) the State Board of Education or its executive director,
2) the vice-president for finance and administration (or functional equivalent) in the case of a locally approved project, or
3) a community college board of trustees.

Written notification shall include:
1) description of the eligible space, its intended use, and how it relates to the mission of the institution;
2) estimated cost of the building or facility, and source(s) of funds;
3) estimated occupancy costs; and
4) estimated date of completion.

ii. A facility or project specifically identified by name and approved by the Legislature and the Governor in the capital projects category of the Permanent Building Fund appropriation bill satisfies the notice requirement for purposes of requesting occupancy costs. All other facilities and projects for which occupancy costs may be requested shall follow the notification requirements of this policy.

c. Sources of Funds. Institutions may request occupancy costs regardless of the source(s) of funds used to acquire or construct eligible space.

d. Required Information. Requests for occupancy costs shall include the following information: (i) projected date of occupancy of the eligible space; (ii) gross square feet of eligible space; and (iii) number of months of the fiscal year the eligible space will be occupied (i.e. identify occupancy of eligible space for a full or partial fiscal year).

e. Once an institution has taken occupancy of a facility, or the remodeled or expanded area of a facility, the institution shall provide verification to DFM and

LSO-BPA of the gross square footage, construction costs, current replacement value, and, if applicable, current or proposed lease space.

f. Occupancy Costs Formula.

i. Custodial: For the first 13,000 GSF and in 13,000 GSF increments thereafter, one-half (.50) custodial FTE. In addition, 10¢ per GSF may be requested for custodial supplies.

ii. Utility Costs: $1.75 per GSF.

iii. Building Maintenance: 1.5% of the construction costs, excluding pre-construction costs (e.g. architectural/engineering fees, site work, etc.) and moveable equipment.

iv. Other Costs:
1) 77¢ per GSF for information technology maintenance, security, general safety, and research and scientific safety;
2) .0005 current replacement value for insurance; and
3) .0003 current replacement value for landscape maintenance.

v. The formula rates may be periodically reviewed against inflation.

vi. Reversions.
1) If eligible space which received occupancy costs is later:
a) razed and replaced with non-eligible space; or
b) converted to non-eligible space,
then the institution shall revert back to the state the occupancy cost funding at the base level originally funded.
2) If eligible space is razed and replaced with new eligible space, then the institution may retain the base occupancy costs, net the funded GSF against any additional GSF, and request funding for the difference.

g. Unfunded Occupancy Costs. If occupancy costs for eligible space have been requested but not funded due to budgetary reasons, institutions may request occupancy costs again in the following year. If, however, occupancy costs are denied for non-budgetary reasons, no further requests for occupancy costs related to the space in question will be considered.

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SUBJECT

Board Policy V.F. – Bonds and Other Indebtedness – first reading

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.F.
Idaho Code §33-3801 et seq.

BACKGROUND / DISCUSSION

For several years the Board has informally considered a debt burden ratio (debt service as a percent of operating budget) of 8% as a debt service ceiling. The 8% figure originally came from one of BSU's underwriters as an industry standard or best practice. Board member Edmunds has asked if the 8% cap is still appropriate. In reviewing this issue with the institutions' controllers and vice presidents for finance and administration, a suggestion was made that a comprehensive Board debt policy, to include a debt burden ratio, would be beneficial. To that end, amendments are being proposed to Board policy V.F. Bonds and Other Indebtedness, to formalize a Board debt policy. Amendments include:

Current paragraph 2 (Attorney General's Opinion) is deleted because the provision is already in Idaho Code §33-3811.

Current paragraph 3 (Private Sale) is deleted. It is not entirely clear what the intent of this paragraph is since all debt requires prior Board approval. In addition, private vs. public sale is undefined and therefore its meaning is unclear.

Current paragraph 5 (Expenditure of Excess Revenue) is deleted for several reasons. First, institutions pledge all project revenues, so the limit on expenditures is not relevant. Any concerns about excess "proceeds" are addressed in the debt policy (new paragraph 4). Also, the dollar thresholds in this paragraph are off because they have been raised for major capital projects. This reference should be dropped as other policy sections set the criteria for delegated authority.

New paragraph 3 (Debt Policy)
This new paragraph opens with general findings and objectives. Next are guidelines for when debt financing should be considered and how it should be structured. Subparagraph b.v. addresses fixed vs. variable rate financing and lists several situations when variable rate financing may be appropriate. Subparagraph b.v.a) defines three risk categories to be assessed in determining whether to issue fixed or variable debt. Subparagraph b.v.b) would limit the amount of variable debt an institution could carry in its total debt portfolio to 20%. A random survey of major public universities and systems across the country found limits anywhere between 20 – 40%. While such a cap is prudent, the Board could also determine that a reasonable limit may be unique to each

institution. To that end, the Board could alternatively direct the institutions to have a debt policy that includes institution-specific risk parameters.

Subparagraph b.vi. provides guidance for when to consider refunding outstanding debt.

Subparagraph c. would codify two debt capacity ratios consistent with the debt policy objectives.

- Ratio #1 is the Viability Ratio, which measures an institution's capacity to repay total debt through reserves. The ratio is calculated by dividing the expendable assets by outstanding debt. The historical benchmark used by the Board and the institutions for this ratio (as suggested by Larry Goldstein) has been 1.25 times the total debt owed. A leading higher education finance publication notes that "[a]lthough a ratio of 1:1 or greater indicates that, as of the balance sheet date, an institution has sufficient expendable net assets to satisfy debt obligations, this value should not serve as an objective. Many public institutions can operate effectively at a ratio far less than 1:1, partially because the ongoing benefit for state support is not reflected in the institution's expendable net assets. Institutions with a ratio of less than 1:1 are … less self-reliant and have significantly less operating flexibility but can function, often function well."[1] A random survey of major public universities and systems across the country found viability ratio limits between 0.8x and 2.5x. Staff suggests a floor of 0.8x and targeted minimum of 1.0x. As of fiscal year-end 2012, the institutions' viability ratios were as follows:
  - ❖ BSU: 0.78
  - ❖ ISU: 1.18
  - ❖ UI: 0.79
  - ❖ LCSC: 4.09

- Ratio #2 is the Debt Burden Ratio, which goes to the Board's longstanding, albeit informal, 8% debt service ceiling. A random survey of major public universities and systems across the country found debt burden limits from a low of 2.5% to a high of 10%. Staff suggests a limit of 7% would enable an institution to maintain its long-term operating flexibility to fund existing requirements and new initiatives. As of fiscal year-end 2012, the institutions' debt burden ratios were as follows:
  - ❖ BSU: 5.91%
  - ❖ ISU: 3.7%
  - ❖ UI: 3.84%
  - ❖ LCSC: 3.8%

Planned noncompliance with either of these ratios would require prior Board approval.

[1] Strategic Financial Analysis for Higher Education. (6th ed.): KPMG, Prager, Sealy & Co., LLC, and BearingPoint, Inc. (2005)

Subparagraph e. provides guidance on the issuance of taxable debt.

Subparagraph f. provides for the allowance of short-term or interim debt, subject to the same approvals, limits and ratios as long-term debt.

IMPACT

Approving amendments to Board policy V.F. would formalize a Board debt policy.

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS

From time to time over the past couple of years the topic of a Board-approved debt policy has been discussed amongst the Vice Presidents for Finance. Earlier this year the University of Idaho (UI) took the initiative to develop a draft policy which was then circulated to all institutions for comment and review. Boise State University (BSU) had significant input into the final product. Idaho State University (ISU) and Lewis-Clark State College (LCSC) also offered suggestions.

With limited or even contracting state and federal resources for higher education facilities, debt will become an increasingly important piece of the institutions' financial portfolio. As such, it is appropriate for the Board to adopt a debt policy. Due to the inherent complexities of debt financing, the institutions' vice presidents for finance and/or controllers will be available to comment on this proposed policy and answer questions.

BOARD ACTION

I move to approve the first reading of proposed amendments to Board Policy V.F., Bonds and Other Indebtedness, with all revisions as presented.

Moved by____________ Seconded by_____________ Carried Yes____ No____

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1. General Powers

The University of Idaho, Idaho State University, Lewis-Clark State College, and Boise State University may, by a majority roll call vote of all the members of the Board, borrow money with or without the issuance of bonds pursuant to Chapter 38, Title 33, Idaho Code. The Board must act by formal resolution and approve the terms of the transaction. Such indebtedness is not an obligation of the state of Idaho but is an obligation solely of the respective institutions and the respective board of trustees. Any indebtedness is to be used to acquire a project, facility, or other capital asset that may be required by or be convenient for the purposes of the institution. For indebtedness of a major capital project, an institution shall first obtain approval in accordance with Board policy V.K. (for purposes of this subsection, a major capital project is one in which the project cost exceeds $1,000,000). Student fees, rentals, charges for the use of the projected facility, or other revenue may be pledged or otherwise encumbered to pay the indebtedness. Refunding bonds also may be issued.

Eastern Idaho Technical College is not authorized to borrow money under Chapter 38, Title 33, Idaho Code.

~~2. Attorney General's Opinion~~

~~The Board or the institution may request the Attorney General of Idaho to review and pass upon the validity of a proposed bond issue. If found valid, the bond is an incontestable, binding obligation on the institution.~~

~~3. Private Sale~~

~~A private sale of bonds is permitted only with the prior approval of the Board as the governing body of the institution. The chief executive officer of the institution must justify why a public sale is not desirable and explain the benefits of a private sale of bonds.~~

~~4~~2. Responsibility of the Chief Executive Officer

The chief executive officer of the institution is responsible for compliance with state law and these provisions when any indebtedness is incurred.

~~5. Expenditure of Excess Revenue~~

~~Expenditure of project revenues over and above that pledged or otherwise encumbered to meet the indebtedness is limited to expenditures for projects identified in the bond's Official Statement. Expenditure of excess revenue for other projects requires prior Board approval. Expenditures between two hundred fifty thousand dollars ($250,000) and five hundred thousand dollars ($500,000) require~~

~~prior approval from the executive director and expenditures greater than five hundred thousand dollars ($500,000) require prior Board approval.~~

3. Debt Policy

Debt financing allows an institution to pay for an asset over a period of time, up to its useful life, rather than pay for it at the time of purchase. This is a financially responsible practice for certain types of capital assets within appropriate limitations and acceptable interest rates. Examples of debt transactions include bonds, loans or capital leases. Debt capacity is a valuable tool for an institution and must be managed thoughtfully using a strategy which anticipates future needs.

a. Objectives

i. To provide a guideline on the use of debt proceeds to support the capital needs of an institution governed by the Board while balancing institutional objectives with achieving the lowest overall cost of capital relative to current credit market terms and structure risk.

ii. To provide selected financial ratios with specific targets to ensure appropriate financial parameters that enable an institution to maintain access to capital markets through an acceptable credit rating as determined by a rating agency (Moody's, Standard and Poor's, or Fitch's Investors Service).

b. Principles for Structuring Debt Financing

i. An institution will consider its debt portfolio holistically so as to optimize the portfolio of debt for the entire institution, rather than on a project-by-project basis, while taking into account an institution's cash and investments. An institution will manage the timing and overall level of debt to provide low-cost and timely access to the capital markets. An institution will balance the goal of achieving the lowest cost of capital with the goal of limiting exposure to interest rate risk, other financing and credit risks and on-going requirements. For preservation of the debt capacity and the security for debt financing, debt may be used for capital assets with the available and permissible revenue obligation pledge of an institution as security.

ii. A project can be considered for financing if there is an identifiable repayment source and, where required, an additional reserve fund or income from unrestricted resources to be utilized should intended repayment sources become unavailable.

iii. Debt issues will be coordinated to the extent it is advantageous so that multiple projects can be accommodated in a single borrowing to reduce overall issuance cost per dollar of debt issued.

iv. Internal resource loans may be used for interim financing until long-term financing can be completed. A reimbursement resolution must be adopted by the Board if capital expenditures to be reimbursed will be made more than 60 days prior to the date of the purchase contract for the long-term financing per IRS regulations.

v. Institutions may issue fixed or variable rate debt financing instruments. Fixed rate debt provides more long-term interest rate stability than variable rate debt, and therefore will typically be the financing instrument of choice. However, variable rate debt may be appropriate where it is desirable to: provide repayment/restructuring flexibility; benefit from historically lower average interest costs; diversify the debt portfolio; or provide a hedge to short-term investment balances.

a) An institution shall evaluate the following three (3) key risk categories associated with a debt offering to finance capital projects when considering the choice between variable or fixed rate debt structures.

i) Rate Risk: the risk that short-term interest rates will increase beyond an institution's debt service provisions, thereby, taking resources away from the other competing programs or uses. Cost effective interest rate hedge instruments should be considered to mitigate variable rate debt exposure.

ii) Tax Risk: the risk that federal tax changes could raise the cost of variable rate debt.

iii) Liquidity or Funding Risk: the possibility that buyers in the market would not be willing to buy the bonds sold by current investors during the regular remarketing schedule, causing either an institution or its letter of credit bank to need to purchase those bonds when presented for sale on the market. In addition, an institution considering variable rate debt will give consideration to renewal and repricing risk associated with any supporting letter of credit.

b) In order to limit exposure to interest rate risk, an institution's amount of variable rate debt outstanding should not exceed twenty percent (20%) of an institution's total debt portfolio.

vi. Institutions will actively consider current or advanced refunding opportunities of outstanding debt when:

a) the net present value savings are positive (usually a minimum of 3%), or

b) the refunding will support a strategic need of an institution by providing an opportunity to change debt amortization, or eliminate unwanted covenants or tax regulation.

c. Debt Capacity Review

i. In an effort to meet the objectives of this policy, the Board has established limits for overall debt using two core financial ratios consistent with measures used by the rating agencies.

a) Ratio #1: Viability Ratio = Expendable Assets/Outstanding Debt

This ratio measures the availability of unrestricted institution assets (including assets held by an affiliated foundation for the sole purpose of debt service on institution debt) to cover debt should an institution be required to repay its outstanding principal debt obligations immediately. The target for this ratio is to be no less than 1.0 times the total debt owed. An institution may fall below 1.0x if so authorized by a vote of the Board, but may at no time be less than .08x. The ratio is expressed in the following equation:

$$\frac{\text{Expendable Net Assets}}{\text{Aggregate Outstanding Debt}} \geq 0.8x$$

At the time an institution is considering debt for an institution, it should strive to keep the ratio as high as possible to hedge against a negative effect on the financial statements of the institution due to an unexpected downturn in revenues.

b) Ratio #2: Debt Burden Ratio = Actual Debt Service/Adjusted Expenses

The debt burden ratio measures an institution's dependence on debt as a fund source for financing its operations and the relative cost of debt to an institution's total expenditures. By maintaining an appropriate proportion of debt service to total expenditures, other critical and strategic needs can be met as part of the expense base. The limit for this ratio is to be no greater than 7.0%. The ratio is expressed in the following equation:

$$\frac{\text{Actual Debt Service}}{\text{Adjusted Expenses}} \leq 7\%$$

The threshold for this ratio shall not be exceeded without prior approval from the Board.

ii. Ratios will be evaluated on an annual basis. In addition, the ratios will be calculated to show the effect of a new debt issue prior to funding and approval from Board. Ratio terms will be defined by the executive director.

d. Investor Disclosure and Continuing Disclosure Obligations
Each institution has an obligation under federal law to provide relevant and timely disclosure to bond investors of material events and other institutional information via the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system.

e. Taxable debt
Taxable debt is appropriate in instances where capital projects do not qualify for tax-exempt financing, certain situations exist whereby the planned future use of the capital asset may materially change to permit more federally funded research-based and/or commercial-related activities that potentially violate current tax-exempt financing laws, or when the taxable rate premium is offset by other cost savings. An institution will perform an analysis to support determination that taxable debt is warranted.

f. Short-term or interim debt
With the approval of the Board, an institution may enter into short-term borrowing agreements to provide interim financing for projects or portions of projects for which an institution ultimately intends to issue long-term debt. Short-term borrowing is subject to the same approvals, limits and ratio calculations as long-term debt.

g. Financial Reporting
The executive director may adopt certain reporting requirements in the area of issuance of debt by institutions, and such reports shall be provided at a date specified and contain information as prescribed by the executive director.

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BOISE STATE UNIVERSITY

SUBJECT

Employee Dependent Fee Program

REFERENCE

December 2010	Board approved request to implement pilot employee dependent fee program
October 2012	Board updated on pilot program
February 2013	Board approved first reading of amendment to Board Policy V.R.3 allowing institutions to authorize and set a dependent fee
March 2013	Board approved second reading of amendment to Board Policy V.R.3 allowing institutions to authorize and set a dependent fee

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.R.3.a.vi.

BACKGROUND/DISCUSSION

In fall 2011 Boise State University implemented a Board-approved employee dependent fee pilot program. In the program's first year, from fall 2011 through the end of summer term 2012, 168 dependent children utilized the benefit. Faculty and staff have expressed strong support for the continuation of this benefit. Due to the success of the pilot program, the University now seeks Board approval to make the dependent fee a permanent employee benefit. Program eligibility and benefits follow:

<u>Eligibility</u>

- Dependent child of a permanent Boise State employee who has completed at least five months of benefit-eligible service with the University and who is scheduled to work at least 20 hours per week.

- For purposes of program eligibility, a dependent child is defined as an unmarried child who is under age 26 as of the first day of the semester. A child is a son, daughter, stepchild, adopted child, child placed for adoption, or foster child.

- Only one dependent fee for one child will be allowed per semester per family. If both parents work for the University, only one will be permitted to utilize the fee, unless the parents are legally separated or divorced.

<u>Benefits</u>

- The dependent fee benefit will apply to tuition and fees for either a part-time schedule or a regular full-time class load, as defined by the University. Overload credits are not eligible for the dependent fee.

- Eligible dependents may be enrolled in either undergraduate or graduate classes, but they must be admitted under regular academic provisions; the fee does not guarantee acceptance to the University.

- The cost to the enrolled dependent under the fee is a $25 registration fee and 35 percent of the regular applicable resident or non-resident tuition and fees.

IMPACT

In the pilot program's first year, the total cost to the University was $265,950. The University anticipates usage rates and program costs will remain relatively consistent.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

BOARD ACTION

I move to approve Boise State University's request to make permanent the employee dependent fee program consistent with the terms presented.

Moved by_______________ Seconded by__________Carried Yes_____ No_____

BOISE STATE UNIVERSITY

SUBJECT

Planning and Design of Fine Arts Building

REFERENCE

June 2012	Board approved Six-year Capital Improvement Plan Amendment

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/DISCUSSION

Boise State University (BSU) seeks Board approval for the planning and design of a new Fine Arts building. This building will be located adjacent to and north of the Micron Business and Economics building (MBEB). It will have a significant presence along Capitol Boulevard and serve as a companion building to MBEB.

It is anticipated that this building will facilitate the co-location of many disciplines within the Art department and budget permitting, the Arts and Humanities Institute. Currently the Art department is housed in six different buildings on campus. The existing facilities are very limited in terms of infrastructure and capacity. University Fine Arts programs have had to limit the number of sections and students in certain classes and programs due to facility limitations. Furthermore, the accreditation body for University Fine Arts programs has indicated that the existing facilities are an area of concern. The new Fine Arts building will allow for increased student enrollment, increased class offerings and more student and faculty interaction. The new facility will be sized to accommodate future program growth.

The spaces within the new Fine Arts building, subject to the completion of the consultant's programming efforts, will likely include art studios, gallery space, digital design labs, audio-visual labs, departmental classrooms, faculty/staff offices, student and faculty informal gathering spaces, conference rooms and space for the Arts and Humanities Institute.

IMPACT

The cost of design services for the project is estimated to not exceed $2.89 million. The source of funds for design services is institutional funds. Total project costs, including construction costs, contingency, design and engineering fees, equipment costs, testing, surveying, reports and furniture, fixtures and equipment are estimated to be between $30 and $35 million depending on the final scope and design development details. Cost ranges are related to continued uncertainty in the construction market, especially for competitively bid public sector work.

This estimate includes escalation costs for the expected duration of the project design phase.

The University is actively seeking private donations for this project and envisions the final funding sources for this project to be a combination of private gifts, University funds, and/or new bond proceeds, subject to future Board approval. A final budget and source of funds will be presented to the Board when the project is brought forward for construction approval.

ATTACHMENTS

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

STAFF COMMENTS AND RECOMMENDATIONS

Board policy V.K. provides that a six-year capital improvement plan ("Plan") constitutes "notice to the Board that an institution … may bring a request at a later date for Board approval of one or more of the projects included in its approved Plan. Board approval of a Plan [does] not constitute approval of a project included in the Plan." Inclusion of a project in an institution's Board-approved Plan is a condition precedent to requesting Board approval for each step in the major capital project approval process.

In June 2012 the Board approved BSU's amended Plan which included a proposed Fine Arts building.

Staff recommends approval.

BOARD ACTION

I move to approve the request by Boise State University to commence the planning and design phase for a Fine Arts building for a cost not to exceed $2,885,000 in institutional funds.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

Project Number:	DPW13-206
Project Title:	Fine Arts Building
Date:	2/11/2013

Category	Prelim Budget
Architectural Fees	$ 2,662,000
Construction Costs	$ -
Testing, Inspections and Misc.	$ 138,000
Construction Contingency	$ -
Subtotal	$ 2,800,000

University Costs	$ 85,000
Project Contingency 10%	$ -

Total Project	$ 2,885,000

Office of the Idaho State Board of Education
Capital Project Tracking Sheet
Apr-13

History Narrative

Institution/Agency: Boise State University **Project:** Fine Arts Building
Project Description: Planning and Design for new Fine Arts Building

Project Use:
Project Size:

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other *	Total Sources	Planning	Use of Funds Const	Other	Total Uses
Initial Cost of Project	$ -	$ -	$ 2,885,000	$ 2,885,000	$ 2,662,000		$ 223,000	$ 2,885,000
Total Project Costs	$ -	$ -	$ 2,885,000	$ 2,885,000	$ 2,662,000	$ -	$ 223,000	$ 2,885,000

			|-------------------- * Other Sources of Funds--------------------|				
History of Funding:	PBF	ISBA	Institutional Funds	Student Revenue	Other	Total Other	Total Funding
Apr-13	$ -	$ -	$ 2,885,000			$ 2,885,000	$ 2,885,000
						$ -	$ -
					-	-	-
Total	$ -	$ -	$ 2,885,000	$ -	$ -	$ 2,885,000	$ 2,885,000

BOISE STATE UNIVERSITY

SUBJECT

Purchase of real property at 1801 University Drive

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/DISCUSSION

Boise State University (BSU) has been in ongoing discussions with the University Christian Church (UCC) regarding the acquisition of UCC's property at 1801 University Drive for over 10 years.

Acquisition of the UCC property is a strategic purchase for the University. The UCC parcel is the largest single parcel in the University expansion zone and is in close proximity to the Student Union Building, Special Events Center, Central Plant and Liberal Arts Building. Additionally, the University owns several smaller properties which adjoin the UCC parcel. The parcel is approximately four acres and is comprised of two connected buildings totaling 45,162 gross square feet and a surface parking lot with 196 parking spaces.

Until redevelopment, the University has multiple potential interim uses for the property. A majority of the buildings' interior space could be used for offices, classrooms, storage and support areas.

IMPACT

The agreed upon purchase price for the parcel is $5.9 million. The University will allow UCC to remain in the facility for up to one year after closing to facilitate their relocation. The UCC will provide all assurances, maintenance and repair, utilities and insurance as required by the University.

The source of funds for the property purchase is expected to be $650,000 in University reserves and the balance from the Series 2013B Bonds.

ATTACHMENTS

Attachment 1 – Property Ownership Map Page 3
Attachment 2 – Map of UCC Property Page 4

STAFF COMMENTS AND RECOMMENDATIONS

This is a request by BSU for approval for the purchase of real property within the University's expansion zone. The property and structures are described above in the Background/Discussion. The appraised value of the parcel (as of September 2011) is $5,650,000.

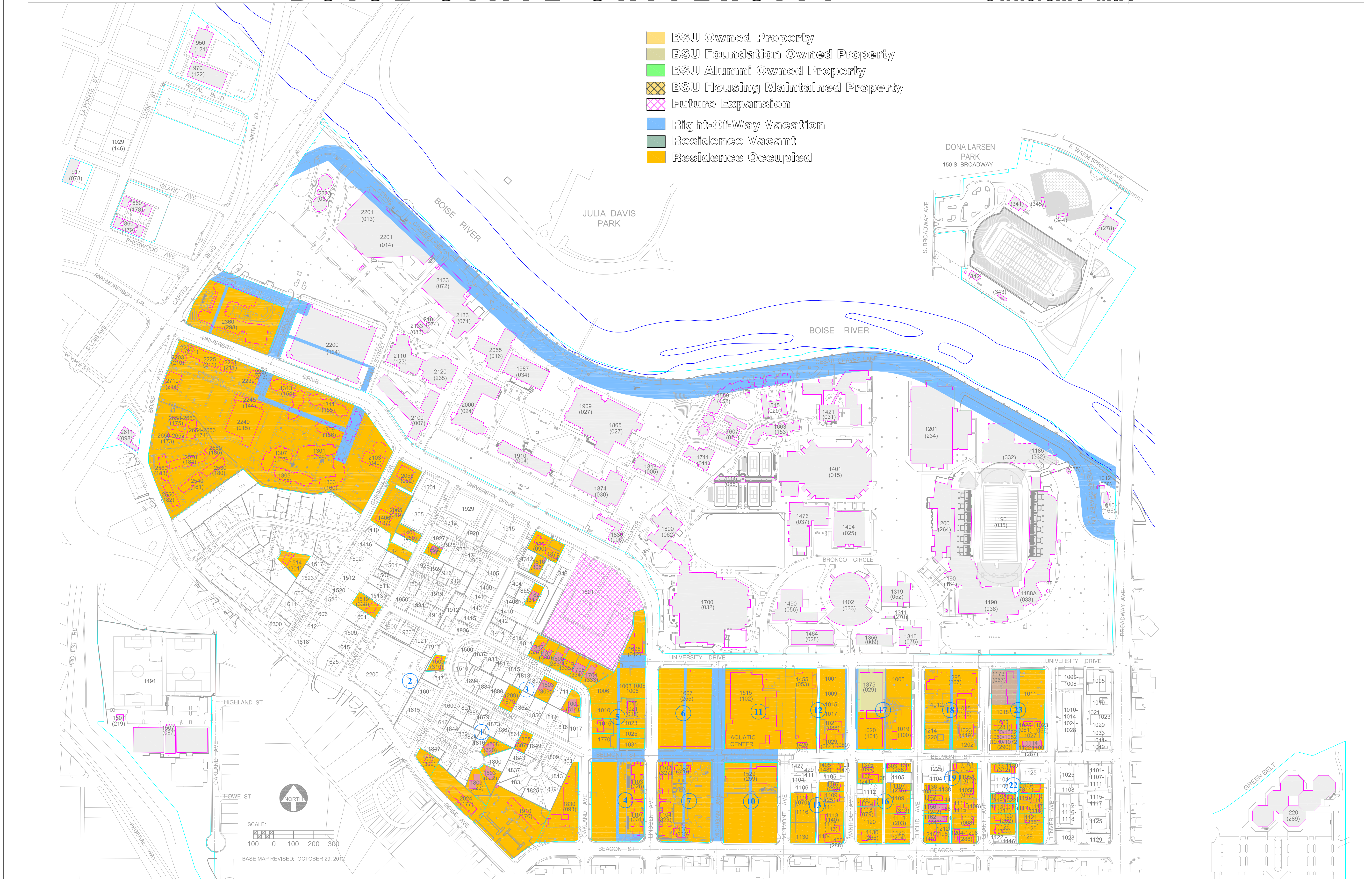
Staff recommends approval.

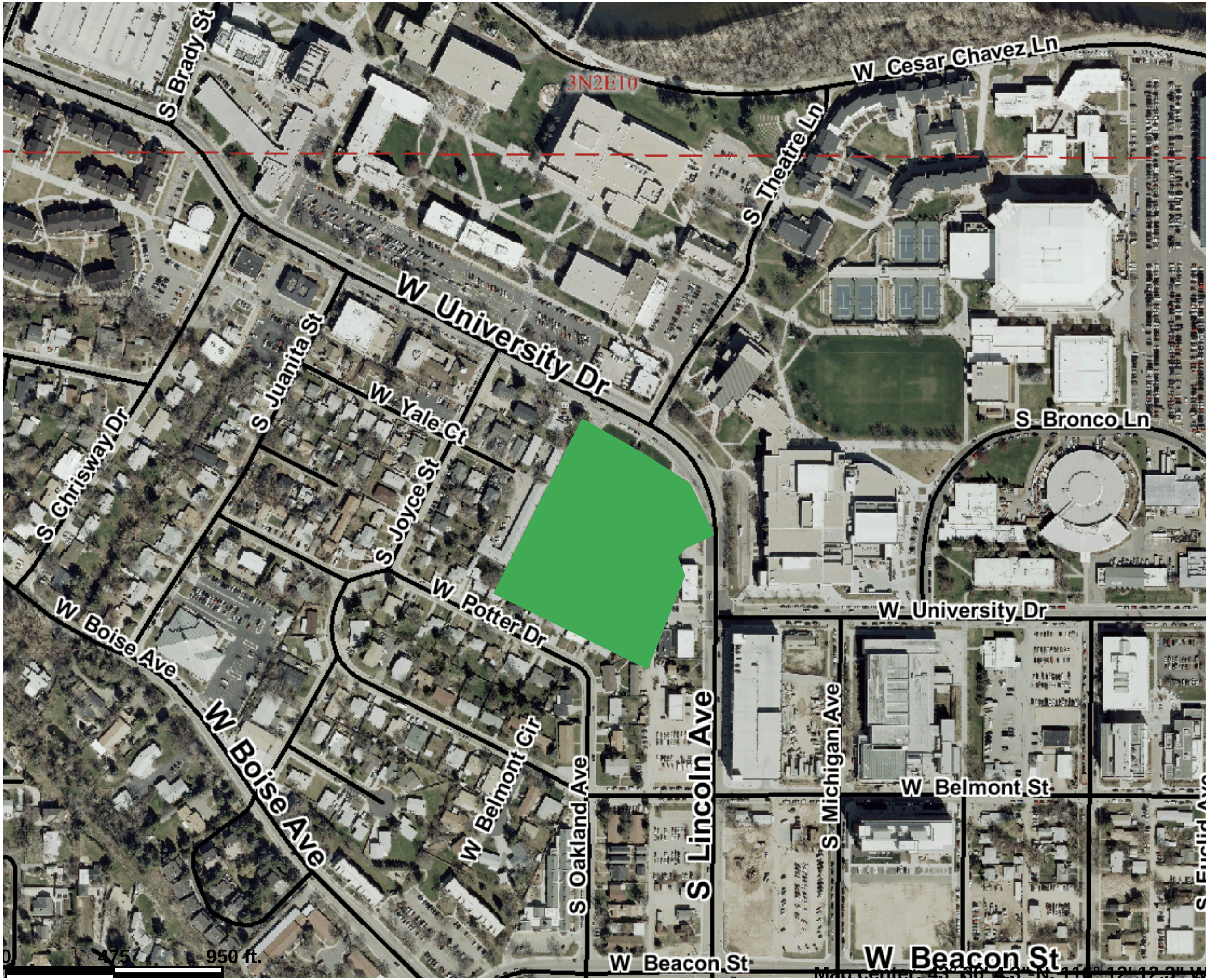
BOARD ACTION

I move to approve the request by Boise State University to purchase real property parcel number S1015120690, located at 1801 University Dr. in Boise, Idaho, for a cost not to exceed $5.9 million plus normal closing costs, to approve the purchase as an economically feasible project necessary for the proper operation of the University, and to authorize the Vice President for Finance and Administration to execute all necessary transaction documents pertaining to the purchase.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

BOISE STATE UNIVERSITY - Ownership Map

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W University Dr
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W Yale Ct
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W Potter Dr
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BOISE STATE UNIVERSITY

SUBJECT

Authorization for issuance of 2013 general revenue project and refunding bonds

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.F.
Idaho Code §33-3804

BACKGROUND/DISCUSSION

Boise State University (BSU) requests the Board's approval to issue approximately $_________________ in tax-exempt refunding bonds ("Series 2013A Bonds") and $_____________ in taxable general revenue project and refunding bonds (Series 2013B Bonds") pursuant to a Supplemental Bond Resolution.

The University is purchasing approximately four (4) acres of property within the approved expansion zone and adjacent to the campus for future development. Of the total purchase price, approximately $5.3 million will be financed from the 2013B bonds.

In addition, with the assistance of its bond underwriter, the University periodically reviews outstanding bond issues to assess whether market conditions warrant refinancing to take advantage of lower interest rates. The refunding of the Series 2004A and Series 2005A in the aggregate principal amount of $16,305,000[1] would result in a debt service net present value savings of six (6) percent, approximately $970,315.[2]

Principal Amount

Approximately $_______________

Maturities

To be determined the day of pricing.

Amortization Plan

The amortization schedule for the Series 2013A and B bonds reflects level debt service.

---

[1] Exact series and amounts will be available at the Board meeting.

[2] Exact amount will be available at the Board meeting.

Interest Rates

To be determined the day of pricing.

Source of Security

General Revenue pledge of the University, excluding appropriated funds, grants, contract revenues and restricted gifts.

Ratings

Rating agency updates were conducted the week of March 18, 2013, in anticipation of the 2013A and 2013B issuance. The University's current ratings are ________________________ as determined by Moody's Investors Service and Standard & Poor's, respectively (see Attachments 4 and 5).

Documents to be Provided at the Board Meeting

Once pricing is concluded, the University will provide the following at the Board meeting:

1. Bond sizing analysis showing final amounts, interest rates and maturities on the bonds;

2. Final Supplemental Bond Resolution showing rates and maturities of the bonds; and

3. Insert of new Appendix A to Bond Purchase Agreement showing bond rates and maturities.

Bond pricing will occur on the 18th day of April, 2013. Agenda consideration after 2:00 pm MT is requested.

IMPACT

Interest rates have reached levels that would enable the University to advance refund portions of two series of outstanding bonds totaling $16.3 million that generate net present value debt service savings of $970,000, which is six (6) percent of the refunded principal.

The University's debt service ratio after the 2013AB issuance is estimated to be 5.9 percent for fiscal year 2014. In the event that market conditions are no longer favorable at the time of the meeting, no refunding bonds will be issued.

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS

Board approval of this bond issuance would bring BSU's total projected annual debt service to approximately $18.4M in FY 2014, and decreasing thereafter. Refunding savings from the 2013A issuance are not reflected in total debt service amounts, so projected amounts are conservatively overstated. BSU's current debt service as a percent of operating budget is 5.8%. This bond issuance would increase that ratio to 5.9%. The Board has informally considered 8% as a debt service ceiling.

Debt projection revenue assumptions include:

1. $3M decrease in federal student financial aid in 2013 (sequestration); ongoing -1% student growth from student fees; $0 new strategic facilities fee in FY2014
2. 2% decrease in appropriated funds in out-years
3. 2% decrease in gifts each year and auxiliary revenues flat at FY2013 levels
4. Sequestration: $2M decrease in 2013 and 3% ongoing decrease in federal research grants each year
5. 5.0% interest rate for 30 years

As part of this issuance, the University also stands to benefit from the refinancing of two outstanding bond issues.

Staff cannot make a recommendation due to outstanding pending information.

BOARD ACTION

I move to approve a Supplemental Resolution for the Series 2013A and 2013B Bonds, the title of which is as follows:

> A SUPPLEMENTAL RESOLUTION of the Board of Trustees of Boise State University authorizing the issuance and sale of (i) General Revenue Project and Refunding Bonds, Series 2013A, in the principal amount of up to $______________ and (ii) General Revenue Refunding Bonds, Series 2013B, in the principal amount of up to $_____________; authorizing the execution and delivery of a Bond Purchase Agreement and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2013A and 2013B Bonds.

and to direct staff to provide written notification to the Division of Financial Management and the Legislative Services Office, Budget and Policy Analysis Division within thirty (30) days.

Roll call vote is required.

Moved by __________ Seconded by ___________ Carried Yes ______ No ______

Draft 3-18-2013

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 3, 2013

New Issue—Book Entry Only | RATINGS: See "RATINGS" herein

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein: (i) interest on the Series 2013A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2013A Bonds (the "Tax Code"); (ii) interest on the Series 2013A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and (iii) interest on the Series 2013A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See "TAX MATTERS-- Series 2013A Bonds.*" In addition, in the opinion of Bond Counsel, interest on the Series 2013B Bonds is included in gross income pursuant to the Tax Code and is included in gross income for purposes of income taxation by the State of Idaho. See "TAX MATTERS-- Series 2013B Bonds."*

BOISE STATE UNIVERSITY

$___________*
BOISE STATE UNIVERSITY
GENERAL REVENUE REFUNDING BONDS,
SERIES 2013A (TAX EXEMPT)

$___________*
BOISE STATE UNIVERSITY
GENERAL REVENUE PROJECT AND REFUNDING BONDS,
SERIES 2013B (TAXABLE)

Dated: Date of Delivery | **Due: April 1, as shown on the inside cover**

The above captioned Boise State University General Revenue Refunding Bonds, Series 2013A (Tax Exempt) in the aggregate principal amount of $___________* (the "Series 2013A Bonds") and the Boise State University General Revenue Project and Refunding Bonds, Series 2013B (Taxable) in the aggregate principal amount of $___________* (the "Series 2013B Bonds" and together with the Series 2013A Bonds, the "2013 Bonds"), will be issued by Boise State University (the "University") pursuant to a Master Resolution adopted by the Board of Trustees of the University on September 17, 1992, as supplemented and amended, including a Supplemental Resolution to be adopted on April 18, 2013.

The proceeds of the 2013 Bonds will be used (i) to finance a portion of the cost of acquiring an approximately four-acre parcel of property, together with improvements thereon, adjacent to the University's campus in Boise Idaho (the "Property Acquisition Project"), (ii) to refund certain of the University's outstanding bonds (the "Refunding Project") and (iii) to pay costs of issuing the 2013 Bonds. The 2013 Bonds are initially issuable in book-entry form only through The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Interest on the 2013 Bonds is payable on each April 1 and October 1, commencing October 1, 2013. The 2013 Bonds are subject to optional and mandatory sinking fund redemption as described herein. The 2013 Bonds are payable solely from and secured solely by the Pledged Revenues, which include certain student fees, enterprise revenues and interest earnings on University funds and accounts. See "SECURITY FOR THE 2013 BONDS" herein.

THE 2013 BONDS SHALL BE EXCLUSIVELY OBLIGATIONS OF THE UNIVERSITY, PAYABLE ONLY IN ACCORDANCE WITH THE TERMS THEREOF, AND SHALL NOT BE OBLIGATIONS, GENERAL, SPECIAL OR OTHERWISE, OF THE STATE OF IDAHO. THE 2013 BONDS SHALL NOT CONSTITUTE A DEBT–LEGAL, MORAL OR OTHERWISE–OF THE STATE OF IDAHO, AND SHALL NOT BE ENFORCEABLE AGAINST THE STATE, NOR SHALL PAYMENT THEREOF BE ENFORCEABLE OUT OF ANY FUNDS OF THE UNIVERSITY OTHER THAN THE INCOME AND REVENUES PLEDGED AND ASSIGNED TO, OR IN TRUST FOR THE BENEFIT OF, THE HOLDERS OF THE 2013 BONDS. THE UNIVERSITY IS NOT AUTHORIZED TO LEVY OR COLLECT ANY TAXES OR ASSESSMENTS, OTHER THAN THE PLEDGED REVENUES DESCRIBED HEREIN, TO PAY THE 2013 BONDS. THE UNIVERSITY HAS NO TAXING POWER.

See Inside Cover for Maturity Schedules

The 2013 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Hawley Troxell Ennis & Hawley LLP, Bond Counsel, and certain other conditions. Certain matters will be passed on for the University by its counsel, Kevin D. Satterlee, Esq., and for the Underwriter by its legal counsel, Foster Pepper PLLC, and by Hawley Troxell Ennis & Hawley LLP, in its capacity as disclosure counsel to the University. It is expected that the 2013 Bonds will be available for delivery through the facilities of DTC on or about May 8, 2013.

* Preliminary, subject to change.

BARCLAYS

BOISE STATE UNIVERSITY

2013 BONDS

$________*

GENERAL REVENUE REFUNDING BONDS,

SERIES 2013A (TAX EXEMPT)

DUE APRIL 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP NO.**
	$	%	%	

$_________ Term Bond due April 1, ____; Interest Rate ______%; Yield ______%; CUSIP No.__________

$_________ Term Bond due April 1, ____; Interest Rate ______%; Yield ______%; CUSIP No.__________

$________*

GENERAL REVENUE PROJECT AND REFUNDING BONDS,
SERIES 2013B (TAXABLE)

DUE APRIL 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP NO.**
	$	%	%	

$_________ Term Bond due April 1, ____; Interest Rate ______%; Yield ______%; CUSIP No.__________

$_________ Term Bond due April 1, ____; Interest Rate ______%; Yield ______%; CUSIP No.__________

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* Preliminary; subject to change.

** CUSIP data contained herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the University or the Underwriter, and are included solely for the convenience of the holders of the 2013 Bonds. Neither the University nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2013 Bonds or as indicated above.

THE IDAHO STATE BOARD OF EDUCATION

AND BOARD OF TRUSTEES OF BOISE STATE UNIVERSITY

UNIVERSITY OFFICIALS

Robert W. Kustra, Ph.D.—President

Martin E. Schimpf, Ph.D.—Provost and Vice President for Academic Affairs

Kevin D. Satterlee, J.D.— Vice President for Campus Operations and General Counsel

Stacy Pearson, MPA, CPA—Bursar and Vice President for Finance and Administration

Lisa Harris, Ph.D.—Vice President for Student Affairs

Mark Rudin, Ph.D.—Vice President for Research

Laura Simic —Vice President for University Advancement

UNDERWRITER

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Seattle, Washington 98104-7016
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Fax: (212) 520-0837

BOND AND DISCLOSURE COUNSEL

Hawley Troxell Ennis & Hawley LLP
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Fax: (208) 954 5285

TRUSTEE AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.

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GENERAL INFORMATION

No dealer, broker, salesperson or other person has been authorized by the Board, the University or the Underwriter to give any information or to make any representations with respect to the 2013 Bonds, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Board, the University or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2013 Bonds, nor shall there be any sale of the 2013 Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

The information set forth herein has been furnished by the University, the Board, DTC and certain other sources that the University believes to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the University or any other person or entity discussed herein since the date hereof.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the 2013 Bonds at levels above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

The Underwriter has included the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement contains "forward-looking statements" that are based upon the University's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro forma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the University. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The University has no plans to issue any updates or revise these forward-looking statements based on future events.

PRELIMINARY OFFICIAL STATEMENT

BOISE STATE UNIVERSITY

$__________*
GENERAL REVENUE REFUNDING BONDS
SERIES 2013A (TAX EXEMPT)

$__________*
GENERAL REVENUE PROJECT AND REFUNDING BONDS
SERIES 2013B (TAXABLE)

INTRODUCTION

GENERAL

This Official Statement, including the cover page and the information contained in the Appendices hereto, is furnished in connection with the offering of the $________* Boise State University General Revenue Refunding Bonds, Series 2013A (Tax Exempt) (the "*Series 2013A Bonds*") and the $____________* Boise State University General Revenue Project and Refunding Bonds, Series 2013B (Taxable) (the "*Series 2013B Bonds*" and together with the Series 2013A Bonds, the "*2013 Bonds*").

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference should be made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. The attached Appendices are integral parts of this Official Statement and should be read in their entirety.

Capitalized terms used but not defined herein shall have the meanings assigned to such terms in "APPENDIX C–GLOSSARY OF TERMS USED IN THE RESOLUTION AND OFFICIAL STATEMENT."

BOISE STATE UNIVERSITY

Boise State University (the "University") is a publicly supported, multi-disciplinary institution of higher education located in Boise, Idaho. The University has the largest student enrollment of any university in the State of Idaho (the "*State*"), with an official fall 2012 enrollment of 22,678 students (based on headcount, with full-time-equivalent enrollment of 16,136) as of the October 15, 2012 census date. The University's official spring 2013 enrollment was ________ as of the March 15, 2013 census date. The State Board of Education serves as the Board of Trustees (the "*Board*"), the governing body of the University.

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* Preliminary; subject to change.

AUTHORIZATION FOR AND PURPOSE OF THE 2013 BONDS

The 2013 Bonds are being issued pursuant to Title 33, Chapter 38, Idaho Code, as amended, and Title 57, Chapter 5, Idaho Code, as amended (collectively, the "*Act*"), and a resolution adopted by the Board on September 17, 1992, as previously supplemented and amended (the "*Master Resolution*"), and as further supplemented by a resolution adopted by the Board on April 18, 2013 authorizing the issuance of the 2013 Bonds (the "*2013 Supplemental Resolution*" and, collectively with the Master Resolution, the "*Resolution*").

Pursuant to the Master Resolution, the Board has previously authorized the issuance of various series of General Revenue Bonds (the "*Outstanding Bonds*"), which are currently outstanding in the principal amount of **[**$235,340,000**] [update]** (including the Refunded Bonds). The 2013 Bonds, the Outstanding Bonds, and any Additional Bonds hereafter issued under the Resolution, are referred to herein as the "*Bonds*" or the "*General Revenue Bonds*." See "DEBT SERVICE REQUIREMENTS" and "FINANCIAL INFORMATION REGARDING THE UNIVERSITY–Outstanding Debt."

The proceeds of the 2013 Bonds will be used (i) to finance a portion of the cost of acquiring an approximately four-acre parcel of property, together with improvements thereon, located adjacent to the University's campus in Boise Idaho (the "Property Acquisition Project"); (ii) to refund certain of the University's outstanding bonds (the "Refunding Project") purely for debt service savings and (iii) to pay costs of issuing the 2013 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS," "PROPERTY ACQUISITION PROJECT" and "REFUNDING PROJECT" herein.

SECURITY FOR THE 2013 BONDS

The 2013 Bonds are secured by Pledged Revenues on a parity with the other Bonds. Pledged Revenues include (i) Student Fees; (ii) Sales and Service Revenues; (iii) revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University (the "*F&A Recovery Revenues*"); (iv) various revenues generated from miscellaneous sources, including non-auxiliary advertising, vending in non-auxiliary buildings, postage and printing ("*Other Operating Revenues*"); (v) Investment Income (as defined in APPENDIX C), and (vi) other revenues as the Board shall designate as Pledged Revenues, but excluding State appropriations and Restricted Fund Revenues. "Revenues Available for Debt Service" means (a) revenues described in clauses (i), (iii), (iv), (v), and (vi) above and (b) revenues described in clause (ii) above less Operation and Maintenance Expenses of the Auxiliary Enterprises.

Under the Resolution, the University has covenanted to establish and maintain the Pledged Revenues sufficient, together with other Pledged Revenues available or to be available in the Debt Service Account to pay Debt Service for the Fiscal Year, to produce Revenues Available for Debt Service in each Fiscal Year equal to not less than 110% of Debt Service on the Bonds Outstanding for each such Fiscal Year. See "SECURITY FOR THE 2013 BONDS–Rate Covenant."

ADDITIONAL BONDS

The University has reserved the right in the Resolution to issue Additional Bonds payable from and secured by the Pledged Revenues on a parity with the 2013 Bonds, subject to the satisfaction of certain conditions contained in the Resolution. See "SECURITY FOR THE 2013 BONDS–Additional Bonds."

TAX MATTERS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein: (i) interest on the Series 2013A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2013A Bonds (the "Tax Code"); (ii) interest on the Series 2013A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and (iii) interest on the Series 2013A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See "TAX MATTERS-- Series 2013A Bonds."

In addition, in the opinion of Bond Counsel, interest on the Series 2013B Bonds is included in gross income pursuant to the Tax Code and is included in gross income for purposes of income taxation by the State of Idaho. See "TAX MATTERS-- Series 2013B Bonds."

See "TAX MATTERS."

THE 2013 BONDS

DESCRIPTION OF THE 2013 BONDS

The 2013 Bonds will be dated their date of original issuance and delivery and will mature on April 1 of the years and in the amounts as set forth on the inside cover page of this Official Statement.

The 2013 Bonds shall bear interest from their date at the rates set forth on the inside cover page of this Official Statement. Interest on the 2013 Bonds is payable on April 1 and October 1 of each year, beginning October 1, 2013. Interest on the 2013 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The Bank of New York Mellon Trust Company, N.A., is the trustee and paying agent for the 2013 Bonds.

The 2013 Bonds will be issued as fully-registered bonds, initially in book-entry form only, in denominations of $5,000 or any integral multiple thereof.

BOOK-ENTRY SYSTEM

The Depository Trust Company ("*DTC*"), New York, New York, will act as securities depository for the 2013 Bonds. The 2013 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the 2013 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2013 Bonds, except in the event that use of the book-entry system for the 2013 Bonds is discontinued.

To facilitate subsequent transfers, all 2013 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2013 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013 Bonds are credited, which may or may not be the Beneficial Owners. The

Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2013 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2013 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2013 Bond documents. For example, Beneficial Owners of 2013 Bonds may wish to ascertain that the nominee holding the 2013 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2013 Bonds within a maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2013 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

While the book-entry system is in effect, payments of principal of and interest on the 2013 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the University or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the University or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2013 Bonds at any time by giving reasonable notice to the University or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the 2013 Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2013 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University believes to be reliable, but the University takes no responsibility for the accuracy thereof.

REDEMPTION

Optional Redemption. [**subject to underwriter structuring**]

The Series 2013A Bonds maturing on or after April 1, ________ are subject to redemption at the election of the University at any time on or after _________, in whole or in part, from such maturities as may be selected by the University. Such optional redemption of the Series 2013A Bonds shall be at a price of 100% of the principal amount of the Series 2013A Bonds to be so redeemed, plus accrued interest to the date fixed for redemption.

The Series 2013B Bonds maturing on or after April 1, ________ are subject to redemption at the election of the University at any time on or after _________, in whole or in part, from such maturities as may be selected by the University. Such optional redemption of the Series 2013B Bonds shall be at a price of 100% of the principal amount of the Series 2013B Bonds to be so redeemed, plus accrued interest to the date fixed for redemption. **[may be subject to make-whole premium]**

Mandatory Sinking Fund Redemption. [**subject to underwriter structuring**]

The Series 2013A Bonds maturing on April 1, _______ are subject to mandatory sinking fund redemption prior to their stated maturity, at a price of 100% of the principal amount of the Series 2013A Bonds to be so redeemed, plus accrued interest to the date fixed for redemption, on April 1 of the years, and in the amounts, shown below:

APRIL 1 OF THE YEAR	MANDATORY REDEMPTION AMOUNT
	$
*	

* Stated maturity.

The Series 2013B Bonds maturing on April 1, _______ are subject to mandatory sinking fund redemption prior to their stated maturity, at a price of 100% of the principal amount of the

Series 2013B Bonds to be so redeemed, plus accrued interest to the date fixed for redemption, on April 1 of the years, and in the amounts, shown below:

APRIL 1 OF THE YEAR	MANDATORY REDEMPTION AMOUNT
	$
*	

---

* Stated maturity.

Notice of Redemption. The Resolution requires the Trustee to give notice of any redemption of the 2013 Bonds not less than 35 days nor more than 60 days prior to the redemption date, by first class mail, postage prepaid, addressed to the registered owners of such 2013 Bonds to be redeemed at the addresses appearing on the registry books kept by the Trustee. With respect to any notice of optional redemption of 2013 Bonds, unless upon the giving of such notice such 2013 Bonds shall be deemed to have been paid within the meaning of the Resolution, such notice may state that the redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the redemption price of and interest on the 2013 Bonds to be redeemed, and that if such money shall not have been so received, the notice shall be of no force and effect and the University shall not be required to redeem such 2013 Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption will not be made and the Trustee will promptly thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

Selection for Redemption. If less than all 2013 Bonds are to be redeemed, the particular maturities of such 2013 Bonds to be redeemed and the principal amounts of such maturities to be redeemed shall be selected by the University. If less than all of the Bonds of any maturity of the 2013 Bonds are to be redeemed, the 2013 Bonds to be redeemed will be selected by lot. If less than all of a 2013 Bond that is subject to mandatory sinking fund redemption is to be redeemed, the redemption price shall be applied to such mandatory sinking fund installments as the University shall direct.

SECURITY FOR THE 2013 BONDS

GENERAL

The 2013 Bonds are secured by Pledged Revenues on a parity with all Bonds previously issued and all Additional Bonds that may be issued under the Resolution. Pledged Revenues include:

(i) Student Fees;

(ii) Sales and Services Revenues;

(iii) F&A Recovery Revenues;

(iv) Other Operating Revenues;

(v) Unrestricted income generated on investments of moneys in all funds and accounts of the University (the "Investment Income"); and

(vi) Such other revenues as the Board shall designate as Pledged Revenues.

For a description of the sources and components of the Pledged Revenues, see "Pledged Revenues" below. For the amounts of Pledged Revenues in recent years, see "Historical Revenues Available for Debt Service" below.

Pledged Revenues do not include State appropriations, which by law cannot be pledged. Pledged Revenues also exclude Restricted Fund Revenues, including restricted gift and grant revenues. See "FINANCIAL INFORMATION REGARDING THE UNIVERSITY" AND "FINANCIAL INFORMATION REGARDING THE UNIVERSITY - REDUCTION IN CERTAIN REVENUES; SEQUESTRATION" AND "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011."

PLEDGED REVENUES

Student Fees. The University assesses and collects a variety of fees from students enrolled at the University. Board approval for most of these student fees is required, but the Board has delegated to the University President approval of certain student fees. The Board may assess fees at any time during the year, and has authority to establish the fees unilaterally, without review or approval by the students, the State, or any other governmental or regulatory body. In practice, however, the Board sets Board-approved student fees annually. Prior to the Board meeting at which fees are set, public hearings concerning the fees are held and student participation is actively solicited. Board-approved "Student Fees" include (i) the Tuition Fee; (ii) Facility, Technology and Activity Fees; and (iii) General Education Fees, as further described below.[*]

For the academic year 2012-2013, total Board-approved Student Fees per full-time undergraduate student per semester were $2,942 for Idaho residents and $8,662 for non-resident students. For the 2011-2012 academic year, such Student Fees were, respectively, $2,783 and $7,983 per semester.

Tuition Fee. The Tuition Fee supports instruction, student services, institutional support and maintenance and operation of the physical plant. The revenues derived from the Tuition Fee for the Fiscal Year ended June 30, 2011 ("Fiscal Year 2011") and Fiscal Year 2012 were $60,071,912 and $61,870,880, respectively.

[*] Excludes a health insurance charge, which is paid directly to a third-party insurance provider.

Facility, Technology and Activity Fees. The University charges a wide variety of fees to students to support various infrastructure and activities. Currently, these fees fall into three categories: (i) Facility Fees, which include the Student Building Fee, the Student Union and Housing Fee, the Capital Expenditure Reserve Fee, the Recreation Facility Fee, the Health and Wellness Center Fee, and the Strategic Facility Fee; (ii) Technology Fees, which include the Technology Fee and the Student Support System Fee; and (iii) Activity Fees, which include 15 fees assessed to support various programs and activities. The revenues derived from the Facility, Technology, and Activity Fees for Fiscal Year 2011 and Fiscal Year 2012 were $29,660,924 and $31,411,620, respectively.

General Education Fees. The University's General Education Fees include the Graduate/Professional Fee, non-resident Tuition, the Western Undergraduate Exchange Fee, the In Service Fee, the Faculty Staff Fee, the Senior Citizen Fee, and Self-Supporting Program Fees. The revenues derived from the General Education Fees for Fiscal Year 2011 and Fiscal Year 2012 were $16,585,832 and $20,543,114, respectively.

Tuition and Student Fee Increases. It is Board policy to limit total tuition and facility, technology and activity fee increases in any single fiscal year to a maximum of 10% unless the Board grants special approval for an increase greater than 10%. Tuition and student fees for the following fiscal year are set in April. The tuition and facility, technology and activity fee increases for the Fiscal Years shown below were as follows:

FISCAL YEAR ENDING JUNE 30	TOTAL RESIDENTIAL STUDENT TUITION AND FEES PER SEMESTER	PERCENTAGE INCREASE
2013	$2,942	5.7%
2012	2,783	5.0
2011	2,650	9.0
2010	2,432	5.0
2009	2,316	5.0

Student Fees also include a variety of other charges for services and course fees for which the authority to approve has been delegated by the Board to the University President. Fees for services include admission, orientation and testing fees as well as late fees. Course fees include fees for field trips, fees for supplies for specific classes and labs, as well as special workshop fees. Revenues generated from these other charges for Fiscal Year 2011 and Fiscal Year 2012 were $5,978,946 and $6,147,291, respectively.

See "APPENDIX B—SCHEDULE OF STUDENT FEES" for a list of Student Fees assessed for Fiscal Year 2013. The Student Fees to be assessed for Fiscal Year 2014 will be approved by the Board at its April 18-19, 2013 meeting.

Sales and Services Revenues. Sales and Services Revenues include revenues generated through operations of auxiliary enterprises. The majority of these revenues are generated through housing and student union operations; bookstore sales; ticket and event sales from the Taco Bell Arena, Bronco Stadium, Morrison Center and Select A Seat; parking charges; and recreation center activity charges. Sales and Services Revenues also include revenues generated incidentally to the conduct of instruction, research and public service activities, including unrestricted revenues generated by the University's public radio station, testing services provided by University labs, and sales of scientific and literary publications, and revenues from miscellaneous operations. See "THE UNIVERSITY–Certain University Facilities" for a description of the University's major facilities from which Sales and Services Revenues are derived.

Sales and Services Revenues for Fiscal Year 2011 and Fiscal Year 2012 were $53,924,410 and $58,904,473, respectively. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011."

Facilities and Administrative Recovery Revenues. A portion of federal funds expended each year on scientific research is provided to institutions to pay the direct costs of conducting research, such as the salaries for scientists and materials and labor used to perform research projects, and the balance is granted to pay for "facilities and administrative costs" ("*F&A Costs*"), which encompass spending by the receiving institution on items such as facilities maintenance and renewal, heating and cooling, libraries, the salaries of departmental and central office staff, and other general administration costs.

The University has focused on expanding research and has received an increased number and dollar amount of research grants over the last five years. In Fiscal Year 2011 and Fiscal Year 2012, the University received F&A Recovery Revenues of $5,422,035, and $5,368,929, respectively. The University expects this increase will slow as a result of budget cuts at the federal level. See "FINANCIAL INFORMATION REGARDING THE UNIVERSITY-Reduction in Certain Revenues; Sequestration."

Other Operating Revenues. The University receives other miscellaneous revenues in the course of its operations. Examples of Other Operating Revenues include revenues generated through certain non-auxiliary advertising, vending machines in non-auxiliary facilities, and postage and printing services. [Other Operating Revenues also include Federal interest subsidy payments made to the University with respect to the Taxable General Revenue Bonds, Series 2010B (Build America Bonds–Issuer Subsidy) ("Series 2010B Bonds").] **[Confirm]** In Fiscal Year 2011 and Fiscal Year 2012, the University generated Other Operating Revenues of $1,676,216 and $1,730,717, respectively. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011" and ["FINANCIAL INFORMATION REGARDING THE UNIVERSITY" AND "FINANCIAL INFORMATION REGARDING THE UNIVERSITY - REDUCTION IN CERTAIN REVENUES; SEQUESTRATION."]

Investment Income. Investment Income included in Pledged Revenues includes all unrestricted investment income. For Fiscal Year 2011 and Fiscal Year 2012, Investment Income included in Pledged Revenues was $663,453 and $483,682, respectively. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011."

HISTORICAL REVENUES AVAILABLE FOR DEBT SERVICE

The following table shows the Pledged Revenues and the Revenues Available for Debt Service for Fiscal Years 2010 through 2012. As described under "DEBT SERVICE REQUIREMENTS," the University estimates that the maximum annual debt service on the Bonds upon the issuance of the 2013 Bonds will be approximately $____ million. **[update]**

	2010	2011	2012
Student Fees	$99,384,223	$112,297,614	$119,972,905
Sales and Services Revenues	51,564,008	53,924,410	58,904,473
F&A Recovery Revenues	4,507,023	5,422,035	5,368,929
Other Operating Revenues	1,629,239	1,676,216	1,730,717
Investment Income	832,082	663,453	483,682
TOTAL	$157,916,575	$173,983,728	$186,460,706
Less Operation and Maintenance Expenses of Auxiliary Enterprises	(59,532,528)	(60,026,901)	(65,802,427)
Revenues Available for Debt Service (Pledged Revenues less Operation and Maintenance Expenses of Auxiliary Enterprises in excess of Sales and Services Revenues)	$98,384,047	$113,956,827	$120,658,279

INTERIM FINANCIAL DATA

The following table shows certain unaudited financial data regarding the University for the six-month periods ending December 31, 2011 and 2012:

	2011	2012
Student Fees	$62,094,014	$66,603,663
Sales and Services Revenues	33,128,958	35,888,699
F&A Recovery Revenues	2,839,867	2,500,171
Other Operating Revenues	817,438	730,245
Investment Income	265,282	278,320
TOTAL PLEDGED REVENUES	$99,145,559	$106,001,098
Less Operation and Maintenance Expenses of Auxiliary Enterprises	(31,265,238)	(34,806,822)
Revenues Available for Debt Service (Pledged Revenues less Operation and Maintenance Expenses of Auxiliary Enterprises in excess of Sales and Services Revenues)	$67,880,321	$71,194,276

FLOW OF FUNDS

The Resolution creates the Revenue Fund, which is held by the University. All Pledged Revenues are required to be deposited in the Revenue Fund. At least five days before each payment date, money in the Revenue Fund is required to be transferred to the Debt Service Account held by the Trustee, for payment of interest, principal, and redemption premium, if any, coming due on the Bonds.

Amounts remaining in the Revenue Fund may be applied, free and clear of the lien of the Resolution, for any lawful purpose of the University, as provided in the Resolution. The University has historically used and intends to continue to use any excess moneys in the Revenue Fund primarily to pay for operation and maintenance expenses and capital improvements.

RATE COVENANT

Under the Resolution, the University has covenanted to establish and maintain the Pledged Revenues sufficient, together with other Pledged Revenues available or to be available in the Debt Service Account to pay Debt Service for the Fiscal Year, to produce Revenues Available for Debt Service in each Fiscal Year equal to not less than 110% of Debt Service on the Bonds Outstanding for each such Fiscal Year.

ADDITIONAL BONDS

Additional Bonds, Generally. The amount of Additional Bonds that may be issued under the Resolution is not limited by law or by the Resolution. In order to issue Additional Bonds for the purpose of financing Projects, the University must satisfy certain conditions, including the filing with the Trustee of:

(i) A Written Certificate of the University to the effect that, upon the delivery of the Additional Bonds, the University will not be in default in the performance of any of the covenants, conditions, agreements, terms, or provisions of the Resolution or any supplemental resolution with respect to any Bonds; and

(ii) A Written Certificate of the University to the effect that Estimated Revenues Available for Debt Service equal at least 110% of the Maximum Annual Debt Service on all Bonds to be outstanding upon the issuance of the Additional Bonds for (a) each of the Fiscal Years of the University during which any Bonds will be outstanding following the estimated completion date of the Project being financed by the Additional Bonds, if interest during construction of the Project being financed by the Additional Bonds is capitalized, or (b) the University's current Fiscal Year and any succeeding Fiscal Year during which any Bonds will be outstanding, if interest during construction of the Project being financed by the Additional Bonds is not capitalized (a "Coverage Certificate"). See "APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Additional Bonds."

Refunding Bonds. The University may issue Additional Bonds to refund Bonds issued under the Resolution by providing certificates similar to those described above in (i) and (ii). Alternatively, Additional Bonds may be issued to refund Bonds issued under the Resolution without compliance with the requirements described above if the Additional Bonds do not increase debt service by more than $25,000 per year.

The University may issue Additional Bonds for the purpose of refunding any of its obligations that were not issued under the Resolution if it files with the Trustee (i) a copy of the Supplemental Resolution authorizing the issuance of the Additional Bonds and providing that any revenues securing such refunded obligations shall become part of the Pledged Revenues securing the Bonds issued under the Resolution, (ii) the Coverage Certificate described above, and (iii) a Written Certificate of the University to the effect that, upon the delivery of the Additional Bonds, the University will not be in default in the performance of any of the covenants, conditions, agreements, terms, or provisions of the Resolution.

NO DEBT SERVICE RESERVE

There is no debt service reserve requirement with respect to the Bonds.

PROPERTY ACQUISITION PROJECT

A portion of the proceeds of the Series 2013B Bonds will be used to finance a portion of the cost of acquiring an approximately four-acre parcel of real property and improvements thereon, located adjacent to the University's campus, to be used for future development. The total cost of the Property Acquisition Project is approximately $6 million.

REFUNDING PROJECT

The University is pursuing the Refunding Project exclusively for debt service savings. Accordingly, the Refunded Bonds listed herein represent only potential candidates for refunding. The actual bonds to be refunded will be determined at or about the time of the pricing and sale of the 2013 Bonds.

The proceeds of the Series 2013A Bonds will be used (i) to refund all or a portion of the University's $31,480,000 General Revenue Bonds, Series 2004A maturing on and after April 1, 2024 (the portion of such bonds to be refunded being referred to herein as the"2004A Refunded Bonds"), (ii) to refund a portion of the University's $21,925,000 General Revenue and Refunding Bonds, Series 2005A maturing on or after April 1, 2017 (the portion of such bonds to be refunded being referred to herein as the "2005A Refunded Bonds"), and (iii) to pay the Costs of Issuance of the Series 2013A Bonds. In addition to the Property Acquisition Project, the proceeds of the Series 2013B Bonds will be used to refund a portion of the 2005A Refunded Bonds (which portion has previously been advanced refunded, and thus cannot be refunded with tax-exempt bonds) and to pay Costs of Issuance of the Series 2013B Bonds. The 2004A Refunded Bonds and the 2005A Refunded Bonds are collectively referred to herein as the "Refunded Bonds."

A portion of the proceeds of the 2013 Bonds will be irrevocably deposited in an escrow fund (the "*Escrow Fund*") to be held by The Bank of New York Mellon Trust Company, N.A., as escrow agent, to refund the Refunded Bonds. Such amount will be used to provide cash and purchase direct obligations of the United States that are sufficient to pay the redemption price of, and accrued interest on, the Refunded Bonds on their respective redemption dates. See "ESTIMATED SOURCES AND USES OF FUNDS."

The 2004A Refunded Bonds, which mature in the following amounts and on the following dates and bear interest at the following rates, will be called for redemption on April 1, 2014, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon:

MATURITY DATE (APRIL 1)	PRINCIPAL AMOUNT	INTEREST RATE

*Term bond; final maturity

The Series 2005A Refunded Bonds, which mature in the following amounts and on the following dates and bear interest at the following rates, will be called for redemption on April 1, 2015, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon:

MATURITY DATE (APRIL 1)	PRINCIPAL AMOUNT	INTEREST RATE

*Term bond; final maturity

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the Escrow Fund will be verified by [Grant Thornton LLP], Certified Public Accountants. See "ESCROW VERIFICATION" below.

ESTIMATED SOURCES AND USES OF FUNDS*

The sources and uses of funds with respect to the 2013 Bonds are estimated to be as follows:

SOURCES:

Aggregate Principal Amount of 2013 Bonds	$
University Contribution	648,000
Original Issue Premium	
TOTAL	$

USES:

Series 2013 Project Account	$
Escrow Fund to Refund the Refunded Bonds	
Costs of Issuance[1]	________
TOTAL	$________

DEBT SERVICE REQUIREMENTS

The following table shows the debt service requirements for the Bonds.

		2013 BONDS		
FISCAL YEAR	OUTSTANDING BONDS*	PRINCIPAL**	INTEREST	TOTAL
	$	$	$	$

1 Includes legal, rating agency, trustee, and Underwriter's fees.

* Does not reflect the refunding of the Refunded Bonds. Any refunding with proceeds of the Series 2013A Bonds will be undertaken solely to achieve debt service savings. The University expects to receive a cash subsidy equal to 35% of the interest payable on its Series 2010B Bonds. Amounts shown reflect actual debt service payable to holders of the Series 2010B Bonds and exclude consideration of the subsidy payments to be received by the University. See "FINANCIAL INFORMATION REGARDING THE UNIVERSITY- Reduction in Certain Revenues; Sequestration."

** Preliminary; subject to change.

TOTAL	$__________	$__________	$__________	$__________

THE UNIVERSITY

The University is the largest institution in the Idaho system of higher education. The University's main campus is located in Boise, Idaho.

Situated along the banks of the Boise River near downtown Boise, the University's main campus provides convenient access to the governmental institutions and commercial and cultural amenities that are located in Idaho's capital city. The Boise City-Nampa metropolitan surrounding area had a population of approximately 627,664 as of the 2011 census estimate, representing a 35% growth from 2000.

The University was founded as Boise Junior College in 1932, began offering baccalaureate programs in 1965 and entered the State system of higher education in 1969 as Boise State College. The University was renamed Boise State University in 1974, when it began offering graduate programs. The University administers baccalaureate, master's and doctoral programs through seven colleges–Arts and Sciences, Business and Economics, Education, Engineering, Graduate Studies, Health Sciences, and Social Sciences and Public Affairs. Master's degrees are offered in 75 distinct graduate curricula. Seven doctoral curricula include an Ed.D. in Curriculum and Instruction and Educational Technology as well as Ph.D. programs in Geophysics, Geosciences, and Electrical and Computer Engineering, Biomolecular Science and Material Science. The University is fully accredited by the Northwest Commission on Colleges and Universities through 2018, and a number of the University's academic programs have also obtained specialized accreditation.

The University is the home of over 50 research centers and institutes, including the Center for Health Policy, the Center for Public Policy and Administration, the Environmental Science and Public Policy Research Institute, the Global Business Consortium, the Raptor Research Center, and the Center for Orthopedic and Biomechanics Research. Student athletes compete in NCAA intercollegiate athletics at the Division I A level on 17 men's and women's teams in 12 sports. The University also hosts National Public Radio, Public Radio International and American Public Radio on the Boise State Radio Network, which broadcasts in southern Idaho, western Oregon and northern Nevada on a network of 18 stations and translators.

UNIVERSITY GOVERNANCE AND ADMINISTRATION

The responsibility for overall management and determination of University policy and standards is vested with the Board, which also serves as the Idaho State Board of Education, the Regents of the University of Idaho, the Board of Trustees for Idaho State University in Pocatello, the Board of Trustees for Lewis Clark State College in Lewiston, and the State Board for Professional Technical Education and Vocational Rehabilitation. The Governor appoints seven of the members to the Board for five year terms. The membership, terms and occupations of the current board members are listed below. The elected State Superintendent of Public Instruction serves *ex officio* as the eighth member of the Board for a four-year term.

**BOARD OF TRUSTEES OF BOISE STATE UNIVERSITY
AND STATE BOARD OF EDUCATION**

NAME	RESIDENCE	OCCUPATION	TERM EXPIRES
Kenneth Edmunds (President)	Twin Falls	Real Estate Developer	2013
Don Soltman (Vice President)	Twin Lakes	Retired Hospital Executive	2014
Emma Atchley (Secretary)	Ashton	Community Leader	2015
Bill Goesling	Moscow	Associate Vice President for D.A. Davidson	2016
Roderic W. Lewis	Boise	General Counsel, Micron Technology, Inc.	2015
Tom Luna*	Nampa	State Superintendent of Public Instruction	2014
Milford Terrell	Boise	Owner/President of DeBest Plumbing	2017
Richard Westerberg	Preston	PacifiCorp officer (retired)	2014

* Serves *ex officio* on the State Board of Education in his capacity as State Superintendent of Public Instruction.

The State Board of Education has an approximately 21 member, full time professional staff headed by Mike Rush, Executive Director. His appointment became effective in 2008.

University Officers. The President of the University and his staff are responsible for the operation of the University and the fulfillment of its academic mission. The President is selected by and serves at the pleasure of the Board. Members of the President's management team are appointed by the President and serve at his pleasure. The President and his principal staff are listed below, with brief biographical information concerning each.

Robert Kustra, Ph.D. – President. Dr. Kustra became the University's sixth president on July 1, 2003. Immediately prior to joining the University, Dr. Kustra served as president of the Midwestern Higher Education Commission, an organization of 10 Midwestern states that focus on advancing higher education through interstate cooperation and resource sharing. Prior to his time at the Midwestern Higher Education Commission, Dr. Kustra served as a senior fellow for the Council of State Governments, and from 1998 to 2001 served as president of Eastern Kentucky University. Prior to his time at Eastern Kentucky University, Dr. Kustra served as the lieutenant governor for the State of Illinois from 1990 to 1998, during a portion of which time he also served as the chair of the Illinois Board of Higher Education. Prior to acting as lieutenant governor, Dr. Kustra served in the Illinois state senate from 1982 to 1990 and in the Illinois House of Representatives from 1980 to 1982.

Dr. Kustra has also held faculty positions at the University of Illinois at Springfield, Roosevelt University, the University of Illinois Chicago, Northwestern University, Loyola University and Lincoln Land Community College. While at Loyola he also served as director of the Center for Research in Urban Government.

Dr. Kustra was educated at Benedictine College in Atchison, Kansas (BA 1965), Southern Illinois University (MA 1968) and the University of Illinois (Ph.D. 1975). All of his degrees are in political science. Throughout his professional life, Dr. Kustra has served on a number of education oriented boards, including the National Collegiate Athletic Association Board of Directors, the Advisory Council for the National Center for Public Policy and Higher Education, the Policies and Purposes Committee of the American Association of State Colleges and Universities, the Ohio Valley Conference Board of Presidents, the DePaul University Board of Trustees and the Education Commission of the States.

Martin E. Schimpf, Ph.D. – Provost and Vice President for Academic Affairs. Dr. Schimpf has served as Boise State University's Provost and Vice President of Academic Affairs since 2010. His career at Boise State University began in 1990 as a professor in the Department of Chemistry, and he served as that department's Chair from 1998 to 2001. He served as Associate Dean of the College of Arts and Sciences from 2001 to 2006. In 2006, Dr. Schimpf was appointed Dean of the College of Arts and Sciences and held that position until his appointment as Provost and Vice President of Academic Affairs. Dr. Schimpf earned an undergraduate degree in chemistry from the University of Washington and a Ph.D. in chemistry from the University of Utah. His interdisciplinary research has led to more than 80 publications, and he has served on numerous international scientific committees.

Stacy Pearson, CPA, MPA – Vice President for Finance and Administration. Ms. Pearson was appointed as Bursar and Vice President for Finance and Administration effective August 15, 2004. Prior to this appointment, Ms. Pearson served as Associate Vice President for Finance and Administration at the University from 1995 to 2004. Ms. Pearson received her Bachelor of Science degree in business at the University of Idaho and her Master of Public Administration degree from the University. Ms. Pearson is a certified public accountant and is active in the Western Association of College and University Business Officers (WACUBO). She served as the Director of the Internal Audit Division for the Oregon University System from 1994 to 1995 and the Internal Auditor for the Idaho State Board of Education from 1987 to 1994. Ms. Pearson was named the Woman of the Year by the Idaho Business Review in 2013.

Kevin D. Satterlee, J.D. – Vice President of Campus Operations and General Counsel. Mr. Satterlee was named General Counsel in 2005. Prior to holding such position, Mr. Satterlee served as Associate Vice President for Planning and Special Assistant to the Vice President for Finance and Administration at the University. Prior to joining the University, Mr. Satterlee served as Chief Legal Officer for the State Board of Education, Deputy Attorney General for the State representing numerous state agencies including the Office of the Governor, and worked in private practice. Mr. Satterlee received his undergraduate degree in political science magna cum laude from the University and his Juris Doctor from the University of Idaho, also magna cum laude.

Mark Rudin, Ph.D. – Vice President for Research. Dr. Rudin joined the University on January 1, 2009 as Vice President for Research. Dr. Rudin received his Ph.D. in Medicinal Chemistry/Health Physics from Purdue University. Prior to his appointment at the University, Dr. Rudin served in a number of teaching and administrative positions at University of Nevada Las Vegas since 1993, including Senior Associate Vice President for Research Services and Chair of the Department of Health Physics. Before joining UNLV, Dr. Rudin was a technical/administrative assistant with the U.S. Department of Energy Headquarters, Office of Environmental Restoration and Waste Management, and from 1989 to 1993, he was a senior program specialist/project engineer with EG&G Idaho at the Idaho National Laboratory in Idaho Falls.

Lisa Harris, Ph.D. – Vice President for Student Affairs. Dr. Harris began her role as the Vice President for Student Affairs at the University in July 2011. She came to the University from Mississippi State University, where she served as Associate Vice President for Student Affairs. Previously, she held positions as Assistant Vice President of Academic Affairs at the University of Alabama, Dean and Director of Undergraduate Admissions at Louisiana State University, and Assistant Director of Admissions at Clemson University. Dr. Harris completed her Ph.D. in Vocational Education, Adult Education emphasis at Louisiana State University, her Master's degree in Personnel Services, Counseling emphasis at Clemson University, and her Bachelor's degree in Psychology at Clemson University. Dr. Harris is active in professional leadership roles, most recently serving the NASPA Region III as the Mississippi Director. She has also been the president and on the executive board of the Southern Association of Collegiate Registrars and Admissions Officers (SACRAO).

Laura Simic –Vice President for University Advancement. Ms. Simic joined the University as Vice President for University Advancement in November of 2012. Most recently, she served four years at Creighton University in Omaha, Nebraska as the interim vice president for university relations and senior associate vice president of development and campaign director. Ms. Simic also worked eight years as the associate vice chancellor for development at the University of North Carolina and ten years in various development roles at the University of Tennessee. Ms. Simic earned her bachelor of arts degree from the University of Oregon in journalism and public relations and her master of science degree from the University of Tennessee in education/leadership studies. She is a Certified Fund Raising Executive.

CERTAIN UNIVERSITY FACILITIES

General. The University's Boise campus includes approximately 120 buildings situated on approximately 201 acres. In addition, the University offers courses and programs in several off-campus centers including downtown Boise City, the Canyon County Center, the Twin Falls Center, the Mountain Home Air Force Base Center, the Meridian Campus and the Gowen Field Center.

The following is a description of the University's major facilities from which Sales and Services Revenues are derived, including housing facilities, the Student Union Building, spectator and recreation facilities, and parking facilities.

Housing Facilities. The University's housing facilities currently consist of (i) seven residence halls, four of which are traditional-style buildings and three of which are suite-style buildings, (ii) five apartment complexes for upper-class housing, and (iii) the new townhouse, which provides 360 beds for upper-class students. Occupancy for Spring 2013 is consistent with Fall averages.

> *University Residence Halls*. The four residence halls and three suite-style halls can accommodate approximately 1,500 students. The University's residence halls offer a variety of amenities, including computer labs and in room high-speed internet connections; recreational and lounge space; laundry facilities; kitchen areas; and academic/study space. For Fiscal Years 2010, 2011 and 2012, the average occupancy rates for fall semester for the University's residence halls were, 97%, 95% and 97%, respectively.

> *University Apartments*. Currently, the University has five apartment complexes available for students including those with their families, which provide over 300 apartments ranging in size from one bedroom to three bedrooms. For Fiscal Years 2010, 2011 and 2012, occupancy rates for fall semester for the University's apartments were 95%, 96% and 88%, respectively.

> *Lincoln Townhomes*. The Lincoln townhouse style housing consists of 360 beds of upper-class student housing. The first building, which added 148 beds, opened in January 2012, and the second building, which added 212 beds, opened in the fall semester of 2012. Average occupancy of the newly opened townhomes as of the fall semester 2012 was 79%.

Student Union Building. Initially constructed in 1967 and expanded in 1988 and 2008, the Student Union Building provides extensive conference and meeting spaces, a 430 seat performance theater, a retail food court, a central production kitchen, a resident student and visitor dining facility, a University Bookstore, a convenience store, a games area, and offices for admissions, student government and student activities. The facilities infrastructure includes high speed LAN and video data capabilities and public lounges with wireless network capabilities. The building totals approximately 252,000 square feet.

Spectator and Recreation Facilities. The University's spectator and recreation facilities include Bronco Stadium, the Taco Bell Arena, the Recreation Center and the Morrison Center. The following is a brief description of these facilities.

> *Bronco Stadium*. Originally constructed in 1970, and expanded in 1997, 2008, 2009 and 2012 to its current total capacity of 37,000 seats, Bronco Stadium is Idaho's largest spectator facility. It is used for all of the University's intercollegiate home football games. The facility includes the press box, stadium suites, banquet facilities, a commercial kitchen, an additional bookstore, office space, and concessions facilities. Currently under construction is the Football Complex, a stand-alone addition to the Bronco Stadium facilities, consisting of football offices and training facilities. This facility will add 70,000 square feet of space and will be complete in the summer of 2013.

> *Taco Bell Arena*. Taco Bell Arena was constructed in 1982 and serves as the University's indoor sports and entertainment complex. In its basketball configuration, the arena accommodates approximately 12,400 spectators. In addition to varsity sports

contests, including the NCAA Basketball Tournament, it has been used for concerts, commencement ceremonies and other entertainment and community events, intramural activities and sports camps. The arena was remodeled during 2012 adding 36 upgraded restrooms.

The Recreation Center. The Student Recreation Center was completed in 2001. It is approximately 98,700 square feet, and includes more than 25,000 square feet of open recreational space for three regulation size basketball courts and a multipurpose gymnasium; a large aerobics/cardiovascular multipurpose workout space; five racquetball/handball/squash courts; a running track with banked turns; a climbing wall; a first aid and athletic training area; classroom and activity spaces; indoor/outdoor meeting space; and an aquatic center.

The Morrison Center. The Velma V. Morrison Center, which opened in 1984, is a 183,885 square foot center for performing arts that includes a ten story stage-house and seating for 2,000. The Morrison Center brings a wide range of artistic performances to the Boise community and provides academic instruction space at the University.

Parking Facilities. The University operates and maintains 50 surface parking lots and two parking garage facilities with a total of approximately 2,691 spaces, for a total of approximately 7,794 parking spaces. The University has a comprehensive parking plan to ensure that the parking system is financially self-supporting.

STUDENT BODY

The University enrolls more students than any other institution in Idaho. In addition to having students from every Idaho county, students from all 50 states and over 65 countries attend the University. The University enrolls large numbers of both traditional age students and working adults. The University's official fall 2012 enrollment is 22,678 students (based on headcount, with full-time equivalent enrollment of 16,136) as of the October 15, 2012 census date, and the University's official spring enrollment is _________ students as of the March 15, 2013 census date.

ENROLLMENT AND GRADUATION STATISTICS
(Fall Semester) *

	2008	2009	2010	2011	2012
ENROLLMENT					
Headcount	19,667	18,936	19,993	19,664	22,678
Full Time Equivalents	14,608	14,537	15,337	15,215	16,136
UNDERGRADUATE STUDENTS[1]					
Full Time	10,799	12,143	12,692	12,669	12,784
Part Time	5,908	4,553	4,657	4,699	6,873
GRADUATE STUDENTS					
Full Time	638	732	901	782	806

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Part Time	1,330	1,508	1,743	1,514	2,215
STUDENTS FROM IDAHO	88%	86%	84%	81%	77%
FIRST YEAR UNDERGRADUATES					
Applied	4,801	5,187	6,387	7,845	9,333
Admitted	3,296	4,427	4,222	4,254	5,485
Enrolled	2,214	2,151	2,400	2,243	2,266
ACT Mean Score	21.9	22.0	22.4	22.7	22.9
DEGREES CONFERRED					
Associate[2]	530	338	219	219	198
Bachelor	2,099	2,193	2,581	2,571	2,782
Master	482	547	642	641	652
Doctorate	9	8	11	11	11
Certificate[3]	66	85	121	157	196

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[*] Prior to fall 2012, enrollment was measured as of the tenth day of classes. Accordingly, the enrollment data for the years 2007-2011 reflects enrollment as of the tenth day of classes. In the fall of 2012, the State Board of Education adopted a census date for each semester (October 15 and March 15) for all colleges and universities to ensure consistency between institutions and to better reflect the number of students served. The primary difference is related to high school students who are concurrently enrolled in the University.

1 Excludes students in the applied technology program, which was transferred to the College of Western Idaho in July 2009.

2 Excludes applied technology certificates issued by the University between 2007 and 2009, a transition period in which the University's applied technology program was transferred to the College of Western Idaho.

3 Includes undergraduate graduate certificates and post-undergraduate certificates.

Based on fall statistics, from 2008 to 2012, the percentage of freshman ranked in the top quartile of ACT scores has increased 10.42 percent, the percentage of students ranked in the top quartile of their high school has increased 3.0 percent, and the percentage of students with a GPA greater than 3.5 has increased 9.9 percent.

EMPLOYEES

As of June 30, 2012, the University had 4,121 employees. Faculty and staff included 818 professional staff, 778 faculty, 297 other academic appointments, which include roles such as research assistants and adult basic education instructors, and 1,084 classified employees. The University also employed 1,141 students. The University is not a party to any collective bargaining agreement, although there are employee associations that bring any salary issues and other concerns to the attention of the University. The University considers relations with its employees to be good.

EMPLOYEE RETIREMENT BENEFITS

All benefit eligible employees, which consist of employees who work 20 or more hours per week for five consecutive months, must enroll in one of two retirement plans—the State's

Public Employees' Retirement System of Idaho ("*PERSI*") or the Optional Retirement Program ("*ORP*"), which is a plan offered to faculty and non-classified staff effective 1990 and thereafter.

PERSI. The University's classified employees, including its faculty hired prior to July 1, 1990, are covered under PERSI. Additionally, new faculty and professional staff who are vested in PERSI have the option of remaining in or returning to PERSI with written affirmation of this decision within 60 days of employment. PERSI is the administrator of a multiple-employer cost-sharing defined benefit public employee retirement system. A retirement board (the "*PERSI Board*"), appointed by the governor and confirmed by the legislature, manages the system, including selecting investment managers to direct the investment, exchange and liquidation of assets in the managed accounts and establishing policy for asset allocation and other investment guidelines. The PERSI Board is charged with the fiduciary responsibility of administering the plan.

PERSI is the administrator of six fiduciary funds, including two defined benefit retirement plans, the Public Employee Retirement Fund Base Plan ("PERSI Base Plan") and the Firefighters' Retirement Fund ("FRF"); two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k); and two Sick Leave Insurance Reserve Trust Funds, one of State employers and one for school district employers. Net assets for all funds administered by PERSI and all other funds administered by PERSI decreased over $22.6 million during Fiscal Year 2012 and increased by $1.9 billion for Fiscal Year 2011 and $1.0 billion over Fiscal Year 2010. The decrease in the defined benefit plans in Fiscal Year 2012 was primarily due to a gross investment return for the year of 1.6% combined with benefits paid and administrative expenses exceeding contributions received. The investment return for Fiscal Year 2011 was 20.7%. According to PERSI, the negative cash flow reflected in Fiscal Year 2012 is normal for a mature plan and has been included in the Board's long-range actuarial planning.

PERSI membership is mandatory for eligible employees of participating employers. Employees must be: (i) working 20 hours per week or more; (ii) teachers working a half-time contract or greater; or (iii) persons who are elected or appointed officials. Membership is mandatory for State agency and local school district employees, and membership by contract is permitted for participating political subdivisions such as cities and counties. On July 1, 2012, PERSI had 65,270 active members, 26,683 inactive members (of whom 10,823 are entitled to vested benefits), and 37,150 annuitants. As of July 1, 2012, there were 752 participating employers in the PERSI Base Plan. Total membership in PERSI was 129,102.

As of July 1, 2012, PERSI's actuarial value of assets total $11,306.2 million and the actuarial liabilities funded by PERSI total $13,349.7 million. This means that as of July 1, 2012 PERSI is 84.7 percent funded. GASB Statement 25 (Reporting Standards for defined benefit pension plans) has replaced Projected Benefits Obligations ("PBO") as the measure of pension plan funding status. As required by GASB Statement 25, the PERSI Schedule of Funding Progress shows a Funded Ratio of 84.7% and an amortization period of 14.8 years for the PERSI Base Plan, based on contribution rates established as of the valuation date. The Schedule of Employer Contributions shows that PERSI employers have contributed at least 100% of the Actuarially Required Contributions (ARC).

Annual actuarial valuations for PERSI are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for PERSI since PERSI's inception. As a result of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, contribution rate increases for the three years beginning July 1, 2011, as proposed by the actuary, were reviewed and approved by the PERSI Board on December 8, 2009, and are shown below:

Contribution Rate Increases[1]

	Member General/ Teacher	Member Fire/ Police	Employer General/ Teacher	Employer Fire/ Police
Contribution Rates:	6.23%	7.69%	10.39%	10.73%
Planned Contribution Rates:				
Effective July 1, 2013	6.79%	8.36%	11.32%	11.66%
Effective July 1, 2014	7.34%	9.03%	12.24%	12.58%
Effective July 1, 2015	8.19%	10.04%	13.65%	13.99%

(1) The proposed rate increase was originally planned to commence effective July 1, 2011, but has been postponed until 2013, and each subsequent increase has been correspondingly postponed one year.

Source: Public Employees Retirement System of Idaho 2012 Comprehensive Annual Finance Report for Fiscal Year Ended June 30, 2012.

On July 1, 2012, the PERSI actuary confirmed that the current schedule of contribution rates will at least meet the normal costs of the system as they accrue if the scheduled contribution rate increases are implemented. Based on improved funding status, the PERSI Board has postponed the previously scheduled rate increases. Accordingly, the contribution rate increase to 6.79% originally proposed to occur on July 1, 2011, is now postponed to July 1, 2013 and each subsequent rate increase is postponed by one year. Therefore, as of June 1, 2012, the employee contribution rate was 6.23%, and the employer contribution rate was 10.39%. The July 1, 2011, actuarial valuation confirmed that contribution rates are sufficient to pay the normal cost rate of 13.93% if further scheduled rate increases are implemented.

The University's required and paid contributions to PERSI for Fiscal Years 2010, 2011 and 2012 were $2,742,751, $2,649,006, and $2,707,520, respectively. Contribution requirements of PERSI and its members are established and may be amended by the PERSI Board.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.persi.idaho.gov/documents/investments/FY12/AR-FY2012.pdf (which website is provided purely for convenience and is not incorporated or made a part of this Official Statement by this reference).

ORP. Faculty and non-classified staff hired on or after July 1, 1990 have been enrolled in ORP, and faculty and staff hired before that date were offered a onetime opportunity in 1990 to withdraw from PERSI and join ORP. ORP is a portable, multiple-employer, defined contribution retirement plan with options offered by Teachers' Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) and Variable Annuity Life Insurance Company (VALIC). The total contribution rate is the same for all employees, with a portion of the employer's contribution for ORP members being credited to the employee's account and a portion to the PERSI unfunded liability until 2015.

Contribution requirements for ORP are based on a percentage of total payroll. The University's contribution rate for Fiscal Year 2013 is 9.27% of covered payroll, which is the same contribution rate for Fiscal Years 2011 and 2012.

For Fiscal Years 2010, 2011 and 2012, the University's required and paid contributions to ORP were $7,340,409, $7,747,212, and $8,285,481, respectively. The employee contribution rate for Fiscal Year 2013 is 6.97% of covered payroll, which is the same as the contribution rate for Fiscal Years 2010 through 2012. These employer and employee contributions, in addition to earnings from investments, fund ORP benefits. The University has no additional obligation to fund ORP benefits once it makes the required contributions at the applicable rate. The University has made all contributions that it is required to make to ORP to date.

For additional information concerning the University's pension benefits, see Note 10 of "Appendix A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011."

OPEB. The University participates in other multiple-employer defined benefit post-employment benefit plans relating to health and disability for retired or disabled employees that are administered by the State of Idaho, as agent, as well as a single-employer defined benefit life insurance plan. Idaho Code establishes the benefits and contribution obligations relating to these plans. The most recent actuarial valuation of these plans is as of July 1, 2010. The University funds these benefits on a pay-as-you-go basis and has not set aside any assets to pay future benefits under such plans. As of July 1, 2010, the combined Unfunded Accrued Actuarial Liability (UAAL) for such plans equaled approximately $17.7 million. For additional information concerning post-retirement benefits other than pensions, see Note 11 of "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011."

INSURANCE

The University has liability coverage under commercial insurance policies and self-insurance through the State of Idaho Retained Risk Fund. University buildings are covered by all risk property insurance on a replacement cost basis.

FINANCIAL INFORMATION REGARDING THE UNIVERSITY

The principal sources of University revenues are direct appropriation of State revenues by the State legislature (the "*Legislature*"), Student Fees, federal government appropriations, grants and contracts, gifts to the University, F&A Recovery Revenues, Investment Income, Sales and Services Revenues, and Other Operating Revenues. Of these revenue sources, Student Fees, Investment Income, Sales and Services Revenues, F&A Recovery Revenues, and Other Operating Revenues are included in Pledged Revenues. The following describes revenue sources that are not included in Pledged Revenues, as well as certain Pledged Revenues. See "SECURITY FOR THE 2013 BONDS."

STATE APPROPRIATIONS

Legislatively-approved State appropriations represented approximately 21% of the University's total annual revenues for Fiscal Year 2012. Such revenues are not included as Pledged Revenues. The Legislature meets beginning in January of each calendar year and sets budgets and appropriations for all agencies and departments of State government for the fiscal year beginning the following July 1. The Legislature may also make adjustments to budgets and appropriations for the fiscal year during which the Legislature is meeting.

If, in the course of a fiscal year, the Governor determines that the expenditures authorized by the Legislature for the current fiscal year exceed anticipated revenues expected to be available to meet those expenditures, the Governor by executive order may reduce ("*Holdback*") the spending authority on file in the office of the Division of Financial Management for any department, agency or institution of the State or request a reversion ("*Reversion*") of appropriations back to the State to balance the State budget. For Fiscal Year 2010, Holdbacks that reduced the Legislative appropriation to the University by approximately $6.3 million were ordered. There were no Holdbacks or Reversions during Fiscal Years 2011 or 2012; the University does not anticipate a Holdback or Reversion during Fiscal Year 2013. State appropriations are not included in Pledged Revenues. However, Holdbacks, Reversions or reductions in the amount appropriated to the University could adversely affect the University's financial and operating position.

The table below sets forth the Legislative appropriations from the State General Fund for all higher education institutions and for the University, net of Reversions and Holdbacks, for the years shown. In Fiscal Years 2010 through 2012, the University implemented a variety of strategies in response to reductions in State appropriations, including increasing tuition and fees, considering the delay or cancellation of capital projects, and otherwise reviewing academic and administrative operations to determine how to operate more efficiently.

The Legislature is currently in session, and has passed two motions on higher education funding for Fiscal Year 2014. The State General Fund appropriation will increase 3.8%, however, the Board has not allocated the appropriation to individual institutions. An additional resolution allocated new one-time funding of $12,500,000 from the Permanent Building Fund for deferred maintenance, $3,750,000 of which has been specifically allocated to the University.

STATE GENERAL FUND APPROPRIATIONS

FISCAL YEAR	2010	2011	2012	2013
All Higher Education	$253,278,100	$217,510,800	$209,828,300	$227,950,500
Boise State University	$72,078,500[(1)]	$70,506,500	$68,005,800	$74,104,600
Percentage Increase (Decrease) over prior year for the University	(11.6)%	(2.2)%	(3.5)%	9.0%

(1) Net of the 8.6% Holdback of $6,357,480.

GRANTS AND CONTRACTS

The United States government and various other public and private sponsoring agencies, through various grant and contract programs, provide a substantial percentage of the University's current revenues. The use of such funds is usually restricted to specific projects and is not included in the budget for the University. Such revenues include grants and contracts for research, public service, instruction and training programs, fellowships, scholarships, endowment scholarship programs, student aid programs, and grants for construction projects. The University believes it has complied with all material conditions and requirements of these grants and contracts. For Fiscal Year 2012, total grants and contracts totaled $38,946,696, which amount includes the $5,368,929 of F&A Recovery Revenues included in Pledged Revenues. The University also received $31,439,501 in federal Pell Grants for the 2011-2012 academic year. The following table displays federally funded expenditures, which include Pell Grants and Direct Loan Programs, for each the last five Fiscal Years:

FEDERALLY FUNDED EXPENDITURES (IN 000S)

	2008	2009	2010	2011	2012
Research	$11,418	$10,337	$ 15,814	$ 19,793	$ 19,908
Non-Research	83,113	98,826	123,341	136,870	137,702
Total Expenditures	$94,531	$100,164	$139,155	$156,663	$157,610

The University believes it has complied with all material conditions and requirements of these grants and contracts.

Pledged Revenues do not include Restricted Fund Revenues, which consist of revenues that the University is obligated to spend in accordance with restrictions imposed by external third parties, such as revenues from grants, contracts, gifts and scholarships. However, Pledged Revenues do include F&A Recovery Revenues, which consist of revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University. See "SECURITY FOR THE 2013 BONDS–Pledged Revenues–Facilities and Administrative Recovery Revenues" and "Historical Revenues Available for Debt Service" above.

The University anticipates a reduction in grants and contracts received from the federal government as a result of budget cuts in 2013. Although the University cannot be certain how federal agencies will implement budget cuts imposed as a result of Sequestration (as defined below), the University estimates a total reduction in revenues derived from federal programs of approximately $1.3 million including an approximately $182,000 reduction in F&A Recovery Revenues. See "FINANCIAL INFORMATION REGARDING THE UNIVERSITY - Reduction in Certain Revenues; Sequestration."

FINANCIAL AID

Direct financial aid to students, primarily in the form of student loans, scholarships, grants, student employment, awards, and deferred payments, totaled approximately $152 million for Fiscal Year 2012. Of such amount, approximately $93 million was in the form of direct student loans. The University estimates that direct financial aid to students will total approximately $158 million for Fiscal Year 2013, of which approximately $93 million is in the form of direct student loans. Due to uncertainty with respect to the amount of federal grants, donations, and other sources the University expects to receive for the purpose of providing financial aid, the University cannot determine the amount of financial aid that will be available in future years. The University estimates a potential reduction in financial aid available to its students from the federal government as a result of budget cuts in 2013. The University anticipates, in a worst case scenario, that it may lose approximately $11 million in student financial aid related monies as a result of Sequestration. See "FINANCIAL INFORMATION REGARDING THE UNIVERSITY - Reduction in Certain Revenues; Sequestration."

BUDGET PROCESS

The University operates on an annual budget system. Its fiscal year begins July 1 of each year. The budget process, as well as the administration of the expenditures authorized through the process, is administered through the offices of the President and the Vice President for Finance and Administration, in collaboration with the departmental faculty and administrative officers. The internal budget process concludes with a general budget proposal for the following Fiscal Year being submitted in consolidated form by the University Administration to the Board in August of each year.

The University's operating budget is approved by the Board prior to the commencement of the Fiscal Year, usually at its June meeting. At that meeting, the Board, serving also as the governing boards of the State's other institutions of higher education, approves the annual budgets for those institutions as well.

INVESTMENT POLICY

Board policy establishes permitted investment categories for the University. The University's investment policy establishes, in order of priority, safety of principal preservation, ensuring necessary liquidity, and achieving a maximum return, as the objectives of its investment portfolio. See Note 2 of APPENDIX A - AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011." Moneys in Funds and Accounts established under the Bond Resolution are required to be invested in Investment Securities, as described in "APPENDIX D–SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Establishment of Funds; Flow of Funds–Investment of Funds." The University has not experienced any significant investment losses or unexpected limitations on the liquidity of its short-term investments.

NO INTEREST RATE SWAPS

The University has not entered into any interest rate swaps or other derivative products.

BOISE STATE UNIVERSITY FOUNDATION, INC.

The Boise State University Foundation, Inc. (the "BSU Foundation") is a nonprofit corporation organized under State law in 1967. Its purpose is to receive, manage and otherwise deal in property and apply the income, principal and proceeds of such property for the benefit of the University. An approximately 45 member board of directors manages the BSU Foundation. Joy Kealey currently serves as Chairman of the Board of the BSU Foundation.

Financial statements for the BSU Foundation are contained in Note 13 to the University's financial statements. See "APPENDIX A - AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011." Net assets of the BSU Foundation at June 30, 2012 were $144,876,962.

In June of 2011, the BSU Foundation completed its first comprehensive fundraising campaign. The Foundation's Destination Distinction campaign exceeded the original campaign goal by $10 million, raising over $185 million to support scholarships, programs and facilities, much of which has already been spent on various projects. The BSU Foundation is currently in the planning stages for its second comprehensive fundraising campaign.

FUTURE CAPITAL PROJECTS

To address the educational needs of the region and the facilities needs of the growing student body, the University implemented a Strategic Facility Fee in 2006. The Strategic Facility Fee increased from $25 in the fall of 2006 to $242 for Fiscal Year 2013. The Strategic Facility Fee is a component of Student Fees that are included in Pledged Revenues. Revenues from the Strategic Facility Fee are intended to be used together with donations, State of Idaho Permanent Building Fund monies provided by the State, capital grants and University reserves to provide funds for construction of buildings pursuant to the University's Campus Master Plan.

Currently, the University is planning a biomedical research vivarium (BRV). The BRV is a 9,200-square-foot state-of-the-art animal holding facility expected to cost approximately $5.3 million. The BRV will provide important infrastructure and support for biomedical research and training. Researchers at the University received a $3.9 million grant to fund construction. The balance of funding will be provided by the University. The University expects to commence construction this summer.

The University may not undertake any capital project or long-term financing without prior Board approval.

The University currently anticipates that it may issue Additional Bonds or other debt to finance capital facilities within the next two years. The University is in the preliminary discussion phase of a second science building to complement the Environmental Research Building which opened in Fall 2011 and a new fine arts building. Both projects are intended to include funding sources in addition to debt.

OUTSTANDING DEBT

The University has the following debt outstanding as of December 31, 2012:

OUTSTANDING BONDS	ORIGINAL ISSUE AMOUNT	AMOUNT OUTSTANDING
General Revenue Bonds		
Housing System Refunding Revenue Bonds, Series 2003**	$ 6,620,000	325,000
General Revenue Bonds, Series 2004A*	31,480,000	11,990,000
General Revenue Bonds, Series 2005A*	21,925,000	17,435,000
General Revenue and Refunding Bonds, Series 2007A*	96,365,000	96,220,000
General Revenue Bonds, Series 2007B	25,860,000	25,860,000
General Revenue Bonds, Series 2007C (Taxable)	2,850,000	725,000
General Revenue and Refunding Bonds, Series 2009A	42,595,000	35,650,000
General Revenue Bonds, Series 2010A	1,195,000	910,000
Taxable General Revenue Bonds, Series 2010B (Build America Bonds–Issuer Subsidy)	12,895,000	12,895,000
General Revenue Project and Refunding Bonds, Series 2012A	33,330,000	33,330,000
General Revenue Refunding Bonds, Series 2013A	TBD	TBD
General Revenue Project and Refunding Bonds, Series 2013B	TBD	TBD
Other Obligations		
2006 Bronco Stadium Expansion Loan	3,381,000	
Capital Leases for Building and Equipment	4,912,402	
Total:	$__________**	$__________**

* Does not reflect the refunding of the Refunded Bonds. Any refunding with proceeds of the 2013 Bonds will be undertaken solely to achieve debt service savings.

** The Series 2003 Bonds were fully paid and defeased on April 1, 2013.

For additional information regarding the University's outstanding obligations, see Notes 7, 8 and 9 of "APPENDIX A - AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011."

FINANCIAL STATEMENTS

The financial statements of the University as of and for the Fiscal Years ended June 30, 2012 and 2011, which are included as APPENDIX A to this Official Statement, have been audited by Moss Adams LLP, independent auditors, as stated in their report appearing therein. Moss Adams has not been engaged to perform and has not performed, since the date of such report, any procedures on the financial statements addressed in the report. Moss-Adams has not performed any procedures relating to this Official Statement, and has not consented to the use of the financial statements of the University in this Official Statement.

REDUCTION IN CERTAIN REVENUES; SEQUESTRATION

Certain of the University's revenues, including components of the Pledged Revenues, are derived from federal funding and subject to developments at the federal level with respect to the

Budget Control Act of 2011 ("Sequestration"). Federal funding to the University for research and other grants will be reduced by the percentage included in the executive order implementing Sequestration. The University has estimated that F&A Recovery Revenues could decrease by $182,000 in Fiscal Year 2013, and remaining grant revenues received by the University could decrease by approximately $1.1 million. In addition, federal funding for student financial aid will be reduced. The University has estimated a loss of up to $7 million in federal funding for student financial aid, which would have no direct impact on the Pledged Revenues.

The subsidy payments for the Series 2010B Bonds, which were issued as taxable Build America Bonds ("BABs") will be reduced by 8.7% for federal fiscal year 2013 (which ends September 30, 2013) as a result of Sequestration, which equates to approximately $20,500 for Fiscal Year 2013. If Sequestration continues into federal fiscal year 2014, the BABs subsidy will be reduced by an amount to be determined by executive order.

In addition, if Sequestration continues, funds available for research and other grants, federal student loans and grants (including Pell Grants), BABs subsidies and other items may be reduced in the future. The University continues to monitor Sequestration and will likely make policy decisions as to programs affected by Sequestration going forward.

TAX MATTERS

SERIES 2013A BONDS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below: (i) interest on the Series 2013A Bonds is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2013A Bonds (the "Tax Code"); (ii) interest on the Series 2013A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below; and (iii) interest on the Series 2013A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho.

The Tax Code imposes several requirements which must be met with respect to the Series 2013A Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2013A Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2013A Bonds; (b) limitations on the extent to which proceeds of the Series 2013A Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2013A Bonds above the yield on the Series 2013A Bonds to be paid to the United States Treasury. The exclusion of interest on the Series 2013A Bonds from gross income for Idaho income tax purposes is dependent on the interest on the Series 2013 Bonds being excluded from gross income for federal income tax purposes. The University will covenant and represent that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Series 2013A Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Series 2013A Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the Series 2013A Bonds from gross income (for federal and Idaho income tax purposes) and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the University to comply with these requirements could cause the interest on the Series 2013A Bonds to be included in gross income (for federal and Idaho income tax purposes), alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the University and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2013A Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2013A Bonds. Owners of the Series 2013A Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2013A Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. With respect to any of the Series 2013A Bonds sold at a premium, representing a difference between the original offering price of those Series 2013A Bonds and the principal amount thereof payable at maturity, under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Series 2013A Bonds from gross income (for federal and Idaho income tax purposes) and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2013A Bonds. Owners of the Series 2013A Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2013A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2013A Bonds, the exclusion of interest on the Series 2013A Bonds from gross income (for federal and Idaho income tax purposes) or alternative minimum taxable income or both from the date of issuance of the Series 2013A Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2013A Bonds. Owners of the Series 2013A Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2013A Bonds. If an audit is commenced, the market value of the Series 2013A Bonds may be adversely affected. Under current audit procedures the Service will treat the University as the taxpayer and the Tax-Exempt Bond owners may have no right to participate in such procedures. The University has covenanted not to take any action that would cause the interest on the Series 2013A Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the University, the Financial Advisor, the Initial Purchaser, or Bond Counsel is responsible for paying or reimbursing any Tax-Exempt Bond holder with respect to any audit or litigation costs relating to the Series 2013A Bonds.

SERIES 2013B BONDS

In the opinion of Bond Counsel, interest on the Series 2013B Bonds *is included* in gross income pursuant to the Tax Code and *is included* in gross income for Idaho income tax purposes.

The Tax Code contains numerous provisions, including provisions related to the imposition of additional taxes, which may affect an investor's decision to purchase the Series 2013B Bonds. Further, under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2013B Bonds in certain situations including: (i) an owner who fails to provide certain required information to certain persons required to collect such information; (ii) the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406; or (iii) an owner fails to provide a certificate that the owner is not subject to backup withholding when such a certificate is required by the Tax Code.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2013B Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2013B Bonds. In addition, future court actions or regulatory decisions could affect the market value of the Series 2013B Bonds. Owners of the Series 2013B Bonds are advised to consult with their own tax advisors with respect to such matters.

Any tax advice concerning the Series 2013B Bonds, interest on the Series 2013B Bonds or any other federal income tax issues associated with the Series 2013B Bonds, express or implicit in the provisions of this Official Statement, is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on any taxpayer by the Internal Revenue Service. This document supports the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

ESCROW VERIFICATION

_______________, Certified Public Accountants, will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the government obligations, together with other escrowed moneys, to pay when due pursuant to prior redemption the redemption price of, and interest on, the Refunded Bonds and the mathematical computations of the yield on the 2013 Bonds and the yield on the government obligations purchased with a portion of the proceeds of the sale of the 2013 Bonds. Such verification shall be based in part upon information supplied by the Underwriter.

UNDERWRITING

The Series 2013A Bonds are being purchased by Barclays Capital Inc. (the "*Underwriter*"). The purchase contract provides that the Underwriter will purchase all of the Series 2013A Bonds, if any are purchased, at a price of $___________, representing the principal amount of the Series 2013A Bonds, plus original issuance premium of $__________. The University has agreed to pay Underwriter's fees of $___________ with respect to the Series 2013A Bonds.

The Series 2013B Bonds are being purchased by the Underwriter. The purchase contract provides that the Underwriter will purchase all of the Series 2013B Bonds, if any are purchased, at a price of $___________, representing the principal amount of the Series 2013B Bonds, plus original issuance premium of $__________. The University has agreed to pay Underwriter's fees of $___________ with respect to the Series 2013B Bonds.

The Underwriter may offer and sell the 2013 Bonds to certain dealers (including dealers depositing the 2013 Bonds in investment trusts) and others at prices lower than the initial offering prices (or prices corresponding to the yields) stated on the inside cover page hereof.

RATINGS

Moody's Investors Service has assigned its municipal bond rating of "_____" to the 2013 Bonds, and Standard & Poor's Financial Services LLC, a subsidiary of the McGraw-Hill Companies, has assigned its municipal bond rating of "_____" to the 2013 Bonds.

The ratings reflect only the views of the rating agencies. An explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that such ratings will continue for any given period of time or that the ratings may not be revised or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any downward revision or withdrawal of such ratings will be likely to have an adverse effect on the market price or marketability of the 2013 Bonds.

LITIGATION

The University has reported that, as of the date hereof, there is no litigation pending or threatened that, if decided adversely to the interests of the University, would have a materially adverse effect on the operations or financial position of the University. There is no litigation of any nature now pending or threatened restraining or enjoining the issuance or sale of the 2013 Bonds or in any way contesting or affecting the validity of, or having a material adverse effect on, the 2013 Bonds, the pledge and application of Pledged Revenues, or the existence or powers of the University.

APPROVAL OF LEGAL MATTERS

All legal matters incident to the authorization and issuance of the 2013 Bonds are subject to the approval of Hawley Troxell Ennis & Hawley LLP, Bond Counsel to the University. Bond Counsel's approving opinion in the form of APPENDIX F hereto will be delivered with the 2013 Bonds. Certain legal matters will be passed upon for the University by its counsel, Kevin D. Satterlee, Esq. Certain matters will be passed upon for the Underwriter by its counsel, Foster Pepper PLLC, and by Hawley Troxell Ennis & Hawley LLP, in its role as Disclosure Counsel to the University. Any opinion delivered by Foster Pepper PLLC will be limited in scope, addressed only to the Underwriter and cannot be relied upon by investors.

CONTINUING DISCLOSURE

The University will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the Beneficial Owners of the 2013 Bonds. Pursuant to the Undertaking, the University will agree to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2 12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission"). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and a summary of other terms of the Undertaking, including termination, amendment, and remedies, are set forth in the Undertaking, the proposed form of which is attached as APPENDIX E to this Official Statement.

The University has materially complied with its continuing disclosure undertakings; however, in 2008 it inadvertently omitted to post an updated Schedule of Student Fees. The University has since posted the Schedule of Student Fees for Fiscal Year 2008. In the future, the University will provide an updated Schedule of Student Fees annually. A failure by the University to comply with the Undertaking will not constitute an Event of Default under the Resolution, and Beneficial Owners of the 2013 Bonds are limited to the remedies described in the Undertaking. See "APPENDIX E-PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING—Consequences of Failure of the University to Provide Information." A failure by the University to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2013 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2013 Bonds and their market price.

BOISE STATE UNIVERSITY

By____________________________
Bursar and Vice President
for Finance and Administration

APPENDIX A
AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

APPENDIX B
SCHEDULE OF STUDENT FEES

The following table sets forth the Student Fees of the University at the rates in effect for the current fiscal year. The amounts shown as Annual Estimated Revenue reflect the University's estimates based on actual collections for fall 2012 and spring of 2013 and estimates of collections for spring and summer 2013. The Board will approve a fee schedule for fall 2013 and spring and summer 2014 at its April Board meeting, to be held April 18-19, 2013.

The University's estimates include certain assumptions concerning refunds, late fees and other variables with respect to individual fees, such that the annual estimated revenues of each fee are not the numerical product of the fee rates times a constant number for students paying such fees, but nonetheless represent the University's best estimate of fee revenues. The number of students used to calculate Estimated Annual Revenue is less than the total number of full time equivalent students as a result of the University's policy to provide fee waivers or discounts to certain scholarship recipients and to certain employees and spouses of certain employees. Full-time undergraduate students are defined as students taking 12 credit hours or more and full-time graduate students are defined as students taking nine credit hours or more per semester.

Schedule Of Student Fees
For The Fiscal Year Ending June 30, 2013

BOISE STATE UNIVERSITY
SCHEDULE OF STUDENT FEES
FOR THE FISCAL YEAR ENDING JUNE 30, 2013[1]

	FULL TIME FEES[2]		PART TIME FEES[2]			
	RATE PER SEMESTER Fall and Spring	ANNUAL ESTIMATED REVENUE	RATE PER CREDIT HOUR Fall and Spring	RATE PER CREDIT HOUR Summer(3)	ANNUAL ESTIMATED REVENUE	TOTAL ANNUAL ESTIMATED REVENUE
TUITION	1,995.30	$ 49,823,770	$ 160.47	$ 165.67	$ 14,542,730	64,366,500
FACILITY FEES						
General Building Fee	144.00	3,595,761	13.50	13.50	1,216,939	4,812,701
Capital Expend Reserve Fee	5.00	124,853			1,028	125,881
SUB Construction Fee	27.00	674,205	2.70	2.70	243,018	917,223
Res Hall Construction Fee	57.00	1,423,322	5.70	5.70	513,037	1,936,359
Facility Fees	242.00	6,042,877	23.50	21.60	2,086,623	8,129,500
HWC Facility Fees	40.00	998,823	4.00	4.00	360,026	1,358,849
Subtotal Facility Fees	515.00	12,859,841	49.40	47.50	4,420,672	17,280,512.95
TECHNOLOGY FEES						
Student Support SysTech Fee						
Technology Fee-Computer Labs	74.75	1,866,550	8.65	8.65	730,911	2,597,461
Subtotal Technology Fees	74.75	1,866,550	8.65	8.65	730,911	2,597,460.78
ACTIVITY FEES						
Intercollegiate Athletics	107.50	2,684,336	10.40		645,420	3,329,756
Student Health Center	37.50	936,396	4.10	4.10	368,307	1,304,703
Student Union Operations	63.00	1,573,146	6.40	6.90	589,844	2,162,990
Student Life	30.00	749,117	3.20	3.20	291,884	1,041,001
MLK Fees	1.50	37,456	0.15	0.15	9,226	46,682
Associated Student Body	9.30	232,226	1.28	1.28	114,488	346,715
University News	8.00	199,765	0.40	0.25	32,623	232,387
Student Program Board	6.00	149,823	0.50	0.50	45,209	195,032
Campus Recreation	45.75	1,142,403	4.52	5.40	431,597	1,574,000
Drama Music & Theatre Arts	2.00	49,941			411	50,352
Alumni Activities	3.25	81,154	0.30		18,649	99,803
Scholarships	15.00	374,558			3,085	377,644
Child Care Center Operations	7.00	174,794	0.70	0.70	63,005	237,799
Volunteer Services Board	1.90	47,444	0.10	0.10	9,186	56,630
Marching Band	9.75	243,463	0.80		49,952	293,415
Student Diversity & Inclusion	4.50	112,368	0.38	0.35	33,506	145,874
Career Center	2.50	62,426	0.25	0.25	16,040	78,467
Spirit Squad	2.50	62,426			514	62,941
Subtotal Activity Fees	356.95	8,913,243	33.48	23.18	2,722,947	11,636,190
TOTAL BOARD APPROVED FEE SUBJECT TO 10% ANNUAL INCREASE RESTRICTION[4]	$ 2,942.00	$ 73,463,404	$ 252.00	$ 245.00	$ 22,417,260	$ 95,880,664
OTHER FEES / TUITION						
Graduate / Professional	544.00	676,876	60.00	60.00	319,017	995,893
Non-resident Tuition (net of waivers	5,720.00	14,547,052		101.00	204,780	14,751,831
Western Undergraduate Exchange	1,471.00	1,543,079				1,543,079
In-Service				Varies	436,634	436,634
Faculty Staff Fees		32,344			5,356	37,700
Senior Citizen Fees		13,183			3,053	16,236
Self Support Programs	Varies	6,127,894			1,105,817	7,233,711
OTHER BOARD APPROVED FEES		22,940,427			2,074,657	25,015,085
OTHER CHARGES[5]	252.00	428,639			6,147,291	6,575,930
TOTAL PLEDGED STUDENT FEES		$ 96,832,470			$ 30,639,208	$ 127,471,678

(1) Includes actual fees and revenues for summer 2012 and the fall 2012 semester; and estimated fees and revenues for the spring 2013 semester.
(2) Full-time undergraduate fees are charged to undergraduate students taking 12 or more credit hours. Full-time Graduate fees are charged to graduate students taking nine or more credits. Part-time credit hour fees are charged to students taking 11 or fewer credit hours.
(3) For Summer, the part-time credit hour fee is charged regardless of the number of credits.
(4) Board policy limits requests for increases in these fees to 10% annually unless it grants special approval for such requests prior to the April fee-setting meeting.
(5) Board policy allows a variety of charges to be assessed by the University to support specific activities. These fees are only charged to students that engage in these particular activities. Examples include special course fees to supply labs and continuing education fees as well as fines for late payment, parking tickets or library charges. Fees for services such as orientation are also included in this line item.

APPENDIX C
GLOSSARY OF TERMS USED IN THE RESOLUTION AND OFFICIAL STATEMENT

APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

APPENDIX E
PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX F
PROPOSED FORM OF OPINION OF BOND COUNSEL

SUPPLEMENTAL RESOLUTION

Authorizing the Issuance and Sale of

BOISE STATE UNIVERSITY
$____________ GENERAL REVENUE REFUNDING BONDS, SERIES 2013A (TAX-EXEMPT)

$____________ GENERAL REVENUE PROJECT AND REFUNDING BONDS, SERIES 2013B (TAXABLE)

Adopted April 18, 2013

TABLE OF CONTENTS

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION authorizing the issuance and sale of $___________ General Revenue Refunding Bonds, Series 2013A (Tax-Exempt) and $___________ General Revenue Project and Refunding Bonds, Series 2013B (Taxable) of Boise State University; authorizing the execution and delivery of a Bond Purchase Agreement, an Escrow Agreement and a Continuing Disclosure Undertaking; and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2013A Bonds and Series 2013B Bonds.

* * * * * *

WHEREAS, Boise State University (the "**University**") is a state institution of higher education and body politic and corporate organized and existing under and pursuant to the Constitution and laws of the State of Idaho; and

WHEREAS, the Idaho State Board of Education, acting in its capacity as the Board of Trustees of the University (the "**Board**"), is authorized, pursuant to the Constitution of the State of Idaho, title 33, chapter 38, Idaho Code, and title 57, chapter 5, Idaho Code (collectively, the "**Act**"), to issue bonds to finance or refinance "projects," as defined in such Act; and

WHEREAS, on September 17, 1992, the Board adopted a resolution providing for the issuance of revenue bonds thereunder pursuant to supplemental resolutions thereof for future projects or refinancing purposes, which resolution has been amended and supplemented from time to time (as amended and supplemented, the "**Resolution**"); and

WHEREAS, the University is authorized under the provisions of Article VII of the Resolution to issue Additional Bonds (as defined in the Resolution) upon compliance with the requirements thereof; and

WHEREAS, (i) on February 5, 2004, the Board adopted a Supplemental Resolution providing for the issuance of $31,480,000 General Revenue Bonds, Series 2004A, which were issued on February 18, 2004 (the "**2004A Bonds**"); and (ii) on April 21, 2005, the Board adopted a Supplemental Resolution providing for the issuance of $21,925,000 General Revenue and Refunding Bonds, Series 2005A, which were issued on May 5, 2005 (the "**2005A Bonds**"); and

WHEREAS, the Board has determined that refunding (i) all or a portion of the University's 2004A Bonds maturing on and after April 1, 2015 (the portion of such bonds to be refunded being referred to herein as the "**2004A Refunded Bonds**"), and (ii) all or a portion of the University's 2005A Bonds maturing on or after April 1, 2017 (the portion of such bonds to be refunded being referred to herein as the "**2005A Refunded Bonds,"** and, collectively with the 2004A Refunded Bonds, the "**Refunded Bonds**"), as provided herein and in the hereinafter defined Escrow Agreement, will result in interest rate savings to the University; and

WHEREAS, the Board has determined that it is both necessary and economically feasible for the University to acquire a parcel of real property, together with improvements thereon, situate adjacent to the University's campus ("**Property Acquisition Project**"); and

WHEREAS, to provide funds to refund the 2004A Refunded Bonds and a portion of the 2005A Refunded Bonds, and to pay the Costs of Issuance thereof, the Board desires to authorize the issuance of its General Revenue Refunding Bonds, Series 2013A (Tax-Exempt) (the "**Series 2013A Bonds**"); and to provide funds to finance a portion of the Property Acquisition Project and to refund a portion of the 2005A Refunded Bonds and to pay the Costs of Issuance thereof, the Board desires to authorize the issuance of its General Revenue Project and Refunding Bonds, Series 2013B (Taxable) (the "**Series 2013B Bonds**"), pursuant to the Act and the Resolution (the Series 2013A Bonds together with the Series 2013B Bonds, hereinafter sometimes referred to as the "**2013 Bonds**").

NOW, THEREFORE, be it resolved by the Board of Trustees of Boise State University as follows:

ARTICLE I
DEFINITIONS

Section 101. Definitions.

(a) Certain terms are defined in the preambles hereto. Except as provided in the preambles and subparagraph (b) of this Section, all capitalized terms contained in this Supplemental Resolution shall have the same meanings as set forth in the Resolution.

(b) As used in this Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following meanings:

"**Bond Purchase Agreement**" means the Bond Purchase Agreement dated ____________, 2013, between the Board and the Underwriter, pursuant to which the 2013 Bonds are to be sold, as authorized by Section 205 of this Supplemental Resolution.

"**Bond Register**" means the registration records of the University, maintained by the Trustee, on which shall appear the names and addresses of the Registered Owners of the 2013 Bonds.

"**Book-Entry System**" means the book-entry system of registration of the 2013 Bonds described in Section 210 of this Supplemental Resolution.

"**Cede & Co.**" means Cede & Co., as nominee of DTC.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and the regulations promulgated thereunder.

"**Continuing Disclosure Undertaking**" means the Continuing Disclosure Undertaking with respect to the 2013 Bonds authorized by Section 205 of this Supplemental Resolution.

“**DTC**” means The Depository Trust Company, New York, New York.

“**DTC Participants**” means those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository.

“**Escrow Account**” means the account created under the Escrow Agreement for the refunding of the Refunded Bonds.

“**Escrow Agent**” means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Escrow Agreement.

“**Escrow Agreement**” means the Escrow Agreement dated as of the date of delivery of the 2013 Bonds between the University and the Escrow Agent, providing for the defeasance and redemption of the Refunded Bonds, authorized by Section 402 of this Supplemental Resolution.

“**Escrow Securities**” shall mean direct obligations of the United States of America, or other securities, the principal and interest of which are unconditionally guaranteed by the United States of America, and including certificates evidencing ownership of serially maturing interest payments and principal payments on United States Treasury Notes or Bonds.

“**Investment Securities**” shall mean and include any securities authorized to be acquired by the Treasurer of the State of Idaho pursuant to Section 67-1210 and 67-1210A, Idaho Code, or any successor section specifying legal investments.

“**Refunded Bonds**” means the 2004A Refunded Bonds and 2005A Refunded Bonds, determined to be refinanced pursuant to this Supplemental Resolution and identified in Schedule 1 of this Supplemental Resolution.

“**Representation Letter**” means the Blanket Representations Letter from the University to DTC dated June 18, 1999.

“**Resolution**” means the Resolution providing for the issuance of revenue bonds adopted by the Board on September 17, 1992, as previously amended and supplemented, and as further amended and supplemented by this Supplemental Resolution.

“**Securities Depository**” means DTC or any successor Securities Depository appointed pursuant to Section 211.

“**Series 2013 Project Account**” means the account created under the Construction Fund pursuant to Section 301 of this Supplemental Resolution from which the costs of acquisition of the Property Acquisition Project and the Costs of Issuance of the 2013 Bonds shall be paid.

“**Supplemental Resolution**” means this Supplemental Resolution adopted by the Board on April __, 2013, authorizing the 2013 Bonds, among other things.

"**Trustee**" means The Bank of New York Mellon Trust Company, N.A., Seattle, Washington, as successor trustee, and its successors and permitted assigns pursuant to the Resolution, as paying agent, trustee, and registrar for the 2013 Bonds.

"**Underwriter**" means Barclays Capital Inc.

The terms "**hereby**," "**hereof**," "**hereto**," "**herein**," "**hereunder**," and any similar terms as used in this Supplemental Resolution refer to this Supplemental Resolution.

Section 102. Authority for Supplemental Resolution. This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE OF 2013 BONDS

Section 201. Authorization of 2013 Bonds, Principal Amounts, Designation, and Confirmation of Pledged Revenues. In order to provide funds for the Property Acquisition Project and refunding of the Refunded Bonds, and to pay Costs of Issuance of the 2013 Bonds, and in accordance with and subject to the terms, conditions and limitations established in the Resolution and this Supplemental Resolution, two series of general revenue bonds are hereby authorized to be issued in the aggregate principal amount of $___________. Such series of bonds shall be designated as follows: "General Revenue Refunding Bonds, Series 2013A (Tax-Exempt)" in the principal amount of $__________ and "General Revenue Project and Refunding Bonds, Series 2013B (Taxable)" in the principal amount of $__________. The 2013 Bonds shall be issued as Additional Bonds under the Resolution in fully-registered form, without coupons, in denominations of $5,000 each or any integral multiple thereof.

The 2013 Bonds are secured by the pledge of the Pledged Revenues under Section 5.1 of the Resolution, equally and ratably with all Bonds issued under the Resolution.

Section 202. Finding and Purpose. The Board hereby finds, determines and declares that:

(i) pursuant to Section 33-3805, Idaho Code, the Property Acquisition Project is desirable and necessary for the proper operation of the University and is economically feasible;

(ii) in satisfaction of Section 57-504 of the Act, the refunding of the Refunded Bonds, as provided hereunder and in the Escrow Agreement, will result in debt service savings, which objective the Board finds to be beneficial to the University; and

(iii) the applicable requirements of Article VII of the Resolution will have been complied with upon the delivery of the 2013 Bonds.

Section 203. Issue Date. The 2013 Bonds shall be dated the date of their original issuance and delivery.

Section 204. Terms of 2013 Bonds.

(a) The Series 2013A Bonds shall bear interest at the rates and mature on the dates and in the principal amounts as follows:

April 1 of the Year	Amount Maturing	Interest Rate

(b) The Series 2013B Bonds shall bear interest at the rates and mature on the dates and in the principal amounts as follows:

April 1 of the Year	Amount Maturing	Interest Rate

(c) The 2013 Bonds shall bear interest from their date of delivery, payable on [October 1, 2013], and semiannually thereafter on each April 1 and October 1. Interest shall be calculated on the basis of a 12-month, 360-day year.

Section 205. Sale of 2013 Bonds. The 2013 Bonds authorized to be issued herein are hereby authorized to be sold to the Underwriter at an aggregate purchase price equal to $__________, representing the principal amount of the Series 2013A Bonds, plus [net] original issuance premium of $________, and the principal amount of the Series 2013B Bonds, plus original issuance premium of $________, on the terms and conditions set forth in the Bond Purchase Agreement. Under the Bond Purchase Agreement, the Underwriter is paid an aggregate fee of $_____ for purchasing the 2013 Bonds. To evidence the acceptance of the Bond Purchase Agreement, the Bursar is hereby authorized to execute and deliver, on behalf of the Board and the University, the Bond Purchase Agreement, in the form presented at this meeting.

The use of the final Official Statement (the "**Official Statement**") of the University in connection with the sale of the 2013 Bonds, in substantially the form presented at this meeting, with such changes, omissions, insertions and revisions as the Bursar shall approve, is hereby authorized, and the Bursar shall sign such Official Statement and deliver such Official Statement to the Underwriter for distribution to prospective purchasers of the 2013 Bonds and other interested persons, which signature shall evidence such approval. The use of the Preliminary Official Statement dated ____________, 2013 (the "**POS**"), by the Underwriter and the actions of the University, including the certification by the Bursar as to the "deemed finality" of the POS pursuant to Rule 15c2-12 of the Securities Exchange Commission adopted pursuant to the

Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**") in connection with the offering of the 2013 Bonds, are hereby acknowledged, approved and ratified.

In order to comply with subsection (b)(5) of Rule 15c2-12, the Underwriter has provided in the Bond Purchase Agreement that it is a condition to delivery of the 2013 Bonds that the University and the Trustee, as disclosure agent thereunder, shall have executed and delivered the Continuing Disclosure Undertaking. The Continuing Disclosure Undertaking is hereby ratified and approved in all respects, and the President of the Board or the Bursar is hereby authorized to execute and deliver the Continuing Disclosure Undertaking in substantially the form set forth in Appendix E to the Official Statement.

The Bursar of the University, the President of the Board, and the Secretary to the Board are, and each of them is, hereby authorized to do or perform all such acts as may be necessary or advisable to comply with the Bond Purchase Agreement and to carry the same into effect.

Section 206. Execution and Delivery of 2013 Bonds. The 2013 Bonds shall be manually executed on behalf of the University by the President of the Board, countersigned by the Bursar of the University, and attested by the Secretary to the Board. The 2013 Bonds shall be delivered to the Underwriter upon compliance with the provisions of Section 3.2 of the Resolution and at such time and place as provided in, and subject to, the provisions of the Bond Purchase Agreement.

Section 207. Redemption of 2013 Bonds.

(a) The Series 2013A Bonds maturing on or before April 1, ___, shall not be subject to call or redemption prior to their stated dates of maturity. On ________ or on any date thereafter, at the election of the University, the Series 2013A Bonds maturing on or after April 1, _____, shall be subject to optional redemption, in whole or in part, as selected by the University, upon notice as provided in Section 4.3(A) of the Resolution, at a price of 100% of the principal amount of the Series 2013A Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

(b) The 2013A Bonds maturing on April 1, ______ shall be subject to mandatory redemption prior to maturity in part by operation of sinking fund installments, upon notice as provided in Section 4.3(A) of the Resolution, at a redemption price equal to 100% of the principal amount of the Series 2013A Bonds to be redeemed, together with accrued interest to the date of redemption, on the dates and in the Mandatory Redemption Amounts as follows:

April 1 of the Year	Mandatory Redemption Amount
*	

*Stated Maturity

If less than all of a Series 2013A Bond that is subject to mandatory sinking fund redemption is to be redeemed pursuant to optional redemption, the redemption price shall be applied to such mandatory sinking fund installments as the University shall direct.

(c) [Redemption features of Series 2013B Bonds -- to come]

Section 208. Form of 2013 Bonds. The 2013 Bonds are hereby authorized to be issued in the form set forth in **Exhibit A** attached hereto and incorporated herein by this reference, as revised with respect to the designation and terms of each series.

Section 209. Submittal to Attorney General. There shall promptly be submitted to the Attorney General of the State of Idaho by the Secretary to the Board, a certified copy of this Supplemental Resolution, together with the proceedings relating to its adoption, in order that the Attorney General may examine and pass upon the validity of the 2013 Bonds and the regularity of such proceedings, in the manner and with the effect specified in chapter 38 of title 33, Idaho Code, as amended.

Section 210. Book-Entry Only System.

(a) The 2013 Bonds shall initially be registered on the Bond Register in the name of Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the 2013 Bonds, except in the event that the Trustee issues Replacement Bonds, as defined and provided below. It is anticipated that during the term of the 2013 Bonds, the Securities Depository will make book-entry transfers among the DTC Participants and receive and transmit payments of principal of and interest on the 2013 Bonds until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described below. So long as any of the 2013 Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, premium, if applicable, and interest on the 2013 Bonds and all notices with respect to the 2013 Bonds shall be made and given in the manner provided in the Representation Letter.

(b) If the Securities Depository determines to discontinue providing its services with respect to the 2013 Bonds, and the University cannot obtain a qualified successor Securities Depository, or if the University determines not to use the Book-Entry System of the Securities Depository, the University shall execute, and the Trustee shall authenticate and deliver, one or more 2013 Bond certificates (the "**Replacement Bonds**") to the DTC Participants in principal amounts and maturities corresponding to the identifiable Beneficial Owners' interests in the 2013 Bonds, with such adjustments as the Trustee may find necessary or appropriate as to accrued interest and previous calls for redemption, if any. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one 2013 Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds.

(c) With respect to 2013 Bonds registered in the name of Cede & Co. as nominee for the Securities Depository, neither the University nor the Trustee shall have any responsibility to any Beneficial Owner with respect to:

(i) the sending of transaction statements, or maintenance, supervision, or review of records of the Securities Depository;

(ii) the accuracy of the records of the Securities Depository or Cede & Co. with respect to any ownership interest in the 2013 Bonds;

(iii) the payment to any Beneficial Owner, or any person other than the Securities Depository, of any amount with respect to principal of, interest on, or redemption premium, if any, on the 2013 Bonds; or

(iv) any consent given or other action taken by the Securities Depository or Cede & Co. as owner of the 2013 Bonds.

(d) The Representation Letter previously executed and delivered by the University to DTC is for the purpose of effectuating the initial Book-Entry System for the 2013 Bonds through DTC as Securities Depository and shall not be deemed to amend, supersede or supplement the terms of this Supplemental Resolution, which are intended to be complete without reference to the Representation Letter. In the event of any conflict between the terms of the Representation Letter and the terms of this Supplemental Resolution, the terms of this Supplemental Resolution shall control. The Securities Depository may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 211. Successor Securities Depository. In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation, the Trustee, with the written consent of the University, may appoint a successor Securities Depository, provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation. Upon the appointment of a successor Securities Depository, the former Securities Depository shall surrender the 2013 Bonds to the Trustee for transfer to the successor Securities Depository, and the Trustee shall cause the authentication and delivery of 2013 Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE III
CREATION OF ACCOUNTS, APPLICATION OF BOND PROCEEDS

Section 301. Creation of Accounts. There is hereby established in the Construction Fund a Project Account designated as the "Series 2013 Project Account," to be held by the University to pay the costs of the Property Acquisition Project and Costs of Issuance of the 2013 Bonds. The University shall invest the monies on deposit in the Series 2013 Project Account in Investment Securities prior to the closing of the Property Acquisition Project.

Section 302. Application of Proceeds of 2013 Bonds. Pursuant to the University's Written Certificate, the proceeds of the sale of the 2013 Bonds (net of an aggregate $____________ fee paid to the Underwriter for its services with respect to the 2013 Bonds) shall be deposited as follows:

(i) Proceeds of the Series 2013A Bonds in the amount of $__________ into the Escrow Account, in trust, which shall be directed by the University to be invested as contemplated by the Escrow Agreement and in accordance with the provisions of Section 57-504, Idaho Code (except for any amount to be retained as cash) to defease the 2004A Refunded Bonds and a portion of the 2005A Refunded Bonds.

(ii) Proceeds of the Series 2013B Bonds in the amount of $_________ into the Series 2013 Project Account to finance a portion of the Property Acquisition Project and to pay Costs of Issuance of the Series 2013B Bonds pursuant to a Written Certificate(s) of the University. The University will contribute other available funds in the amount of $________ for the Property Acquisition Project, which will be deposited in the 2013 Project Account at the closing of the 2013 Bonds.

(iii) Proceeds of the Series 2013B Bonds in the amount of $__________ into the Escrow Account, in trust, which shall be directed by the University to be invested as contemplated by the Escrow Agreement and in accordance with the provisions of Section 57-504, Idaho Code (except for any amount to be retained as cash) to defease a portion of the 2005A Refunded Bonds.

(iv) Proceeds of the Series 2013A Bonds in the amount of $___________ into the Series 2013 Project Account to pay Costs of issuance of the Series 2013A Bonds pursuant to a Written Certificate of the University.

Before any payment is made from the Series 2013 Project Account, the University shall execute a Written Certificate as required by Section 5.4(E) or 5.4(F), as applicable, of the Resolution.

ARTICLE IV
REFUNDING

Section 401. Approval of Escrow Agreement. The Escrow Agreement between the University and the Escrow Agent, in substantially the form presented to the Board at the time of adoption of this Supplemental Resolution, is hereby authorized and approved, and the Vice President for Finance and Administration and Bursar is hereby authorized, empowered and directed to execute and deliver the Escrow Agreement on behalf of the Board and the University, with such changes to the Escrow Agreement from the form presented to the Board as are approved by the Vice President for Finance and Administration and Bursar, her execution thereof to constitute conclusive evidence of such approval. The Vice President for Finance and Administration and Bursar is hereby authorized to perform all such acts as may be necessary or advisable to comply with the Escrow Agreement or to carry out or give effect to the Escrow Agreement.

Section 402. Refunding and Defeasance of Refunded Bonds. The Series 2004A Refunded Bonds are irrevocably called for redemption on April 1, 2014 and the Series 2005A Refunded Bonds, on April 1, 2015. The Refunded Bonds shall be refunded with proceeds of the 2013 Bonds, together with proceeds of investment, as provided in Section 302 hereof and in the Escrow Agreement. Notices of defeasance and redemption of the Refunded Bonds shall be given as provided in the Escrow Agreement and pursuant to the Resolution, the applicable Supplemental Resolutions, and the Representation Letter.

Pursuant to the Escrow Agreement the University has irrevocably set aside for and pledged to the Refunded Bonds moneys and Escrow Securities in amounts which, together with known earned income from the Escrow Securities, will be sufficient in amount to pay the principal of, interest on, and any redemption premiums on the Refunded Bonds as the same become due and to redeem the Refunded Bonds on the respective redemption date. Based upon the foregoing as verified by the report, the University finds that the Refunded Bonds will be defeased upon deposit of such moneys and Escrow Securities immediately following the delivery of the 2013 Bonds.

After all the Refunded Bonds shall have become due and payable upon maturity or pursuant to call for redemption, any investments remaining in the Escrow Account shall be liquidated and any proceeds of liquidation over and above the amount necessary to be retained for the payment of Refunded Bonds not yet presented for payment, including interest due and payable, shall be paid over to the University for deposit into the Bond Fund.

ARTICLE V
AMENDMENTS TO RESOLUTION

Section 501. Amendments to Resolution. Pursuant to subparagraph B(2) of Section 10.1 of the Resolution authorizing the Board to amend the Resolution, without the consent of any Registered Owners, for the purpose of curing ambiguities, or curing or correcting any defective provisions therein which do not adversely affect the interest of the Trustee or the Registered Owners of the Bonds, the Board amends the Resolution as follows:

(i) Amendment to Subparagraph B(3) of Section 3.2 of the Resolution. The word “general” therein is deleted and replaced with “special” and such section shall read in its entirety as follows:

> (3) An Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that (a) the University has the power under the Act, as amended to the date of such Opinion, to issue the Bonds of such series, to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the University, is in full force and effect and is valid and binding upon the University and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors’ rights and except to the extent that the obligations of the University under the Resolution

are subject to the exercise in the future by the State of Idaho and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the power delegated to it by the federal Constitution), and no other authorization for the Resolution is required; (b) the Resolution creates the valid pledge which it purports to create of the Pledged Revenues, moneys, securities and funds held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (c) the Bonds of such series are valid and binding ~~general~~ special obligations of the University, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Resolution and entitled to the benefits of the Resolution and the Act as amended to the date of such Opinion, and the Bonds of such series have been duly and validly authorized and issued in accordance with law and the Resolution.

(ii) Amendment to Subparagraph A of Section 9.4. The words "of the Housing System" are hereby deleted and such section shall read in its entirety as follows:

A. The University will at all times keep, or cause to be kept, proper books of record and accounts in accordance with generally accepted accounting principles in which complete and accurate entries shall be made of all transactions relating to the Operation and Maintenance Expenses ~~of the Housing System~~, the allocation and application of the revenues of the Housing System and the Pledged Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee or the Registered Owners of not less than five percent of the Bonds then Outstanding, or their representatives authorized in writing.

(iii) Amendment to Subparagraph A of Section 11.6 of the Resolution. The word "not" is inserted in the first line thereof, and such section shall read in its entirety as follows:

A. If an Event of Default shall happen and shall have not been remedied, then and in every such case the Trustee, by its agents, and attorneys, may proceed, and upon written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds under this Bond Resolution forthwith by a suit or suits in equity or at law, whether for the specified performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the University as if the University were the Trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Bond Resolution.

(iv) Amendment to Subparagraph B of Section 12.1 of the Resolution. The term "Investment Securities" as used in this section is replaced by the term "Escrow Securities," the last sentence of such section is hereby deleted, and such section shall read in its entirety as follows:

B. Bonds or interest installments the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this section. All Outstanding Bonds of any series shall prior to the maturity thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the University shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail to the Registered Owners of such Bonds, notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or ~~Investment~~ Escrow Securities (including any ~~Investment~~ Escrow Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or redemption price, as applicable, and interest due and to become due, if applicable, on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, without adversely affecting the tax-exempt status of the interest on said Bonds taxable under the Code, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the University shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Registered Owners of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price is applicable, and interest due or to become due, if applicable, on said Bonds. Notwithstanding the foregoing, in the case of any Bonds that are payable from amounts drawn on or derived under any credit enhancement arrangement as provided in Section 57-231, Idaho Code, the moneys and ~~Investment~~ Escrow Securities referred to in clause (2) of the preceding sentence shall be deemed to refer only to (i) moneys drawn or derived, or ~~Investment~~ Escrow Securities acquired with moneys drawn or derived, under such credit enhancement arrangement, or (ii) moneys or ~~Investment~~ Escrow Securities which have been on deposit with the Trustee for 123 days during which period no Event of Bankruptcy shall have occurred, unless an opinion of nationally recognized counsel in the field of bankruptcy law is filed with the Trustee to the effect that such moneys and ~~Investment~~ Escrow Securities are not subject to the avoidance powers of a trustee in bankruptcy under the provisions of Section 544(b) or Section 547(b) of the United States Bankruptcy Code, Title 11, U.S.C., in which case such moneys or ~~Investment~~ Escrow Securities need not be on deposit with the Trustee as heretofore required in this sub-clause (ii). Neither ~~Investment~~ Escrow Securities nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such ~~Investment~~ Escrow Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such ~~Investment~~ Escrow Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in ~~Investment~~ Escrow Securities maturing at times and in amounts sufficient to pay when due the principal or maturity amount or redemption price, as applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the University, as received by the Trustee, free and clear of any trust, lien or pledge. ~~For the purposes of this section, Investment Securities shall mean and include only such securities as are described in clauses A and J of the definition of "Investment Securities" in Section 1.1.~~

(v) Amendment to Section 1.1 of the Resolution. The term "Escrow Securities" is added to Section 1.1 and shall read in its entirety as follows:

Escrow Securities shall mean direct obligations of the United States of America, or other securities, the principal and interest of which are unconditionally guaranteed by the United States of America, and including certificates evidencing ownership of serially maturing interest payments and principal payments on United States Treasury Notes or Bonds.

ARTICLE VI
MISCELLANEOUS

Section 601. Other Actions With Respect to 2013 Bonds. The officers and employees of the University shall take all actions necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated hereby and shall take all action necessary in conformity with the Act to carry out the issuance of the 2013 Bonds, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the sale and delivery of the 2013 Bonds. All actions heretofore taken in connection therewith are hereby ratified, approved and consummated. If the President of the Board or the Bursar shall be unavailable to execute the 2013 Bonds or the other documents that they are hereby authorized to execute, the same may be executed by any Vice President of the Board.

Section 602. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in the Resolution or this Supplemental Resolution, should be contrary to law, such covenant or covenants, such agreement or agreements, or such portions thereof shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the Resolution, this Supplemental Resolution or the 2013 Bonds, but the holders of the 2013 Bonds shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 603. Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

ADOPTED AND APPROVED this _____ day of April, 2013.

BOARD OF TRUSTEES OF BOISE STATE UNIVERSITY

____
President

ATTEST:

____
Secretary

[SEAL]

EXHIBIT A

[FORM OF 2013 BONDS]

R-_____ $_______________

UNITED STATES OF AMERICA
STATE OF IDAHO

BOISE STATE UNIVERSITY
GENERAL REVENUE REFUNDING BONDS,
SERIES 2013(A) (TAX-EXEMPT)
[GENERAL REVENUE PROJECT AND REFUNDING BONDS, SERIES 2013B (TAXABLE)]

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NO.
______%	April 1, ______	____________, 2013	______________

Registered Owner: CEDE & CO.

Principal Amount: ____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that Boise State University, a body politic and corporate and an institution of higher education of the State of Idaho (the *"University"*), for value received, hereby promises to pay, from the Bond Fund (as defined in the hereinafter defined Resolution), to the registered owner identified above, or registered assigns, on the maturity date specified above, the principal sum indicated above, and to pay interest thereon from the Bond Fund from the dated date hereof, or the most recent date to which interest has been paid or duly provided for, at the rate per annum specified above, payable on [**October 1, 2013**], and semiannually on each April 1 and October 1 thereafter, until the date of maturity or prior redemption of this Bond. Interest shall be calculated on the basis of a 360-day year and twelve 30-day months.

THIS BOND IS AN OBLIGATION OF THE UNIVERSITY PAYABLE SOLELY IN ACCORDANCE WITH THE TERMS HEREOF AND IS NOT AN OBLIGATION, GENERAL, SPECIAL, OR OTHERWISE OF THE STATE OF IDAHO, DOES NOT CONSTITUTE A DEBT, LEGAL, MORAL, OR OTHERWISE OF THE STATE OF IDAHO, AND IS NOT ENFORCEABLE AGAINST THE STATE, NOR SHALL PAYMENT HEREOF BE ENFORCEABLE OUT OF ANY FUNDS OF THE UNIVERSITY OTHER THAN THE REVENUES, FEES, AND CHARGES PLEDGED THERETO IN THE RESOLUTION. The principal of, interest on, and redemption price of this Bond is payable solely from Pledged

Revenues, which consist principally of revenues from certain student fees and enterprises, as more particularly set forth in the Resolution. Pursuant to the Resolution, sufficient revenues have been pledged and will be set aside into the Bond Fund to provide for the prompt payment of the principal of, interest on, and redemption price of this Bond. For a more particular description of the Bond Fund, the revenues to be deposited therein, and the nature and extent of the security for this Bond, reference is made to the provisions of the Resolution.

Principal of and interest on this Bond are payable in lawful money of the United States of America to the registered owner hereof whose name and address shall appear on the registration books of the University (the "**Bond Register**") maintained by The Bank of New York Mellon Trust Company, N.A., Seattle, Washington (the "**Trustee**"). Interest shall be paid to the registered owner whose name appears on the Bond Register on the 15th day of the calendar month next preceding the interest payment date, at the address appearing on the Bond Register, and shall be paid to such registered owner on the due date, by check or draft of the Trustee or by wire or other transfer, at the address appearing on the Bond Register or at such other address as may be furnished in writing by such registered owner to the Trustee. Principal shall be paid to the registered owner upon presentation and surrender of this Bond at the principal corporate trust office of the Trustee on or after the date of maturity or prior redemption.

This Bond is one of the General Revenue Refunding Bonds, Series 2013A (Tax-Exempt) [General Revenue Project and Refunding Bonds, Series 2013B (Taxable)] (the "**Bonds**") of the University issued in the aggregate principal amount of $_______ for the purpose of acquiring certain real property and improvements situate in Boise, Idaho, and refunding certain outstanding Bonds of the University, and paying Costs of Issuance thereof. The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Idaho, particularly title 33, chapter 38, Idaho Code, title 57, chapter 5, Idaho Code, and a Resolution providing for the issuance of revenue bonds, duly adopted and authorized by the Board of Trustees of the University (the "**Board**") on September 17, 1992, as previously supplemented and amended, and as further supplemented and amended by a Supplemental Resolution adopted by the Board on April __, 2013, authorizing the issuance of the Bonds (collectively, the "**Resolution**"). All capitalized terms used in this Bond and not defined herein shall have the meanings of such terms as defined in the Resolution.

[Series 2013A] On ________ or on any date thereafter, at the election of the University, the Bonds maturing on or after April 1, _____, shall be subject to optional redemption, in whole or in part, as selected by the University, upon notice as provided in Section 4.3(A) of the Resolution at a price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

[Series 2013A]The Bonds maturing on April 1, ______ shall be subject to mandatory redemption in part by operation of sinking fund installments, upon notice as provided in Section 4.3(A) of the Resolution at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption, on the dates and in the Mandatory Redemption Amounts as follows:

April 1 of the Year	Mandatory Redemption Amount
*	

*Stated Maturity

[Series 2013B] - Redemption features -- to come.]

Notice of redemption shall be given by mailing notice to the registered owner thereof not less than 35 days nor more than 60 days prior to the redemption date at the address shown on the Bond Register or at such other address as may be furnished in writing by such registered owner to the Trustee. Provided that funds for the redemption price, together with interest to the redemption date, are on deposit at the place of payment at such time, the Bonds shall cease to accrue interest on the specified redemption date and shall not be deemed to be outstanding as of such redemption date.]

The Bonds are initially issued in the form of a separate certificated, fully-registered Bond for each maturity and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**").

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE UNIVERSITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Upon any partial redemption of this Bond, Cede & Co., in its discretion, may request the Trustee to authenticate a new Bond or shall make an appropriate notation with respect to this Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Trustee prior to payment.

The Bonds shall not be transferable or exchangeable except as set forth in the Resolution. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, upon presentation and surrender of this Bond at the designated corporate trust office of the Trustee. Upon such transfer, a new Bond, of the same denomination, maturity, and interest rate will be issued to the transferee in exchange therefor.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been manually signed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions, and things required by the Constitution and statutes of the State of Idaho to exist, to have happened, been done, and performed precedent to and in the issuance of this Bond do exist, have happened, been done, and performed, and that the issuance of this Bond and the other bonds of this issue does not violate any constitutional, statutory, or other limitation upon the amount of bonded indebtedness that the University may incur.

IN WITNESS WHEREOF, the Board has caused this Bond to be executed by the President of the Board, countersigned by the Bursar of the University, and attested by the Secretary to the Board, and the official seal of the University to be imprinted hereon, as of this ___ day of May, 2013.

BOARD OF TRUSTEES
BOISE STATE UNIVERSITY

By: ______________________________
President
Board of Trustees

By: ______________________________
Bursar

ATTESTED BY:

____
Secretary to Board of Trustees

[SEAL]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Boise State University General Revenue Refunding Bonds, Series 2013A (Tax-Exempt) [General Revenue Project and Refunding Bonds, Series 2013B (Taxable)], described in the within-mentioned Resolution.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: ______________________________
Authorized Signature

Date of Authentication: ____________________________

* * * * * *

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of the within Bond shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entirety
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - under Uniform Transfers to Minors Act

__________________ __________________
(Cust) (Minor)

____
(State)

Additional abbreviations may also be used though not in the list above.

For value received ____ hereby sells, assigns and transfers unto

INSERT SOCIAL SECURITY OR
OTHER IDENTIFING NUMBER OF ASSIGNEE

____
(Please Print or Typewrite Name and Address of Assignee)

the within Bond of BOISE STATE UNIVERSITY, and hereby irrevocably constitutes and appoints ____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _________________________ Signature: ___________________________________

Signature Guaranteed: ____

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * * *

VALIDATION CERTIFICATE

I hereby certify that I have examined a certified copy of the record of proceedings taken preliminary to and in the issuance of the within bond; that such proceedings and such bond conform to and show lawful authority for the issuance thereof in accordance with the provisions of title 33, chapter 38, Idaho Code, as amended. Such bond has been issued in accordance with the Constitution and laws of the State of Idaho and shall in any suit, action or proceeding involving its validity be conclusively deemed to be fully authorized by title 33, chapter 38, Idaho Code, and to have been issued, sold, executed, and delivered in conformity with the Constitution and laws of the State of Idaho and to be valid and binding and enforceable in accordance with its terms, and such bond is incontestable for any cause.

____
Honorable Lawrence Wasden
Attorney General

* * * * * *

Schedule 1
Refunded Bonds

BOISE STATE UNIVERSITY

$[_____]
GENERAL REVENUE REFUNDING BONDS,
SERIES 2013A (TAX EXEMPT)

$[_____]
GENERAL REVENUE PROJECT AND REFUNDING BONDS,
SERIES 2013B (TAXABLE)

BOND PURCHASE AGREEMENT

April 18, 2013

Boise State University
Attn: Stacy Pearson, Vice President
for Finance and Administration
1910 University Drive
Boise, Idaho 83725

Ladies and Gentlemen:

The undersigned, Barclays Capital Inc., as underwriter (the *"Underwriter"*), hereby offers to enter into this Bond Purchase Agreement (the *"Purchase Agreement"*) with Boise State University (the *"University"*), which, upon the acceptance by the University of this offer, shall be in full force and effect in accordance with its terms and shall be binding upon the University and the Underwriter.

This offer is made subject to your acceptance and approval on or before 5:00 p.m. Mountain Time on the date hereof, and until so accepted will be subject to withdrawal by the Underwriter upon notice delivered to the University by the Underwriter at any time prior to the execution and acceptance hereof by the University. Terms not otherwise defined herein shall have the same meanings as are set forth in the hereinafter defined Resolution.

ARTICLE I

Section 1.1. *Purchase and Sale*. Upon the terms and conditions and upon the basis of the representations, warranties and covenants herein set forth, the Underwriter hereby agrees to purchase from the University, and the University hereby agrees to sell to the Underwriter, all, but not less than all, of the University's $[_____] General Revenue Refunding Bonds, Series 2013A (Tax Exempt) (the *"Series 2013A Bonds"*) and $[_____] General Revenue Project and Refunding Bonds, Series 2013B (the *"Series 2013B Bonds,"* and together with the Series 2013A Bonds, the *"2013 Bonds"*). The purchase price of the Series 2013A Bonds shall be $[_____], representing the principal amount of the Series 2013A Bonds, plus [net] original issue premium of $[_____], and the purchase price of the Series 2013B Bonds shall be equal to principal amount of the Series 2013B Bonds (collectively, the *"Purchase Price"*). In consideration for its services, the University agrees to pay to the Underwriter a fee of $[_____] for the Series 2013A Bonds and $[_____] for the Series 2013B Bonds (collectively, the *"Underwriter's Fee"*).

Section 1.2. The 2013 Bonds. The proceeds of the 2013 Bonds will be used (a) to finance a portion of the cost of acquiring an approximately four-acre parcel of property, together with improvements thereon, adjacent to the University's campus in Boise, Idaho, (b) to refund certain of the University's outstanding bonds set forth in SCHEDULE I hereto (the "Refunded Bonds") and (c) to pay costs of issuing the 2013 Bonds.

The 2013 Bonds shall be dated as of their date of delivery, shall bear interest at the rates, mature in the amounts and on the dates as set forth in SCHEDULE I hereto, and shall be subject to redemption prior to maturity as set forth in the Supplemental Resolution (defined below). The 2013 Bonds shall be issued pursuant to the Resolution Providing for the Issuance of General Revenue Bonds, adopted September 17, 1992, as previously supplemented and amended (the *"Master Resolution"*), and as further supplemented by a Supplemental Resolution adopted April 18, 2013 (the *"Supplemental Resolution"* and, together with the Master Resolution, the *"Resolution"*) by the State Board of Education and Board of Regents of the University of Idaho, acting in its capacity as the Board of Trustees of the University (the *"Board"*), substantially in the form heretofore delivered to the Underwriter, with only such changes therein as shall be mutually agreed upon between us.

The 2013 Bonds will be payable from and secured by a pledge of certain revenues of the University (as defined in the Resolution, the *"Pledged Revenues"*), on a parity with all bonds now outstanding under the Resolution and any additional bonds hereafter issued under the Resolution.

Section 1.3. Official Statement; Continuing Disclosure. (a) The 2013 Bonds shall be offered pursuant to an Official Statement of even date herewith (which, together with the cover page and all appendices thereto, and with such changes therein and supplements thereto which are consented to in writing by the Underwriter is herein called the *"Official Statement"*).

(b) The University has previously deemed the Official Statement "final" as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (*"Rule 15c2-12"*), and the University hereby authorizes the use of the Official Statement by the Underwriter in connection with the public offering and sale of the 2013 Bonds. The University agrees to provide to the Underwriter, at least four days prior to the Closing Date (defined below), and in any event not later than seven business days after the date hereof, sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12 and Rule G-32 of the Municipal Securities Rulemaking Board.

(c) If at any time prior to 25 days after the "end of the underwriting period" (as defined below), any event shall occur, or any preexisting fact shall become known, of which the University has knowledge and which might or would cause the Official Statement as then supplemented or amended to contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the University, at its expense, shall notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the University will (i) supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and (ii) provide the Underwriter with such certificates and legal opinions as shall be requested by the Underwriter in order to evidence the accuracy and completeness of the Official Statement as so supplemented or amended. If the Official Statement is so supplemented or amended prior to the Closing (defined below), such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Purchase Agreement by written notification delivered to the University by the Underwriter at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the 2013 Bonds.

(d) For purposes of this Purchase Agreement, the "end of the underwriting period" shall mean the Closing Date, or, if the University has been notified in writing by the Underwriter on or prior to the Closing Date that the "end of the underwriting period" within the meaning of Rule 15c2-12 will not occur on the Closing Date, such later date on which the "end of the underwriting period" within such meaning has occurred. In the event that the University has been given notice pursuant to the preceding sentence that the "end of the underwriting period" will not occur on the Closing Date, the Underwriter agrees to notify the University in writing of the date it does occur as soon as practicable following the "end of the underwriting period" for all purposes of Rule 15c2-12; *provided*, that if the Underwriter has not otherwise so notified the University of the "end of the underwriting period" by the 90th day after the Closing, then the "end of the underwriting period" shall be deemed to occur on such 90th day unless otherwise agreed to by the University.

(e) In order to enable the Underwriter to comply with the requirements of paragraph (b)(5) of Rule 15c2-12 in connection with the offering of the 2013 Bonds, the University covenants and agrees with the Underwriter that it will execute and deliver a Continuing Disclosure Undertaking with respect to the 2013 Bonds (the *"Continuing Disclosure Undertaking"* and, collectively with this Purchase Contract, the hereinafter defined Escrow Agreement, and the Resolution, the *"Bond Documents"*) in substantially the form attached as APPENDIX E to the Preliminary Official Statement dated April 3, 2013 (the *"Preliminary Official Statement"*), on or before the Closing Date.

Section 1.4. Public Offering. The Underwriter agrees to make an initial public offering of all the 2013 Bonds at the public offering prices set forth on the inside cover page of the Official Statement. The Underwriter may, however, change such initial offering prices or yields as it may deem necessary in connection with the marketing of the 2013 Bonds and offer and sell the 2013 Bonds to certain dealers (including dealers depositing the 2013 Bonds into investment trusts) and others at prices lower than the initial offering prices or yields set forth on the inside cover page of the Official Statement. The Underwriter also reserves the right (a) to over-allot or effect transactions that stabilize or maintain the market prices of the 2013 Bonds at levels above those which might otherwise prevail in the open market and (b) to discontinue such stabilizing, if commenced, at any time without prior notice.

Section 1.5. *Closing*. The *"Closing Date"* shall be May 8, 2013, or such other date as the University and the Underwriter shall mutually agree upon. The delivery of and payment for the 2013 Bonds and the other actions described in Sections 1.5 and 3.1 of this Purchase Agreement are referred to herein as the *"Closing."* The Closing shall take place at the offices of Hawley Troxell Ennis & Hawley LLP in Boise, Idaho. On the Closing Date, the University will deliver the 2013 Bonds or cause the 2013 Bonds to be delivered to or for the account of The Depository Trust Company (*"DTC"*), duly executed and authenticated. The University will also deliver to the Underwriter at the Closing the other documents described below and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the 2013 Bonds as set forth in Section 1.1 hereof in federal funds payable to the order of the University. The 2013 Bonds will be registered in the name of Cede & Co., as nominee of DTC.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE UNIVERSITY

To induce the Underwriter to enter into this Purchase Agreement, the University represents and warrants to the Underwriter as follows:

Section 2.1. The University has been duly organized and is validly existing under the Constitution and laws of the State of Idaho and has all power and authority to consummate the transactions contemplated by this Purchase Agreement and the Official Statement, including the execution, delivery and approval of all documents and agreements referred to herein or therein.

Section 2.2. The execution and delivery of the 2013 Bonds and the Bond Documents, the adoption of the Resolution, and compliance with the provisions on the University's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the University is a party or to which the University is or to which any of its property or assets are otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the University to be pledged to secure the 2013 Bonds or under the terms of any such law, regulation or instrument, except as provided by the 2013 Bonds and the Resolution.

Section 2.3. (a) By all necessary official action of the University taken prior to or concurrently with the acceptance hereof, the University has duly authorized (i) the adoption of the Resolution and the issuance and sale of the 2013 Bonds, (ii) the execution and delivery of, and the performance by the University of the obligations on its part, contained in the 2013 Bonds and the Bond Documents, (iii) the distribution and use of the Preliminary Official Statement and the execution, distribution and use of the Official Statement for use by the Underwriter in connection with the public offering of the 2013 Bonds, and (iv) the consummation by it of all other transactions described in the Official Statement, the Bond Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the University in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

(b) This Purchase Agreement has been duly authorized, executed and delivered, the Resolution has been duly adopted, and this Purchase Agreement and the Resolution constitute the legal, valid and binding obligations of the University, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and the Continuing Disclosure Undertaking and the Escrow Agreement, when duly executed and delivered, will constitute the legal, valid and binding obligation of the University, enforceable in accordance with its terms.

(c) The 2013 Bonds, when issued, delivered and paid for in accordance with the Resolution and this Purchase Agreement, will have been duly authorized, executed, issued and delivered by the University and will constitute the valid and binding obligations of the University, enforceable against the University in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the 2013 Bonds as aforesaid, the Resolution will provide, for the benefit of the holders, from time to time, of the 2013 Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Resolution.

(d) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Bond Documents, the issuance of the 2013 Bonds or the due performance by the University of its obligations under the Bond Documents and the 2013 Bonds, have been duly obtained.

Section 2.4. Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the University, threatened against the University: (i) affecting the existence of the University or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2013 Bonds, (iii) in any way contesting or affecting the validity or enforceability of the 2013 Bonds or the Bond Documents, (iv) contesting the exclusion from gross income of interest on the Series 2013A Bonds for federal or State of Idaho income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the University or any authority for the issuance of the 2013 Bonds, the adoption of the Resolution or the execution and delivery of the Bond Documents, nor, to the best knowledge of the University, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2013 Bonds or the Bond Documents.

Section 2.5. The University is not in breach of or in default under any existing constitutional provision, law, court or administrative regulation, judgment, decree or order, or any loan agreement, indenture, bond, note, resolution mortgage, lease, sublease, agreement, or other instrument to which the University is a party or by which it or its property is or may be bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case in any manner or to such extent as could have a material adverse effect on the financial condition of the University or the transactions contemplated by this Purchase Agreement and the Official Statement, or would have an adverse effect on the validity or enforceability in accordance with their respective terms of the 2013 Bonds or the Bond Documents, or would in any way adversely affect the existence or powers of the University, or would in any way adversely affect the tax-exempt status of interest on the Series 2013A Bonds.

Section 2.6. The 2013 Bonds and the Resolution conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement under the captions "THE 2013 BONDS" and "SECURITY FOR THE 2013 BONDS," and the proceeds of the sale of the 2013 Bonds will be applied generally as described in the Preliminary Official Statement and the Official Statement under the caption "ESTIMATED SOURCES AND USES OF FUNDS." The University has the legal authority to apply, and will apply or cause to be applied, the proceeds from the sale of the 2013 Bonds as provided in and subject to all of the terms and provisions of the Resolution, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal or State of Idaho income tax purposes of the interest on the Series 2013A Bonds.

Section 2.7 The Preliminary Official Statement, as supplemented and amended through the date hereof, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the time of the University's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 1.3 of this Purchase Agreement) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 1.3 of this Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto to and including the date that is 25 days after the "end of the underwriting period," the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

Section 2.8. The University will furnish such information and execute such instruments and take such action in cooperation with the Underwriter, at no expense to the University, as the Underwriter may reasonably request (a) to (i) qualify the 2013 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) determine the eligibility of the 2013 Bonds for investment under the laws of such states and other jurisdictions and (b) to continue such qualifications in effect so long as required for the distribution of the 2013 Bonds (*provided*, that the University will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the University of any written notification with respect to the suspension of the qualification of the 2013 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

Section 2.9. Except as described in the Preliminary Official Statement, the University has not failed during the previous five years to comply with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

Section 2.10. (a) The financial statements of, and other financial information regarding, the University in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the University as of the dates and for the periods therein set forth. The financial statements of the University have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the University's audited financial statements included in the Preliminary Official Statement and in the Official Statement. Except as described in the Preliminary Official Statement, since June 30, 2012, there has been no material adverse change in the condition, financial or otherwise, of the University from that set forth in the audited financial statements as of and for the period ended that date; and except as described in the Preliminary Official Statement, the University, since June 30, 2012, has not incurred any material liabilities, directly or indirectly, except in the ordinary course of the University's operations.

(b) Prior to the Closing, the University will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the University. The University will not, prior to the Closing, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, except in the ordinary course of business, without the prior approval of the Underwriter.

Section 2.11. The University agrees and acknowledges that: (i) with respect to the engagement of the Underwriter by the University, including in connection with the purchase, sale and offering of the 2013 Bonds, and the discussions, conferences, negotiations and undertakings in connection therewith, the Underwriter (a) is and has been acting as a principal and not an agent or fiduciary of the University and (b) has not assumed an advisory or fiduciary responsibility in favor of the University; (ii) the University has consulted its own legal, financial and other advisors to the extent it has deemed appropriate; and (iii) this Purchase Agreement expresses the entire relationship between the parties hereto.

Section 2.12. Each representation, warranty or agreement stated in any certificate signed by any officer of the University and delivered to the Underwriter at or before the Closing shall constitute a representation, warranty or agreement by the University upon which the Underwriter shall be entitled to rely.

ARTICLE III

CLOSING CONDITIONS

Section 3.1. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties herein and the performance by the University of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following conditions:

(a) The representations and warranties of the University contained herein shall be true, complete and correct at the date hereof and on the Closing Date, as if made on the Closing Date. At the time of Closing, (i) the Official Statement, the Resolution and this Purchase Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter, and (ii) the proceeds of sale of the 2013 Bonds shall be paid to the Trustee of the 2013 Bonds for deposit or use as described in the Official Statement. On the Closing Date, no "Event of Default" shall have occurred or be existing under the Resolution nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an Event of Default under the Resolution, nor shall the University be in default in the payment of principal of or interest on any of its obligations for borrowed money.

(b) The Underwriter shall have the right to terminate this Purchase Agreement by written notification delivered to the University by the Underwriter, if at any time on or prior to the Closing Date:

> (i) the Official Statement shall have been amended, modified or supplemented without the consent of the Underwriter;
>
> (ii) any event shall occur, or any information shall become known, which makes untrue any statement of a material fact in the Official Statement or makes an omission of a fact that should be included in the Official Statement in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading;

(iii) any material adverse change in the affairs or financial condition of the University shall have occurred since the date of this Purchase Agreement (except for changes which the Official Statement discloses are expected to occur) that, in the reasonable judgment of the Underwriter, materially adversely affects the market price or marketability of the 2013 Bonds or the ability of the Underwriter to enforce contracts for the sale of the 2013 Bonds;

(iv) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State of Idaho (the *"State"*), or a decision by any court of competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the 2013 Bonds;

(v) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the 2013 Bonds, or the issuance, offering or sale of the 2013 Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect (the *"Securities Act"*), or that the Resolution needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the *"Trust Indenture Act"*);

(vi) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that the 2013 Bonds or obligations of the general character of the 2013 Bonds are not exempt from registration under the Securities Act, or that the Resolution is not exempt from qualification under the Trust Indenture Act;

(vii) legislation shall have been passed by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or the State Legislature, or a decision shall have been rendered by a court of the United States or of the State or by the Tax Court of the United States, or a ruling or an official statement (including a press release) or proposal shall have been made or a regulation shall have been proposed or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the University pursuant to the Resolution, or with respect to federal or State taxation of interest received on securities of the general character of the Series 2013A Bonds or which would have the effect of changing, directly or indirectly, the federal or State tax consequences of receipt of interest on securities of the general character of the Series 2013A Bonds in the hands of the owners thereof, which in the opinion of the Underwriter would adversely affect the market price of the Series 2013A Bonds or the ability to enforce contracts for the sale of the Series 2013A Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated in connection herewith, or any other action or events shall have occurred which, in the judgment of the Underwriter, materially adversely affect the market for the Series 2013A Bonds or the market price generally of obligations of the general character of the Series 2013A Bonds;

(viii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, which in the reasonable judgment of the Underwriter, materially adversely affect the market price or marketability of the 2013 Bonds or the ability of the Underwriter to enforce contracts for the sale of the 2013 Bonds;

(ix) a general banking moratorium shall have been established by federal, State or New York authorities, or there shall have occurred a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter), or a disruption in securities settlement, payment or clearance services shall have occurred, which in the reasonable judgment of the Underwriter, materially adversely affects the market price or marketability of the 2013 Bonds or the ability of the Underwriter to enforce contracts for the sale of the 2013 Bonds;

(x) there shall have occurred any new material outbreak of hostilities (including, without limitation, an act of terrorism) or new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereof, the effect of which would, in the reasonable opinion of the Underwriter, affect materially or adversely the ability of the Underwriter to market the 2013 Bonds;

(xi) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Purchase Agreement has published a rating (or has been asked to furnish a rating on the 2013 Bonds) on any of the University's debt obligations, which action reflects a change or possible change, in the ratings accorded any such obligations of the University (including any rating to be accorded the 2013 Bonds); or

(xii) any action, suit or proceeding described in Section 2.4 or 3.1(c)(4) shall have been commenced which, in the reasonable judgment of the Underwriter, materially adversely affects the market price or marketability of the 2013 Bonds or the ability of the Underwriter to enforce contracts for the sale of the 2013 Bonds.

(c) At or prior to the Closing for the 2013 Bonds, the Underwriter shall receive the following documents:

(1) The approving opinion of Hawley Troxell Ennis & Hawley LLP (*"Bond Counsel"*), dated the Closing Date, in substantially the form included as APPENDIX F to the Official Statement;

(2) (A) The opinion of Hawley Troxell Ennis & Hawley LLP, as Disclosure Counsel, dated the Closing Date and addressed to the Underwriter, in substantially the form attached hereto as *Exhibit A* and (B) the opinion of Foster Pepper PLLC (*"Underwriter's Counsel"*), dated the Closing Date and addressed to the Underwriter, in substantially the form attached hereto as *Exhibit C*;

(3) The opinion of Kevin D. Satterlee, counsel to the University, in substantially the form attached hereto as *Exhibit B*;

(4) The University's certificate or certificates signed by its Vice-President for Finance and Administration dated the Closing Date to the effect that (A) no litigation is pending or, to its knowledge, threatened: (i) affecting the existence of the University or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2013 Bonds, (iii) in any way contesting or affecting the validity or enforceability of the 2013 Bonds or the Bond Documents, (iv) contesting the exclusion from gross income of interest on the Series 2013A Bonds for federal or State income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the University or any authority for the issuance of the 2013 Bonds, the adoption of the Resolution or the execution and delivery of the Bond Documents, nor, to the best knowledge of the University, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2013 Bonds or the Bond Documents; (B) the descriptions and information contained in the Preliminary Official Statement and the Official Statement relating to the University and its operational and financial and other affairs and the application of the proceeds of sale of the 2013 Bonds are correct in all material respects, as of their respective dates and as of the Closing Date; (C) such descriptions and information, as of the respective dates of the Preliminary Official Statement and Official Statement, did not, and, as of the Closing Date, do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (D) at the time of the Closing, no default or event of default has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute a default or an event of default under the Resolution, this Purchase Agreement or any other material agreement or material instrument to which the University is a party or by which it is or may be bound or to which any of its property or other assets is or may be subject; (E) the Resolution of the University authorizing or approving the execution of this Purchase Agreement, the Continuing Disclosure Undertaking, the Escrow Agreement, the Official Statement, and

the form of the 2013 Bonds has been duly adopted by the University and has not been modified, amended or repealed; (F) no event affecting the University has occurred since the respective dates of the Preliminary Official Statement and Official Statement that either makes untrue, as of the Closing Date, any statement or information relating to the same and contained in the Preliminary Official Statement or Official Statement or that should be disclosed therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading; and (G) the representations of the University herein are true and correct in all material respects as of the Closing Date;

(5) A copy of the transcript of all proceedings of the University, including the Supplemental Resolution, relating to the authorization and issuance of the 2013 Bonds, certified by appropriate officials of the University;

(6) A certificate of the University relating to matters affecting the tax-exempt status of interest on the Series 2013A Bonds, including the use of proceeds of sale of the Series 2013A Bonds and matters relating to arbitrage rebate pursuant to Section 148 of the Code and the applicable regulations thereunder, in form and substance satisfactory to Bond Counsel;

(7) Satisfactory evidence that the 2013 Bonds are rated "[_____]" and "[_____]" by Moody's Investors Service, Inc. and Standard & Poor's, respectively;

(8) Copies of the Official Statement related to the 2013 Bonds executed on behalf of the University;

(9) An executed counterpart of the Continuing Disclosure Undertaking;

(10) A specimen Series 2013A Bond and a specimen Series 2013B Bond;

(11) An executed copy of Internal Revenue Service Form 8038-G with respect to the Series 2013A Bonds and evidence of filing thereof;

(12) An executed counterpart of the Escrow Agreement between the University and The Bank of New York Mellon Trust Company, N.A., with respect to the refunding of the Refunded Bonds;

(13) Escrow verification report issued by [_____] (the *"Verifier"*); and

(14) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If the University shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the University shall be under further obligation hereunder, except as further set forth in Article IV hereof. However, the Underwriter may, in its sole discretion, waive one or more of the conditions imposed by this Purchase Agreement and proceed with the Closing. Acceptance of the 2013 Bonds and payment therefor by the Underwriter shall be deemed a waiver of noncompliance with any of the conditions herein.

ARTICLE IV

FEES AND EXPENSES

All expenses and costs of the University incident to the performance of its obligations in connection with the authorization, issuance and sale of the 2013 Bonds to the Underwriter, including the costs of printing of the 2013 Bonds; advertising costs; the costs of posting, printing, duplicating and mailing the Preliminary Official Statement and the Official Statement; the fees of consultants, the rating agencies, and the Verifier; the initial fee of the Trustee in connection with the issuance of the 2013 Bonds; and the fees and expenses of Bond Counsel, Disclosure Counsel, and counsel for the University, shall be paid out of funds made available by the University. All out-of-pocket expenses of the Underwriter (except for any expenses of the University advanced by the Underwriter for which the Underwriter will be reimbursed by the University), including advertising expenses in connection with the public offering of the 2013 Bonds, travel and other expenses, and the fees and expenses of Underwriter's Counsel, shall be paid by the Underwriter. To facilitate the Closing, the University hereby authorizes the Underwriter to net from the Purchase Price of the 2013 Bonds the Underwriter's Fee and reduce the Purchase Price payable to the University by an equal amount.

ARTICLE V

GENERAL PROVISIONS

Section 5.1. Notices. Any notice or other communication to be given to the University under this Purchase Agreement may be given by delivering the same in writing to the University's address set forth above, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to Barclays Capital Inc., 701 Fifth Avenue, Suite 7101, Seattle, Washington 98104.

Section 5.2. Entire Agreement. This Purchase Agreement, when executed by the University, shall constitute the entire agreement between the University and the Underwriter, and is made solely for the benefit of the University and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder by virtue hereof.

Section 5.3. No Recourse. No recourse shall be had for any claim based on this Purchase Agreement, or any Resolution, certificate, document or instrument delivered pursuant hereto, against any member, officer or employee, past, present or future, of the University or of any successor body of the University.

Section 5.4. Execution in Counterparts. This Purchase Agreement may be executed in any number of counterparts, all of which, taken together, shall be one and the same instrument, and any parties hereto may execute this Purchase Agreement by signing any such counterpart.

Section 5.5. Severability. The invalidity or unenforceability of any provision hereof as to any one or more jurisdictions shall not affect the validity or enforceability of the balance of this Purchase Agreement as to such jurisdiction or jurisdictions, or affect in any way such validity or enforceability as to any other jurisdiction.

Section 5.6. Waiver or Modification. No waiver or modification of any one or more of the terms and conditions of this Purchase Agreement shall be valid unless in writing and signed by the party or parties making such waiver or agreeing to such modification.

Section 5.7. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

[Signature page follows]

Section 5.8. Effective Date. This Purchase Agreement shall become effective upon its execution by the Underwriter and the acceptance and approval hereof by the University.

BARCLAYS CAPITAL INC.

By____________________________________
Director

ACCEPTED:

BOISE STATE UNIVERSITY

By____________________________________
Vice President for Finance and
Administration

SCHEDULE I

[ATTACH FINAL NUMBERS FROM UNDERWRITER]

EXHIBIT A

OPINION OF DISCLOSURE COUNSEL

[CLOSING DATE]

The Board of Trustees of
Boise State University
1910 University Drive
Boise, Idaho 83725

Barclays Capital Inc.
701 Fifth Avenue, Suite 7101
Seattle, Washington 98104

Re: The Board of Trustees of Boise State University
General Revenue Refunding Bonds, Series 2013A (Tax-Exempt) and
General Revenue Project and Refunding Bonds, Series 2013B (Taxable)

Ladies and Gentlemen:

We have acted as counsel with respect to disclosure matters to Boise State University (the "University") in connection with the sale of its $[_____] General Revenue Refunding Bonds, Series 2013A (Tax-Exempt) and $[_____] General Revenue Project and Refunding Bonds, Series 2013B (Taxable), (together, the "2013 Bonds"), pursuant to the Bond Purchase Agreement dated April 18, 2013 (the "Bond Purchase Agreement"), between the University and Barclays Capital Inc. (the "Underwriter").

In connection therewith, we have examined duly certified copies of certain proceedings of the Board of Trustees of Boise State University (the "Trustees") relating to the authorization and issuance of the 2013 Bonds, including the Resolution of the Trustees adopted on September 17, 1992, as previously supplemented and amended and as further supplemented by Supplemental Resolution dated April 18, 2013 (collectively, the "Resolution"), the Preliminary Official Statement dated April 3, 2013 (the "Preliminary Official Statement"), and the Official Statement dated April 18, 2013 (the "Official Statement"), the Continuing Disclosure Undertaking dated as of the date hereof (the "Continuing Disclosure"), and such other documents as we deemed necessary to render this opinion.

In our capacity as disclosure counsel, we also have examined originals or reproduced or certified copies of all such other corporate records, agreements, communications, certificates of officers and other instruments of the University, as well as such certificates of public officials and other documents as we have deemed relevant and necessary as a basis for the opinions set forth below. We also have examined an executed counterpart of the opinion, addressed to us, of University Counsel.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as certified or reproduced copies. As to various questions of fact and material to such opinions, we have relied upon certificates of officers of the University and upon the representations and warranties of the University set forth in the Resolution and the Bond Purchase Agreement.

Based upon such examination, it is our opinion that:

1. The information contained in the Preliminary Official Statement and Official Statement under the headings entitled "THE 2013 BONDS," "TAX EXEMPTION," and "SECURITY FOR THE 2013 BONDS," and in APPENDIX "C" to the Preliminary Official Statement and the Official statement entitled "Glossary of Terms Used in the Resolution and Official Statement" and in APPENDIX "D" to the Preliminary Official Statement and the Official Statement entitled "Summary of Certain Provisions of the Resolution" present a fair summary of the relevant provisions of the 2013 Bonds and other matters discussed or presented therein, except that we express no opinion with respect to any financial, statistical or operating data contained in the information included under such headings.

Additionally, we have rendered assistance with respect to certain disclosures in the Preliminary Official Statement and the Official Statement. We participated in conferences with the Underwriter, the representatives of the University and certain other persons involved in the preparation of the information contained in the Preliminary Official Statement and the Official Statement, during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed and reviewed. We solicited from the University, and in response received, certain information about the University.

While we are not passing upon, and (except as otherwise expressly set forth in opinion paragraph number 1) do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, on the basis of the information that was developed in the course of the performance of the services referred to above and (except as otherwise expressly set forth in opinion paragraph number 1) without having undertaken to verify independently such accuracy, completeness or fairness, nothing has come to our attention that would lead us to believe that the Preliminary Official Statement as of its date or as of the date of the Bond Purchase Agreement or Official Statement, as of its date and the date hereof (apart from (i) the financial statements and other economic, demographic, financial and statistical data, (ii) information regarding The Depository Trust Company, contained in the Preliminary Official Statement and the Official Statement, as to which we do not express any opinion or belief) contains or contained any untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

2. The 2013 Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and of Section 304(a)(4) of the Trust Indenture Act of 1939, as amended; and it is not necessary in connection with the sale of the 2013 Bonds to the public to register the 2013 Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended.

EXHIBIT B

OPINION OF COUNSEL TO BOISE STATE UNIVERSITY

[CLOSING DATE]

Boise State University
1910 University Drive
Boise, Idaho 83725

Hawley Troxell Ennis & Hawley LLP
877 Main Street
Boise, Idaho 83702

Barclays Capital Inc.
701 Fifth Avenue, Suite 7101
Seattle, Washington 98104

Re: Boise State University
$[_____]
General Revenue Refunding Bonds,
Series 2013A (Tax Exempt)

$[_____]
General Revenue Project and Refunding Bonds,
Series 2013B (Taxable)

Ladies and Gentlemen:

As counsel to Boise State University (the "*University*"), I have reviewed certain documents in connection with the issuance and sale by the University of its $[_____] General Revenue Refunding Bonds, Series 2013A (Tax Exempt) and $[_____] General Revenue Project and Refunding Bonds, Series 2013B (Taxable) (together, the "*2013 Bonds*"), including the Resolution Providing for the Issuance of General Revenue Bonds, adopted on September 17, 1992, by the State Board of Education and Board of Regents of the University of Idaho, acting in its capacity as the Board of Trustees of the University (the "*Board*"), as previously supplemented and amended (the "*Master Resolution*"), and as further supplemented and amended by the Supplemental Resolution of the Board adopted on April 18, 2013, authorizing the issuance and sale of the 2013 Bonds (the "*Supplemental Resolution*," and, together with the Master Resolution, the "*Resolution*"); the Preliminary Official Statement dated April 3, 2013 (the "*Preliminary Official Statement*"); the Official Statement dated April 18, 2013 (the "*Official Statement*"); the Bond Purchase Agreement, dated April 18, 2013, between the

University and Barclays Capital Inc. (the *"Purchase Agreement"*); the Continuing Disclosure Undertaking with respect to the 2013 Bonds (the *"Continuing Disclosure Undertaking"*); the Escrow Agreement dated the date hereof between the University and The Bank of New York Mellon Trust Company, N.A. (the *"Escrow Agreement"*); and such other documents as I deemed necessary to render this opinion. Capitalized terms used but not defined in this opinion have the meanings assigned to such terms in the Resolution. This opinion is rendered pursuant to the Purchase Agreement.

Based upon my examination, it is my opinion that:

1. The University is an institution of higher education and a body politic of the State of Idaho, duly and validly created and existing pursuant to the laws of the State of Idaho, with full legal right, power, and authority (i) to issue bonds of the University pursuant to the Resolution; (ii) to adopt the Resolution; (iii) to enter into the Purchase Agreement, the Escrow Agreement, and the Continuing Disclosure Undertaking; (iv) to pledge the Pledged Revenues (as defined in the Resolution) to secure the payment of the principal of and interest on the 2013 Bonds; and (v) to carry out and consummate the transactions contemplated by the Resolution, the Purchase Agreement, the Escrow Agreement, and the Continuing Disclosure Undertaking (collectively, the *"Bond Documents"*).

2. The meeting of the Board on April 18, 2013, at which the Supplemental Resolution was duly adopted by the Board, was called and held pursuant to law, all public notices required by law were given, and the actions taken at the meeting, insofar as such actions relate to the 2013 Bonds, were legally and validly taken.

3. The adoption of the Resolution by the Board, the execution and delivery of the Bond Documents, and the performance by the University of the transactions contemplated thereby will not conflict with or constitute a breach of, or default under, any commitment, note, agreement or other instrument to which the University is a party or by which it or any of its property is bound, or any provision of the Idaho Constitution or laws or any existing law, rule, regulation, ordinance, judgment, order or decree to which the University or the Board is subject.

4. Based upon conferences with, and representations of officials of, the University, the statements in the Preliminary Official Statement and the Official Statement under the captions "INTRODUCTION—Boise State University," "SECURITY FOR THE 2013 BONDS," "THE UNIVERSITY," "FINANCIAL INFORMATION REGARDING THE UNIVERSITY" and "LITIGATION" and in "APPENDIX B—SCHEDULE OF STUDENT FEES" are true and correct in all material respects and did not, as of their respective dates, and do not contain an untrue statement or omission of a material fact (other than, with respect to the Preliminary Official Statement, any information that is permitted to be omitted from the Preliminary Official Statement pursuant to the Rule), it being understood that, in rendering this opinion, I am not expressing an opinion with respect to financial, statistical or operating data contained under these captions of the Preliminary Official Statement and the Official Statement.

5. Except as described in the Official Statement, there is no action, suit, proceeding, official inquiry or investigation, at law or in equity, pending: (i) affecting the existence of the University or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2013 Bonds, (iii) in any way contesting or affecting the validity or enforceability of the 2013 Bonds or the Bond Documents, (iv) contesting the exclusion from gross income of interest on the Series 2013A Bonds for federal or State income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the University or any authority for the issuance of the 2013 Bonds, the adoption of the Resolution or the execution and delivery of the other Documents, nor, to the best knowledge of the University, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2013 Bonds or the Bond Documents.

Very truly yours,

Kevin D. Satterlee
University Counsel

EXHIBIT C

OPINION OF UNDERWRITER'S COUNSEL

[CLOSING DATE]

Barclays Capital Inc.
701 Fifth Avenue, Suite 701
Seattle, Washington 98104

Re: Boise State University
$[_____]
General Revenue Refunding Bonds,
Series 2013A (Tax Exempt)

$[_____]
General Revenue Project and Refunding Bonds,
Series 2013B (Taxable)

Ladies and Gentlemen:

We have served as counsel to Barclays Capital Inc. (the "Underwriter") in connection with the issuance of the above-referenced bonds (the "2013 Bonds") by Boise State University (the "University"). Unless otherwise defined herein, capitalized terms used herein will have the meaning or meanings set forth in the Bond Purchase Agreement for the 2013 Bonds dated April 18, 2013 (the "Purchase Agreement"), between the University and the Underwriter.

In our capacity as counsel to the Underwriter, we have examined originals, or copies certified or otherwise identified to our satisfaction as being true copies of originals, of the following documents: (i) the Purchase Agreement; (ii) the Resolution Providing for the Issuance of General Revenue Bonds, adopted on September 17, 1992, by the State Board of Education and Board of Regents of the University of Idaho, acting in its capacity as the Board of Trustees of the University, as supplemented and amended, including as supplemented and amended by the Supplemental Resolution adopted on April 18, 2013, authorizing the issuance and sale of the 2013 Bonds (together, the "Resolution"); (iii) the Preliminary Official Statement relating to the 2013 Bonds dated April 3, 2013 (the "Preliminary Official Statement"); (iv) the Official Statement relating to the 2013 Bonds dated April 18, 2013 (the "Official Statement"); (v) the Continuing Disclosure Undertaking with respect to the 2013 Bonds (the "Continuing Disclosure Undertaking"); (vi) the Escrow Agreement dated the date hereof between the University and The Bank of New York Mellon Trust Company, N.A.; and (vii) the various certificates and opinions provided on the date hereof pursuant to the Purchase Agreement (collectively, the "Documents").

We have assumed: (i) each party to the Documents validly exists and has and had all necessary legal and corporate authority to execute, deliver and perform the Documents to which it is a party; (ii) the execution and performance of the Documents and such other documents as may be executed in connection therewith by each such party will not violate or breach any law, regulation or corporate or other document or instrument to which such person is party or by which it is bound; (iii) the Documents are legal, valid and binding obligations of each such party to the extent purported to be such, enforceable in accordance with their respective terms; (iv) the genuineness of all signatures on the Documents; (v) the authenticity and completeness of all Documents submitted to us as originals; (vi) the legal competence of all natural persons who have signed the Documents; and (vii) the conformity to original Documents of all Documents submitted to us as copies.

Based on the foregoing and in reliance thereon, we are of the opinion that (i) the offer and sale of the 2013 Bonds by the Underwriter are exempt from the registration requirements of the Securities Act of 1933, as amended; (ii) the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) Section 1.3(e) of the Purchase Agreement and the Continuing Disclosure Undertaking together provide a suitable basis for the Underwriter to reasonably determine, pursuant to paragraph (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), that the University has undertaken in written agreements or contracts for the benefit of the holders of the 2013 Bonds to provide or cause to be provided the annual financial information and notices required by paragraph (b)(5)(i) of Rule 15c2-12. In delivering the foregoing opinions (i) and (ii), we have relied upon the legal opinions of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, to the extent that such opinions address the validity of the 2013 Bonds.

In the course of our participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel to the Underwriter, we have examined information made available to us, including legal matters and certain records, documents and proceedings. We also participated in telephone conferences and attended meetings with, among others, representatives of the University and its counsel, Bond Counsel, the Underwriter and other participants in the transaction, during which conferences and meetings the contents of the Preliminary Official Statement and the Official Statement were discussed.

Without undertaking to determine independently or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement, we advise you that, during the course of the activities described in the foregoing paragraph, no information came to the attention of the attorneys in our firm providing legal services in connection with the issuance of the 2013 Bonds that caused such attorneys to believe that (i) except for the omission of information permitted to be excluded by Rule 15c2-12, the Preliminary Official Statement, as of the date of the Preliminary Official Statement and as of the date of the Purchase Agreement, and (ii) the Official Statement, as of its date and as of the date hereof (excluding in each case any financial, economic or statistical data contained in the Preliminary Official Statement or the Official Statement, any information contained in the Preliminary Official Statement or the Official Statement regarding DTC or its book-entry system or how interest on the 2013 Bonds is treated for federal or State income tax purposes, and the information contained in Appendices A and F to the Preliminary Official Statement and the Official Statement, as to all of which no opinion or belief is expressed), contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

This letter is furnished by us as counsel to the Underwriter, is solely for the benefit of the Underwriter, and is not to be used, quoted, circulated or otherwise referred to in any other way, nor to be disclosed to any other person (other than as may be required by law) without our express prior written permission.

The opinions set forth in this letter are delivered as of the date hereof, and we assume no responsibility to advise any person of changes in legal or factual matters that may occur subsequent to the date hereof.

We bring to your attention the fact that the opinions set forth in this letter are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

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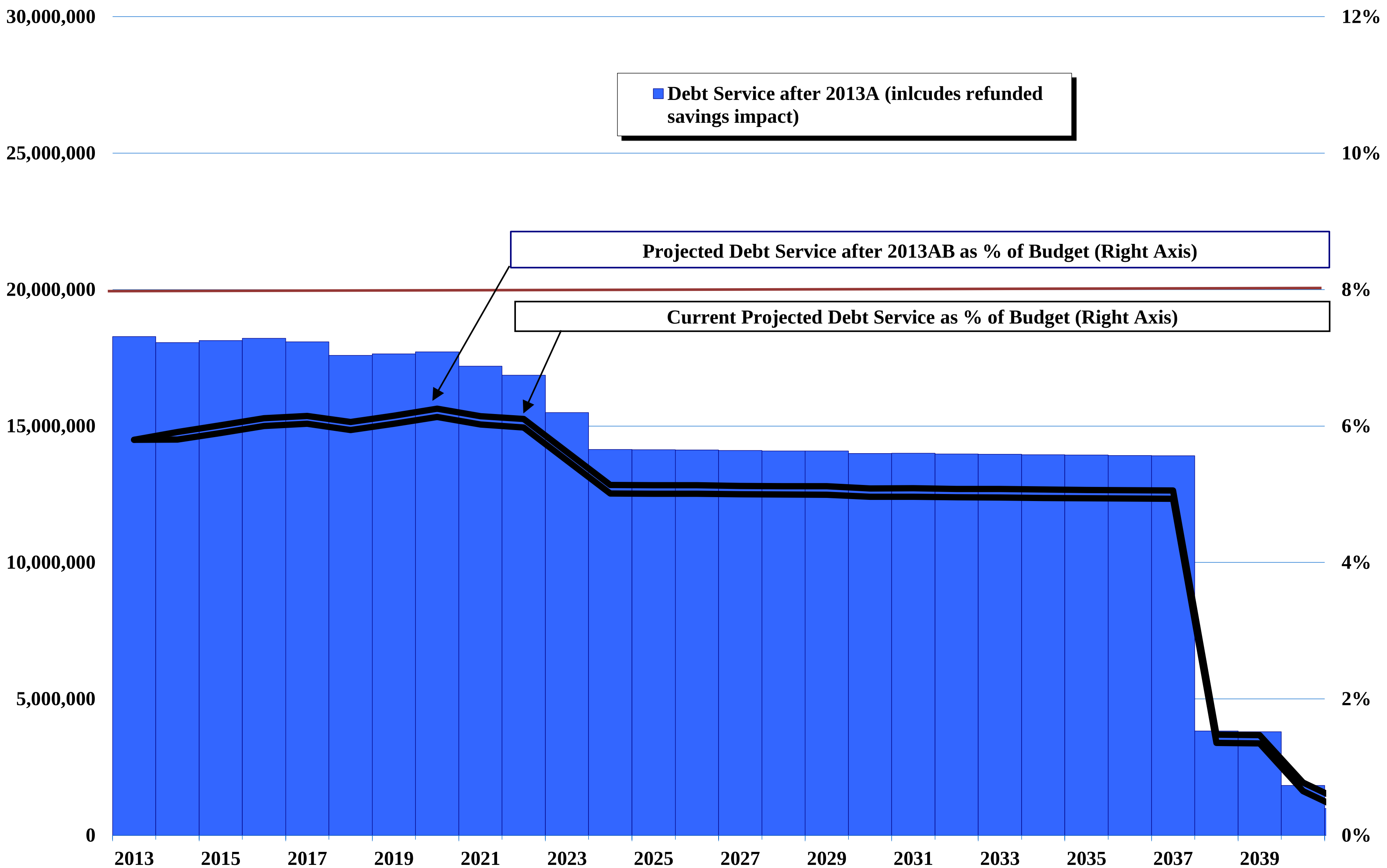
Attachment 6

Boise State University
Debt Service to Budget
April 2013



Boise State University
Ten Year Debt Projection
March 2013

		Est. Debt Financed	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
1	**Future Buildings**												
2	2013 A debt service new money	$5,352,000	$0	$348,155	$348,155	$348,155	$348,155	$348,155	$348,155	$348,155	$348,155	$348,155	$3,133,398
3	Refunded Savings (not estimated for projection)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4													
5	Estimated 2013 impact	$5,352,000	$0	$348,155	$348,155	$348,155	$348,155	$348,155	$348,155	$348,155	$348,155	$348,155	$3,133,398
6	**Current University Debt Service**		$18,274,557	$18,054,099	$18,131,360	$18,213,591	$18,081,285	$17,591,419	$17,643,631	$17,718,778	$17,192,184	$16,865,530	$177,766,433
7	**Total Projected Debt Service after 2013A**		$18,274,557	$18,402,254	$18,479,515	$18,561,746	$18,429,440	$17,939,574	$17,991,786	$18,066,933	$17,540,340	$17,213,685	$180,899,831
8	**Operating Budget (excludes direct lending)**		$315,286,531	$311,295,729	$307,383,918	$303,549,332	$299,790,251	$296,104,995	$292,491,926	$288,949,444	$285,475,989	$282,070,038	
9	**Current Debt Service as a % of Operating Budget (6/8)**		5.8%	5.8%	5.9%	6.0%	6.0%	5.9%	6.0%	6.1%	6.0%	6.0%	
10	**Future Debt Service as a % of Operating Budget (7/8)**		5.8%	5.9%	6.0%	6.1%	6.1%	6.1%	6.2%	6.3%	6.1%	6.1%	
	8% is the University's planned limit												

Assumptions:

11	*Student Revenue*	1. $3.0 million sequestration decrease in 2013 and ongoing -1% student growth from student fees, $0 new SFF in 2014, hedging against enrollment decline and ceiling on fee revenue
12	*General Fund*	2. 0% base reduction in 2013, 2% decrease appropriated funds in future, appears to be conservative at this time
13	*Donations, Sales*	3. Gifts reduce 2% each year and auxiliary revenues hold at 2013 budgeted levels
14		4. $2.0 million sequestration decrease in 2013 and ongoing decrease in Federal grants of 3% each year
15		5. New debt at 5% for 30 years
16		6. Refunding savings from 2013A is NOT reflected in total debt service amounts

IDAHO STATE UNIVERSITY

SUBJECT

Request to implement dependent fee program

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/DISCUSSION

Idaho State University (ISU) requests Board approval to implement a dependent fee program starting in fall 2013. The purpose is to determine the financial feasibility of adding a dependent as an eligible participant in the employee and spouse fee policy to improve employment benefits for University employees. The program will be evaluated annually in terms of cost to the institution, impact on enrollments, class availability, and benefit value to employees. Employees enrolling a maximum of one dependent will continue to be eligible for both the employee and spouse fee per the existing policy.

Proposed eligibility requirements and benefits for the dependent fee program are as follows:

Eligibility:

- Benefit eligible employees at .5 FTE or greater who are employed at the University on or before the first day of classes.
- Dependent is defined as an unmarried child up to age 26. The benefit may be taxable to dependents over age 24, per Internal Revenue Code.
- Fee program is for employee and spouse and one dependent at a time enrolled in an undergraduate program.
- Each dependent is limited to a fee of the lesser of 140 undergraduate credits or 10 semesters of undergraduate enrollment.

Benefits:

- The fee rate for the dependent is for a maximum of 18 credits per semester. (Dependent will pay the full per credit fee for credits greater than 18).
- Cost to the dependent will be 50% of current resident tuition and fees. Based on fall 2012 tuition and fees, this would be $1,517.50 for a full-time, undergraduate student or $152 per credit. Course, lab, and professional fees will apply.

IMPACT

Initial estimates and review of this type of program at other Idaho institutions indicate that the cost impact to the University is mitigated by allowing only one dependent in the employee's family to participate, and charging more for the dependent. It is anticipated that 25% of ISU employees with dependent health insurance coverage will utilize a dependent waiver each year, with a projected cost of $483,000 in the initial year.

ATTACHMENTS

Attachment 1 – Comparison of Universities' Dependent Fee Criteria Page 3

STAFF COMMENTS AND RECOMMENDATIONS

The Board has previously approved a dependent fee program for Boise State University (BSU) and University of Idaho (UI). This is a request by ISU to avail its employees of the benefit. Each institution defines the benefit differently as permitted in Board policy. See Attachment 1 for a comparison of the key program eligibility criteria and benefits for each institution.

Staff recommends approval.

BOARD ACTION

I move to approve the request by Idaho State University to implement a dependent fee program effective for fall 2013 consistent with the terms presented.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

	BSU	ISU	UI
Eligibility			
Employee status	dependent of benefit-eligible employee working at least 20 hrs per week with at least 5 mths of service	dependent of benefit-eligible employee at 0.5 FTE or greater	dependent of employee working at least half-time
Impact on Employee/ Spouse fee	dependent fee cannot be claimed concurrently with an employee or spouse fee during the same semester	employees enrolling a maximum of one dependent will continue to be eligible for both the employee and spouse fee	employees enrolling a maximum of one dependent will continue to be eligible for both the employee and spouse fee
Applies to part-time and full-time students	Yes	Yes	Yes
Degree level	undergraduate and graduate	undergraduate	undergraduate and graduate*
Benefits			
Cost	$25 registration fee and 35% of tuition & fees	50% of tuition & fees	50% of tuition & fees
Fees	excludes course, professional and other certain fees	excludes course, lab and professional fees	excludes course, professional and other certain fees
Limit		140 credit hrs or 10 semesters	maximum of eight semesters

* Excluding courses offered through College of Law, WWAMI, EMBA, and other identified programs

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IDAHO STATE UNIVERSITY FOUNDATION

SUBJECT

Formation of Bengal Pharmacy LLC

REFERENCE

February 2013	Presented to the Board as an Information Item; referred to BAHR committee for review

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.E.2. and I.J.1.a

BACKGROUND/DISCUSSION

Idaho State University (ISU) Foundation is informing the Board of its plan to establish and operate a limited liability company in which the ISU Foundation will be the sole member. The entity is to be named Bengal Pharmacy LLC. Its purpose is to expand on the financial, educational, and experiential learning benefits to the faculty and staff of the College of Pharmacy (CoP); offer more comprehensive pharmacy services to University students, employees and the community; act as a filling agent for prescriptions written at clinics in Southeast Idaho operated by Health West Inc.; and provide a financial return to the Foundation and the University. Initial capital in the amount of $300,000 will come from a spendable account maintained by the ISU Foundation for the benefit of the College of Pharmacy. The company is expected to begin to turn a modest profit in the second year of its operation. The business case is included as Attachment 1.

Bengal Pharmacy Operating Agreement: As stated, Bengal Pharmacy LLC is a limited liability company established under Idaho law with the ISU Foundation being the sole member. The Foundation's operating agreement with the University was approved by the Board in 2009 and remains unchanged. The operating agreement for the Bengal Pharmacy is attached as Attachment 2. Under Article 7.1 of that operating agreement, the Foundation makes the tax elections for the Bengal Pharmacy. The Foundation will elect to treat the Bengal Pharmacy as a pass-through entity for tax purposes such that any income or losses will be included in the Foundation's tax returns.

Bengal Pharmacy Relationship with Idaho State University: The University's relationship with the Bengal Pharmacy will be defined by written agreement and will comply with Board policies, including Board policy V.E.2. and I.J.1.a. We anticipate that from time to time employees of the University will provide services for the Bengal Pharmacy on a "loaned employee" basis. The Loaned Employee Agreement attached as Attachment 3 will be used. This is the same form of agreement previously approved by the Board for employees loaned by the University to the ISU Foundation.

IMPACT

Creation and operation of Bengal Pharmacy LLC is expected to provide a modest financial return to the University's College of Pharmacy and the ISU Foundation. More importantly it will provide benefits to ISU, the College of Pharmacy, its faculty and students, the public, and the ISU Foundation as described in Attachment 4.

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS

The ISU Foundation proposes to establish a pharmacy operating as an on-campus for-profit business enterprise. While the Board does not have direct control over institutional affiliated foundations, a written operating agreement between an institution and its affiliated foundation is required by Board policy. ISU has indicated that no revision to the operating agreement would be necessary.

Policy I.J.1.a. provides that institutions "…have and will continue to provide facilities and services for educational purposes … related to the mission of the institution and not directly competitive with services and facilities reasonably available from the private sector." This policy is applicable to foundations by way of policy V.E.2.b.xii. which provides that "Foundations may not engage in activities that conflict with … the policies of the Board ...."

The rationales for establishing the pharmacy are twofold. First, the pharmacy would likely be a profit center which would augment funding the Foundation can provide in support of ISU and its students. Second, it is becoming increasingly difficult to find sites for clinical opportunities for the College of Pharmacy's Pharm.D. students at area pharmacies because pharmacy operators are demanding that ISU (or the State of Idaho) indemnify them for any mistakes the students might make while working in their facility.

BOARD ACTION

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

Estimated Financial Statements for Bengal Pharmacy LLC

Estimated Financial Statements for Bengal Pharmacy LLC

Revenue Portion Of Income Statement

Bengal Pharmacy Pro-Forma	Year - 1	Year - 2	Year - 3	Year - 4
Projected Income Statement				
Daily Prescriptions (Gowth 5 Per Day/Per Month)	21060	37,440	39,000	40,560
Monthly Rx Generic (76% of Total Rx)	16,006	26,957	28,080	29,203
Monthly Rx Name Brand (24% of Total Rx)	4,231	6,290	6,552	6,814
Monthly Rx Name Brand FQHC (40% of Name Brand)	824	4,193	4,368	4,543
Monthly Prescriptions	21,060	38,750	41,850	45,198
Avg Charge/Rx Generic (NCPA Estimation)	28.62	29.34	30.07	30.82
Avg Charge/Rx Name Brand (NCPA estimation)	143.00	146.58	150.24	154.00
Avg Charge/Rx Name Brand FQHC (50% of Name)	143.00	146.58	150.24	154.00
Avg. Cost Per Prescription (NCPA average)	56.09			
Avg COGS/Rx Generic (growth at 4% per year)	11.20	11.65	12.11	12.60
Avg COGS/Rx Name Brand (6.5% Margin)	132.50	137.80	143.31	149.04
Avg COGS/Rx Generic FQHC (50% Name Brand)	66.25	68.90	71.66	74.52
Rx Sales Generic	458,080	790,791	844,334	900,060
Rx Sales Name Brand	604,993	921,945	984,368	1,049,337
Rx Sales Name Brand FQHC	117,832	614,630	656,246	699,558
Rx Sales (96% of total sales)	1,180,859	2,327,366	2,484,948	2,648,955
OTC/Other Sales (4% of total sales)	49,202	96,974	103,540	110,373
Total Gross Sales	1,230,061	2,424,340	2,588,488	2,759,328
Current A/R (40% of Monthly Rx)	55,398	80,811	86,283	91,978
Gross Operating Revenues	1,174,663	2,343,529	2,502,205	2,667,350
Beginning Inventory	0	200,000	210,000	220,000
Purchases	1,023,945	1,537,845	1,664,256	1,798,274
ending Inventory	200,000	210,000	220,000	230,000
COGS (Generic)	179,263	313,993	340,159	367,916
COGS (Name Brand)	560,570	866,751	938,980	1,015,601
COGS (FQHC)	54,590	288,917	312,993	338,534
COGS OTC/Other (.60)	29,521	58,184	62,124	66,224
Total COGS Inventory Payable	93,937	195,294	208,517	222,279
Other Operating Revenue:	0	0	0	
Payable to Health West Minus $11. Rx fee	54,157	279,587	295,204	311,054
Net Operating Revenues	190,499	721,391	751,262	780,301

Expense Portion Of Income Statement

Expenses:				
Pharmacist Salary	132,000	165,000	173,250	181,913
Employee's wages	48,000	60,000	63,000	66,150
Operations Manager	18,000	22,500	23,625	24,806
PR/Taxes/Benefits	63,840	79,800	83,790	87,980
Total P/R Expenses..................	261,840	304,800	320,040	336,042
Rent/Utilities	0	0	0	0
Prescription containers (.5% of gross rev.)	6,150	12,122	12,942	13,797
Delivery Costs (.6% of gross rev.)	8,681	21,819	23,296	24,834
Computer (5 year lease/maintenance per month)	12,600	13,608	14,152	14,718
Advertising(.4% of gross rev.)	4,920	9,697	10,354	11,037
Insurance(.5% of gross rev.)	6,150	12,122	12,942	13,797
Postage (.5% of gross rev.)	6,150	12,122	12,942	13,797
Interest Expense (Phone Lease)	1,469	1,173	863	536
Prepaid Startup Costs	0	5,000	5,000	0
Board of Directors	0	30,000	35,000	40,000
Good Neigbor Fee	2,394	4,788	4,788	4,788
All other expenses (2.7% of gross revenues)	33,212	65,457	69,889	74,502
Total Other Operating Expenses	81,727	187,908	202,170	211,805
Total Expenses………………………………	343,567	492,708	522,210	547,847
Net Income from Operations before Taxes	-153,068	228,683	229,052	232,454
Taxes Paid	0	0	0	0
Net Income from Operations After Taxes	-153,068	228,683	229,052	232,454

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Form of Operating Agreement for Bengal Pharmacy LLC

OPERATING AGREEMENT
OF
BENGAL PHARMACY, LLC

The undersigned, pursuant to the Idaho Uniform Limited Liability Company Act, Title 30, Chapter 6, Idaho Code ("Act"), hereby enters into this Operating Agreement ("Agreement") to govern the conduct and affairs of Bengal Pharmacy, LLC, an Idaho limited liability company (the "Company").

ARTICLE 1 - FORMATION

1.1. Organization. On ___________________, 2013, the member organized the Company by causing a Certificate of Organization to be filed with the Idaho Secretary of State pursuant to the Act.

1.2. Company Name. The name of the Company is Bengal Pharmacy, LLC. The Company may do business under that name or any other name the member determines. If the Company does business under a different name, the Company shall file an assumed name certificate as required by law.

1.3. Registered Agent. The Company's initial registered agent is John Gregory, ISU Foundation, 921 South 8th Avenue, Pocatello, Idaho 83209. The registered agent may be changed from time to time pursuant to the Idaho Registered Agents Act.

1.4. Designated Office. The Company's designated office is 921 South 8th Avenue, Stop 8050, Pocatello, Idaho 83209. The Company may locate its designated office at any other place the member deems advisable.

1.5. Duration. The Company shall exist until it is dissolved in accordance with the provisions of this Agreement or the Act.

1.6. Nature of Business. The Company is organized to operate a pharmacy and related services and to engage in all lawful practices and activities necessary, desirable, or incidental to the accomplishment of the foregoing for the benefit of the member.

ARTICLE 2 - MEMBER

2.1. Single member. The Company is presently a single-member limited liability company. The member of the Company is set forth in Appendix A attached hereto.

2.2. Limitation of Liability of member. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, are solely the debts, obligations or liabilities of the Company and do not become the debts, obligations or liabilities of the member simply by reason of its being a member of the Company. Except as otherwise provided in nonwaivable provisions of law, the member shall not have any liability to the Company for any loss suffered by the Company that arises out of action or inaction of the member.

ARTICLE 3 - MANAGEMENT

3.1 Management. The business and affairs of the Company shall be managed by a board of at least four (4) nonmember managers (hereinafter referred to singly or plurally as "manager") appointed by the member. Management decisions shall be made by the affirmative vote of a majority of the managers.

3.2 Number, Tenure and Initial Managers. The Company shall initially have four (4) managers. Managers shall hold office until their successors are elected and qualified. In the event of a tie vote amongst the Board of Managers on any matter, the matter will be submitted to the Vice President for Advancement at Idaho State University for a final decision.

3.3 Powers of Manager. Except where approval of the member is required in Section 3.4, any other provision of this Agreement, any financing agreement, or by non-waivable provisions of applicable law, the managers shall have full and complete authority, power, and discretion to manage and control the business, affairs, and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Without limiting the generality of this Section 3.3, the managers shall have power and authority, on behalf of the Company:

a) To acquire real property and personal property. The fact that a manager is directly or indirectly affiliated or connected with a seller of property shall not prohibit the manager from dealing with such seller, provided that, in such event, the transaction is approved by the member after full disclosure of all material facts and interests related to the manager's affiliation or connection with such seller.

b) To borrow money not exceeding one hundred thousand DOLLARS ($100,000) for the Company from banks, other lending institutions, the manager, member, or affiliates of the manager or member, on such terms as the manager deems appropriate, and, in connection therewith, to hypothecate, encumber, and grant security interests in the assets of the Company to secure repayment of the borrowed sums.

c) To purchase liability and other insurance in amounts necessary to reasonably protect the Company's property and business.

d) To invest Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper, or other investments.

e) Following any consent of the member required by this Agreement or the Act, to execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage, or disposition of the Company's property; assignments; bills of sale; leases; partnership agreements; operating agreements of other limited liability companies; and any other instruments or documents necessary, in the opinion of the manager, to the business of the Company.

f) To employ accountants, legal counsel, managing agents, or other experts to perform services for the Company and to compensate them from Company funds.

g) To enter into any and all other agreements on behalf of the Company, with any other person for any purpose, in such forms as the manager may approve.

h) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

i) Unless expressly authorized by this Agreement or a manager of the Company, no attorney-in-fact, employee or other agent of the Company shall have power or authority to bind the Company in any way, to pledge its credit, or to render it liable for any purpose. No member shall have any power or authority to bind the Company unless the member has been authorized by the manager to act as an agent of the Company in accordance with the previous sentence.

3.4 Limitations on Powers of Manager. Notwithstanding the powers enumerated in section 3.3, the following decisions or actions shall require the approval of the member:

a) The borrowing of money in excess of one hundred thousand DOLLARS ($100,000) for the Company from banks, other lending institutions, the manager, member, or affiliates of the manager or member, and, in connection therewith, to hypothecate, encumber, and grant security interests in the assets of the Company to secure repayment of the borrowed sums.

b) The filing of any petition under federal or state bankruptcy or insolvency laws with respect to the Company, or the making of any general assignment or transfer for the benefit of creditors.

c) The execution of any instrument, the effect of which, or the filing of any judicial proceeding, the object of which, shall be the voluntary or involuntary dissolution of the Company, or the appointment of any receiver on its behalf.

d) The execution of any promissory note, guaranty, or other instrument which obligates the Company or its member for the payment of the debts or obligations of the member or any other person, or which encumbers the property or assets of the Company as collateral or security therefor.

e) The sale, exchange, or other disposition of all, or substantially all, of the Company's assets. All or substantially all of the Company's assets may not be sold without the member's approval.

3.5 Member's Standard of Conduct. The member shall discharge its duties and exercise its rights under this Agreement consistently with the contractual obligation of good faith and fair dealing.

3.6 Manager's Standards of Conduct. The managers owe to the Company and to the member the following fiduciary duties of loyalty and care:

a) To account to the Company and hold as trustee for it any property, profit or benefit derived by the manager a) in the conduct or winding up of the Company business, b) from the use of Company property, or c) from the appropriation of a Company opportunity.

b) To refrain from dealing with the Company, or acting on behalf of a person having an interest adverse to the Company, in the conduct or winding up of the Company business.

c) To refrain from competing with the Company in the conduct of the Company business prior to the dissolution of the Company.

d) Subject to the business judgment rule, to act with the care in the conduct and winding up of the Company business that a person in a like position would reasonably exercise under similar circumstances and in a manner the manager reasonably believes to be in the best interest of the Company. In discharging this duty, the managers may rely in good faith upon opinions, reports, statements or other information provided by another person that the managers reasonably believe is a competent and reliable source for the information.

e) To discharge his or her duties and exercise his or her rights under this Agreement consistently with the contractual obligation of good faith and fair dealing.

f) The member may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the foregoing standards of conduct.

3.7 Indemnity of Member and Managers. To the fullest extent permitted by law, the Company shall indemnify the member from and against any and all personal liability for any debt, obligation or other liability incurred by a member in the course of their activities on behalf of the Company and from and against any loss, claim (including without limitation tort and environmental claims), expense (including without limitation attorney fees) or damages that relate to the member's status, activities, or inactions as a member of the Company or relate to the Company's property, business, or affairs. The Company shall indemnify a manager from and against any debt, obligation, or other liability incurred by the manager in the course of the manager's activities on behalf of the Company, if, in making the payment or incurring the debt, obligation, or other liability, the manager complied with the duties stated in this Article 3.

3.8 Resignation. Any manager of the Company may resign at any time by giving written notice to the member. The resignation of a manager who is also a member shall not affect the manager's rights as a member and shall not constitute a withdrawal of a member.

3.9 Removal. Any manager may be immediately removed, with or without cause, at any time by the member.

3.10 Vacancies. Any manager vacancy shall be filled by a person appointed by the member.

3.11 Salaries, Sick Leave, and Vacation. The salary and other compensation of the managers, if any, shall be fixed from time to time by the member.

3.12 Manager Reporting. The manager shall provide a quarterly report to the member, which report shall provide all information requested by the member for such quarter. If the member does not request specific information from the manager for a quarter, the manager's report shall provide a quarterly profit and loss statement, balance sheet, and summary of activities for the quarter. Such report is due to the member no later than two full business weeks after the end of the subject quarter.

ARTICLE 4 - OFFICERS

4.1. Officers. The managers may appoint officers of the Company which may consist of any combination of a president, one or more vice presidents, a treasurer, and a secretary. The same person may hold any number of such offices.

4.2. Term of Office, Duties, and Compensation. The term of office, duties, and compensation of officers shall be determined by the manager and may be altered from time to time at the will of the manager, subject to the rights, if any, of said officers under any written employment agreement with the Company.

4.3. Officer Removal and Vacancies. Subject to the terms under any written employment agreement with the Company, any officer may be removed, with or without cause, by the manager, and any officer may resign at any time upon written notice to the Company unless provided otherwise in the officer's written employment agreement with the Company, if any.

4.4. Limitation of Officer Authority. The following actions shall not be effective unless they are previously approved in writing by a majority of the managers and member:

(a) Any Company transaction not in the ordinary course of business, or that would be inconsistent with the nature of the Company's business.

(b) Sale of all or substantially all of the Company's assets.

(c) Amendment of the Company's Certificate of Organization.

(d) Any activity that will cause the Company to make any investment in a corporation, partnership or limited liability company.

(e) Borrowing money in excess of one hundred thousand DOLLARS ($100,000) for the Company from any person or institution.

(f) Filing bankruptcy, making a general assignment or transfer of Company assets for the benefit of creditors, or executing an instrument or filing a judicial document the object of which is the voluntary or involuntary dissolution of the Company or the appointment of a receiver on its behalf.

(g) Executing a promissory note, guaranty, or other instrument that obligates the Company or the member to pay debts or obligations, or that encumbers the assets of the Company as collateral or security therefor.

4.5. Indemnity of Officers, Employees, and Other Agents. The Company may indemnify its officers, employees and other agents to the fullest extent permitted by law, provided that such indemnification in any given situation is approved by the member in its sole discretion.

ARTICLE 5 - RELATIONSHIP WITH IDAHO STATE UNIVERSITY

5.1 Loaned Employees. From time to time employees of Idaho State University ("University") may provide services pursuant to the Company. Such employees shall serve pursuant to a Loaned Employee Agreement signed by the University and the Company, which shall set forth their particular responsibilities and duties.

5.2 Limited Authority of University Employees*.* Notwithstanding the foregoing provisions, no University employee who functions in a key administrative or policy making capacity for the University (including, but not limited to, any University

Vice-President or equivalent position) shall be permitted to have responsibility or authority for Company policy making, financial oversight, spending authority, investment decisions, or the supervision of Company employees.

5.3 **Support Staff Services.** The University may provide administrative, financial, accounting, and development services to the Company, as set forth in a written service agreement signed by the University and the Company. All University employees who provide support services to the Company shall remain University employees under the direction and control of the University, unless it is agreed that the direction and control of any such employee will be vested with the Company in a written Loaned Employee Agreement. The Company will pay directly to the University the portion of the overhead costs associated with the services provided to the Company pursuant to the service agreement. The portion of such costs shall be determined by the agreement of the Parties.

5.4. University Facilities and Equipment. The University may provide the use of the University's office space, equipment and associated services to the Company's employees upon the terms agreed to by the University and the Company. The terms of use (including amount of rent) of the University's office space, equipment and associated services shall be as set forth in a written service agreement to be signed by the University and the Company.

5.5. No Company Payments to University Employees. Notwithstanding any provision of this Agreement to the contrary, the Company shall not make any payments directly to a University employee in connection with any resources or services provided to the Company pursuant to this Article of this Operating Agreement.

ARTICLE 6 - CAPITAL CONTRIBUTIONS

6.1. Initial Contribution. Upon agreement between the member and Idaho State University, acting through its College of Pharmacy (“CoP”), CoP has made or shall make the initial capital contribution of $300,000 through its Wallace Spendable Account, which is maintained by the member for the benefit of the CoP.

6.2. Additional Contributions. The member or the CoP may make additional capital contributions to further the interests of the Company as the member or the CoP each desires. Neither the member nor the CoP shall have any obligation to make additional contributions.

6.3. Bank Accounts. All Company funds shall be deposited in a bank account or accounts opened in the Company’s name. The manager shall determine the financial institution(s) at which such accounts will be maintained, the types of accounts, and the persons who will have deposit and withdrawal authority thereon. However, notwithstanding any provision herein, the manager must receive the written approval of the member if the manager wishes to maintain account(s) at a financial institution other than Key Bank or Wells Fargo.

6.4. Interest on and Return of Capital Contributions. Neither the member nor the CoP is entitled to earn interest on any capital contribution, and each may only receive a return of its capital contribution if all debts, liabilities and obligations of the Company have been paid or satisfied or the property or assets of the Company are sufficient to pay them.

ARTICLE 7 - ALLOCATIONS AND DISTRIBUTIONS

7.1. Allocation of Profits and Losses. All items of income, gain, loss, deduction and credit of the Company (including items not subject to federal and state income tax) shall be treated for federal and state income tax purposes in a manner consistent with the Company's choice of entity type for tax purposes under the Internal Revenue Code and accompanying regulations.

7.2. Cash Distributions. Distributions shall be made at such times and in such amounts as determined by the member and shall be in accordance with any written agreement relating thereto by and between the University and the member relating to the Company.

7.3. Overall Limitation on Distributions. Notwithstanding any other provision herein, no distribution shall be declared and paid if, after such distribution is made, the Company would not be able to pay its debts as they become due in the ordinary course of the Company's activities or the fair market value of the assets of the Company are not in excess of all liabilities, except that the Company shall make such distributions to the member necessary for the member to pay its tax obligations on Company income for federal and state tax purposes.

ARTICLE 8 - TAXES

8.1. Tax Returns. The member shall cause to be timely prepared and filed all necessary federal and state income, employment, and excise tax returns for the Company. The member shall make such elections permitted under the Internal Revenue Code which it deems to be in the best interest of the member and the Company.

8.2. Fiscal Year/Accounting Method. The Company's fiscal year shall be the calendar year. The Company's accounting records shall be kept on a method to be determined by the member upon the advice of the Company's accountant and subject to the limitation and requirements of the Internal Revenue Code.

ARTICLE 9 - TRANSFER RESTRICTIONS

This Agreement is being entered into for the purposes of creating a single member limited liability company under the Act. If the member desires to transfer any part of its membership interest or add new member to the Company, then prior to taking such action (a) the member shall consult with counsel regarding the consequences of such transfer, including, without limitation, the tax consequences of such transfer, and (b) this Agreement shall be amended accordingly.

ARTICLE 10 - DISSOLUTION

10.1. Dissolution. Unless the member elects to continue the Company, the Company shall be dissolved upon the happening of any of the events specified in Idaho Code section 30-6-701.

10.2. Winding Up. Upon dissolution, the member shall take all actions reasonably necessary to wind up the Company pursuant to the Act. An accounting shall be made of the Company's assets, liabilities and operations, the assets of the Company shall be liquidated as promptly as practicable, and the liabilities of the Company shall be discharged. The remaining assets of the Company shall be distributed to the member, either in cash or in kind and/or the CoP if provided in a written agreement by and between the member and the CoP. As provided by the Act, in winding up the Company the member may file a Statement of Dissolution with the Idaho Secretary of State. Upon completion of the winding up, the Company shall be deemed terminated.

ARTICLE 11 - MISCELLANEOUS PROVISIONS

11.1. Books of Accounts and Records. Proper and complete records and books of account shall be kept or shall be caused to be kept by the member in which shall be entered fully and accurately all transactions and other matters relating to the Company's business in such detail and completeness as is customary and usual for businesses of the type engaged in by the Company. Such books and records shall at all times be maintained at the principal office of the Company.

11.2. Application of Idaho Law. This Agreement shall be governed by the laws of the State of Idaho.

11.3. Amendments. The member may amend this Agreement and the Company's Certificate of Organization at any time in writing.

11.4. Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision hereof.

11.5. Severability. If any provision of this Agreement, or the application thereof to any person or circumstance shall be invalid, illegal, or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

11.6. Heirs, Successors, and Assigns. Each and all of the covenants, terms, provisions, and agreements herein contained shall be binding upon and inure to the benefit of the member and, to the extent permitted by this Agreement, his heirs, legal representatives, successors and assigns.

11.7. Entire Agreement. This Agreement constitutes the complete operating agreement of the Company. It supersedes all prior written and oral statements, including any prior representation, statement, condition or warranty.

CERTIFICATE

The undersigned hereby agrees, acknowledges, and certifies that the foregoing Operating Agreement and attached Appendices constitutes the Operating Agreement of Bengal Pharmacy, LLC, adopted as of ____________________, 2013.

IDAHO STATE UNIVERSITY FOUNDATION, INC.

By________________________________

ARLO LUKE

As its President

APPENDIX A

Member	Address
Idaho State University Foundation, Inc.	921 South 8th Avenue, Stop 8050 Pocatello, Idaho 83209

FORM OF LOANED EMPLOYEE AGREEMENT

AGREEMENT FOR LOANED EMPLOYEE

IDAHO STATE UNIVERSITY/BENGAL PHARMACY LLC

This Agreement is entered into by and between Idaho State University, a state educational institution, and a body politic and corporate organized and existing under the laws of the state of Idaho ("University"), and Bengal Pharmacy LLC, ("Pharmacy") a limited liability company whose sole member is the Idaho State University Foundation ("ISUF").

BACKGROUND

A. The ISUF, incorporated as a 501(c)(3) organization in 1967, raises and manages private funds for the benefit of the University,

B. The Pharmacy operated a pharmacy primarily for the purpose of providing pharmacy services to students and employees of the University and for providing educational and research opportunities for faculty and students in the University's College of Pharmacy, and

C. University has agreed to loan its employee, **NAME** ("Loaned Employee"), to Pharmacy to act in the capacity of ____________ for Pharmacy.

AGREEMENT

The parties agree as follows:

1. Relationship between Loaned Employee and University.

a. Loaned Employee may be an exempt, fiscal year employee of the University subject to all applicable policies and procedures of the Board and the University, or a classified employee subject to the applicable State of Idaho, State Board and/or University rules and procedures.

b. Loaned Employee will be paid at a fiscal year salary rate of $**AMOUNT**, payable on the regular bi-weekly paydays of the University. Loaned Employee will be entitled to University benefits to the same extent and on the same terms as other full-time University employees of her/his classification.

c. University shall be responsible for the payment of all salary and benefits to Loaned Employee. University shall be responsible for all payroll-related taxes, benefits costs, and other related payroll costs arising out of the Loaned Employee's employment with University.

2. Relationship between Pharmacy and Loaned Employee.

- **a.** Loaned Employee will work full time and shall be under the exclusive supervision, direction and control of the Pharmacy during the performance of her/his duties under this Agreement. Such duties shall include, **INSERT SPECIFIC DUTIES OF LOANED EMPLOYEE** Loaned Employee will report directly to Pharmacy Operations Manager or her/his designee, who shall determine her/his duties. Loaned Employee will be considered a loaned employee under the workers' compensation law of the State of Idaho.

b. Pharmacy is solely responsible for payment of income, social security, and other employment taxes, if any, due to the proper taxing authorities arising from its payment of reimbursements to Loaned Employee. Pharmacy agrees to indemnify, defend, and hold the University harmless from any and all liabilities, losses, claims or judgments relating to the payment of these taxes.

c. No later than ninety (90) days prior to the end of the term of this Agreement, and each subsequent term, if any, Pharmacy will evaluate the performance of Loaned Employee. In the case where the Loaned Employee is a classified employee, such evaluation shall occur in accordance with rules and procedures applicable to such employees. Pharmacy will provide a copy of the evaluation document to the University no later than fourteen (14) days after the evaluation is completed.

d. Pharmacy may terminate or non-renew Loaned Employee's employment contract, or discipline Loaned Employee in accordance with Pharmacy's procedures and applicable law, any such termination or non-renewal shall constitute grounds for termination, non-renewal or discipline of Loaned Employee by the University, provided however, particularly when the Loaned Employee is a classified employee, any contemplated termination shall be subject to applicable legal and procedural requirements of the State of Idaho and the University.

3. Relationship between Pharmacy and University.

a. Pharmacy will reimburse University for one hundred percent (100%) of the University's total cost of Loaned Employee's salary and benefits including payroll-related taxes, benefits, and other related payroll costs and the costs associated with travel approved by Pharmacy. Such costs will be billed quarterly and paid to the University.

b. University shall maintain accurate books and account records reflecting the actual cost of all items of direct cost for which payment is sought under this Agreement. At all reasonable times, Pharmacy shall have the right to inspect and copy said books and records, which the University agrees to retain for a minimum period of one year following the completion of this Agreement.

c. The furnishing of Loaned Employee shall not be considered a professional service of the University. At no time during the performance of this Agreement shall the Loaned Employee receive or act under instructions from the University regarding the work performed on behalf of Pharmacy.

d. University shall have no liability to Pharmacy for loss or damage growing out of or resulting from the activities of the Loaned Employee. Pharmacy therefore agrees to release, defend, indemnify and hold harmless the state of Idaho, University, its governing board, officers, employees, and agents, and the Loaned Employee from and against any and all claims, demands, losses, damages, costs, expenses, and liabilities, including but not limited to injuries (including death) to persons and for damages to property (including damage to property of Pharmacy or others) arising out of or in connection with the activities of the Loaned Employee under this Agreement. The limitation on liability and any agreement to defend, indemnify, or hold harmless expressed in the Agreement shall apply even in the event of the fault or negligence of the Loaned Employee.

4. General Terms

a. **Term, Termination.** This Agreement will terminate on the same day as Loaned Employee's contract as an exempt employee of the University terminates, or in the case of classified employees, after applicable rules and procedures have been followed, or upon Employee's resignation or other separation from employment, whichever is earlier. By mutual written consent, in conjunction with any renewal of the Loaned Employee's contract as an exempt employee of the University, the parties may extend the term of this Agreement for a term equal to the term of the exempt Loaned Employee's renewed contract with the University, or in the case of a classified employee, continued into the next ensuing fiscal year, such that the term of this Agreement shall always be equal to the term of Loaned Employee's status as an exempt or classified employee of the University. The Loaned Employee remains subject to all applicable Board and University policies, including but not limited to policies regarding nonrenewal of fixed term appointments and termination or discipline for adequate cause, and where applicable, rules and procedures pertaining to classified employees.

b. **Governing Law.** This Agreement will be governed by the laws of the State of Idaho as an agreement to be performed within the State of Idaho. The venue for any legal action under this Agreement shall be in Bannock County.

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

To Pharmacy:

Bengal Pharmacy
c/o President, Idaho State University Foundation
921 South 8th Ave. Stop 8050
Pocatello, ID 83209-8050
Phone: (208) 282-3470
Fax: (208) 282-4994

To the University:

Idaho State University
Vice President for Advancement
821 South 8th Ave, Stop 8024

Pocatello, ID 83209-8024
Phone: (208) 282-3198
Fax: (208) 282-4487

To the Loaned Employee:
EMPLOYEE NAME
Last address on file with University's Human Resources

Notice shall be deemed given on its date of mailing, faxing, or upon written acknowledgment of its receipt by personal delivery, whichever shall be earlier.

d. Waiver. Waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained.

e. Attorney's Fees. In the event an action is brought to enforce any of the terms, covenants or conditions of this Agreement, or in the event this Agreement is placed with an attorney for collection or enforcement, the successful party to such an action or collection shall be entitled to recover from the losing party a reasonable attorney's fee, together with such other costs as may be authorized by law.

IDAHO STATE UNIVERSITY	BENGAL PHARMACY LLC
______________________________	______________________________
James A. Fletcher, Vice President Finance and Administration	
Date:_________________________	Date:_________________________

LOANED EMPLOYEE concurrence and commitment:

____
Date:_________________________

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Bengal Pharmacy Benefits Discussion

Benefits of Bengal Pharmacy LLC

Bengal Pharmacy would afford a variety of benefits to the ISU, the College of Pharmacy, its faculty and students, the public, and the ISU Foundation.

Benefits to the College of Pharmacy and its Faculty and Staff: The Bengal Pharmacy would provide financial, educational, and experiential learning benefits to the faculty and staff of the College of Pharmacy (COP). A number of faculty will members will be reimbursed for their time in managing and guiding the pharmacy. This effort will be in addition to their regular teaching and research obligations and the amounts they are paid will be an initial step in bringing their salaries to a competitive level while not increasing state appropriation needs. This effort will also provide an educational service as faculty members seek effective mechanisms by which the pharmacy can provide remote services to rural communities that are both permissible under applicable licensing restrictions and efficient and effective from a business and customer service perspective. Indeed this work could establish a model for other public or private entities to provide innovative pharmaceutical services and care to patients in rural areas. Professors from ISU's College of Pharmacy would also be assigned to the pharmacy to satisfy their clinical affiliation obligations. In addition, the College of Pharmacy will benefit from the income that is derived from the operation of the Bengal Pharmacy, enhancing its abilities to fund research, scholarships, salaries, and other valuable programs.

Benefits to College of Pharmacy Students: In addition, the pharmacy will provide educational, research, and employment opportunities for students at the College of Pharmacy. It will offer "hands-on" educational opportunities that allow pharmacy students and residents to actively engage in a unique pharmacy practice incorporating tele-pharmacy, traditional pharmacy, a heavy emphasis on special population pharmacy services, and greater exposure to research opportunities. The proposed pharmacy would employ at least one pharmacist and as many student interns and residents from ISU's pharmacy and residency programs as possible. Indeed, pharmacy and other health care students are required to serve internships as part of their academic requirements. It is getting increasingly harder to find hospitals and pharmacies to place our students in because the providers are demanding that ISU (or the State of Idaho) indemnify them for any mistakes the students might make while working in their facility, even though the students are supervised by the facilities' own staffs. This entity, like the various other clinics currently operated by ISU, would provide an additional vehicle for these internships. By working at the pharmacy, students will develop skills and abilities that are becoming increasingly more important in the current healthcare environment. Partnering with Health West will allow both faculty and students to make valuable and important contacts in the health care industry and to learn to work collaboratively with an industry partner in enhancing patient care. We believe that this collaboration will also be beneficial in building additional industry partnerships and creating additional research opportunities. Indeed, we see a potential for students from other ISU colleges to participate in research and/or consulting opportunities by advising the pharmacy on strategic initiatives and issues.

Benefits to the ISU Community: Other ISU students and ISU's faculty and staff will also benefit from the establishment of the Bengal Pharmacy through more comprehensive pharmacy services, expanded hours, and delivery services.

Benefits to the Community: The Bengal Pharmacy will operate as a "filling agent" to Health West under the federal 340-B program, a program that allows qualified health care clinics like Health West to purchase drugs at a discount to help them serve underinsured populations. In this capacity, the Bengal Pharmacy will look for ways to provide the pharmacy services in Health West's clinics, including in Pocatello, McCammon, Lava, and Downey. The latter three communities do not currently have pharmacies. The existing pharmacies closest to these communities are in Pocatello. Pocatello is 23 miles from McCammon, 21 miles from Lava, and 39 miles from Downey. If we cannot put remote pharmacies in these sites, we will use tele-pharmacy to the extent possible. Thus, the pharmacy will benefit the citizens of Southeast Idaho and potentially the entire State as remote pharmacy services are offered to communities who currently have little or no local pharmacy service available to them. It will also enhance the access and affordability of medications for those patients who need them.

Benefits to the ISU Foundation: In addition, the ISU Foundation will benefit from the income that is derived from the operation of the Bengal Pharmacy, enhancing its abilities to fund scholarships and other valuable programs.

Competition:

Currently, ISU operates a number of other healthcare-related clinics, each of which utilizes ISU students in providing services to the public and each of which competes with local providers of these services. These include:

1. ISU Family Medicine, which is offered in partnership with Health West, Inc., and which provides fee-based medical services to the public using professionals from Health West and interns from ISU's residency program;
2. ISU Speech, Language and Hearing Clinic, which provides fee-based speech and language evaluation services, individual and group speech and language therapy sessions, and other communication services, hearing assessment and rehabilitation, including hearing aid evaluation, auditory processing evaluation, audiologic rehabilitation and cochlear implants;
3. ISU Meridian – Speech & Language Clinic (no hearing related services), which provides fee-based speech and language evaluation services, individual and group speech and language therapy sessions, and other communication services;
4. ISU Family Dentistry Clinic and the ISU Dental Hygiene Clinic, which provide fee-based dental services to the public;

5. ISU Psychology Clinic, which provides sliding scale, fee-based adult and child counseling services, learning disability testing, as well as memory and cognitive assessments to the public;
6. ISU Physical and Occupational Therapy Associates, which provides physical and occupational therapy services fee-based to the public;
7. VA Audiology Clinic, which provides hearing evaluation, hearing aid evaluation, auditory processing evaluation, audiologic rehabilitation, cochlear implant and other hearing-related services for those eligible for Veterans Services; and
8. ISU-College of Technology Massage Therapy Clinic, which provides fee-based therapeutic massage services to the public.

The only real difference between the Bengal Pharmacy proposal and the existing clinics is that we are proposing that the pharmacy operate as an LLC under the ISU Foundation. This should not make a difference in terms of the competition policy. The only reason we are proposing to put this under the Foundation is because ISU has difficulty in dealing with profit-making ventures and we would like to operate this pharmacy in a way to maximize education benefits but at the same time return a profit (likely a small one) to the Foundation.

Given that the primary reason for operating the pharmacy is educational and that the competition issues are no greater than those posed by the operation of other healthcare clinics, we believe that this venture does not violate the State Board of Education's policy on competition. Also, given the way insurance contracts work in this area, the Bengal Pharmacy will not be undercutting local pharmacies on price.

OPERATING AGREEMENT
BETWEEN
IDAHO STATE UNIVERSITY FOUNDATION, INC.
AND
IDAHO STATE UNIVERSITY

THIS AGREEMENT, entered into as of this _____day of , _________ 2011, is between Idaho State University, herein known as "University" and the Idaho State University Foundation, Inc., herein known as "Foundation".

WHEREAS, the Foundation was organized and incorporated in 1967 for the purpose of stimulating voluntary private support from alumni, parents, friends, corporations, foundations, and others for the benefit of the University.

WHEREAS, the Foundation exists to raise and manage private resources supporting the mission and priorities of the University, and provide opportunities for students and a degree of institutional excellence unavailable with state funding levels.

WHEREAS, the Foundation is dedicated to assisting the University in the building of the endowment to address, through financial support, the long-term academic and other priorities of the University.

WHEREAS, as stated in its articles of incorporation, the Foundation is a separately incorporated 501(c)(3) organization and is responsible for identifying and nurturing relationships with potential donors and other friends of the University; soliciting cash, securities, real and intellectual property, and other private resources for the support of the University; and acknowledging and stewarding such gifts in accordance with donor intent and its fiduciary responsibilities.

WHEREAS, furthermore, in connection with its fund-raising and asset-management activities, the Foundation utilizes, in accordance with this Agreement, personnel experienced in planning for and managing private contributions and works with the University to assist and advise in such activities.

WHEREAS, the parties hereby acknowledge that they will at all times conform to and abide by, the Idaho State Board of Education's Governing Policies and Procedures, Gifts and Affiliated Foundations policy, § V.E., and that they will submit this Agreement for initial prior State Board of Education ("State Board") approval, and thereafter every three (3) years, or as otherwise requested by the State Board, for review and re-approval.

NOW THEREFORE, in consideration of the mutual commitments herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

ARTICLE I
Foundation's Purposes

The Foundation is the primary affiliated foundation responsible for securing, managing and distributing private support for the University. Accordingly, to the extent consistent with the Foundation's Articles of Incorporation and Bylaws, and the State Board's Policies and Procedures, the Foundation shall: (1) solicit, receive and accept gifts, devises, bequests and other direct or indirect contributions of money and other property made for the benefit of the University from the general public (including individuals, corporations, other entities and other sources); (2) manage and invest the money and property it receives for the benefit of the University; and (3) support and assist the University in fundraising and donor relations.

In carrying out its purposes the Foundation shall not engage in activities that conflict with (1) federal or state laws, rules and regulations (including, but not limited to all applicable provisions of the Internal Revenue Code and corresponding Federal Treasury Regulations); (2) applicable polices of the State Board; or (3) the role and mission of the University.

ARTICLE II
Foundation's Organizational Documents

The Foundation shall provide copies of its current Articles of Incorporation and Bylaws to the University and the State Board. All amendments of such documents shall also be provided to the University and the State Board. Furthermore, the Foundation shall, to the extent practicable, provide the University with an advance copy of any proposed amendments to the Foundation's Articles of Incorporation and Bylaws.

ARTICLE III
University Resources and Services

1. University Employees.

a. *University/Foundation Liaison*: The University's Vice President for University Advancement shall serve as the University's Liaison to the Foundation.

i. The University's Vice President for University Advancement shall be responsible for coordinating the University's and the Foundation's fundraising efforts and for supervising and coordinating the administrative support provided by the University to the Foundation.

ii. The Vice President for University Advancement or her/his designee shall attend each meeting of the Foundation's Board of Directors and shall report on behalf of the University to the the Foundation's Board of Directors regarding the University's coordination with the Foundation's fundraising efforts.

b. *Finance Director*: The *Finance Director* of the Foundation is an employee of the University loaned to the Foundation. All of the *Finance Director's* services shall be provided directly to the Foundation as follows:

i. The *Finance Director* shall be responsible for the supervision and control of the day-to-day operations of the Foundation. More specific duties of the *Finance Director* may be set forth in a written job description prepared by the Foundation and attached to the Loaned Employee Agreement described in iii below. The *Finance Director* shall be subject to the control and direction of the Foundation.

ii. The *Finance Director* shall be an employee of the University and entitled to University benefits to the same extent and on the same terms as other full-time University employees of the same classification as the *Finance Director*. The Foundation shall reimburse the University for all costs incurred by the University in connection with the University's employment of the *Finance Director* including such expenses as salary, payroll taxes, and benefits.

iii. The Foundation and the University shall enter into a written agreement, in the form of Exhibit "A" hereto, establishing that the *Finance Director* is an employee of the University but subject to the direction and control of the Foundation (generally a "Loaned Employee Agreement"). The Loaned Employee Agreement shall also set forth the relative rights and responsibilities of the Foundation and the University with respect to the *Finance Director*, including the following:

1. The Foundation shall have the right to choose to terminate the Loaned Employee Agreement in accordance with Foundation Procedures and applicable law, such termination may include election by the Foundation for non-renewal of the Loaned Employee Agreement.

2. Termination of the Loaned Employee Agreement in accordance with the Foundation procedures and applicable law shall also result in termination of any obligation of the University to employ the Loaned Employee, subject to applicable legal and procedural requirements of the State of Idaho and the University.

3. Loaned Employee shall be subject to the supervision, direction and control of the Foundation Board of Directors and shall report directly to the Foundation president or her/his designee. Further, the Foundation shall have the primary role in hiring a Loaned Employee, subject to applicable State or University requirements.

c. *Other Loaned Employees.* Other loaned employees providing services pursuant to this Agreement shall also serve pursuant to a Loaned Employee Agreement, Exhibit "A", which shall set forth their particular responsibilities and duties.

d. *Limited Authority of University Employees.* Notwithstanding the foregoing provisions, no University employee who functions in a key administrative or policy making capacity for the University (including, but not limited to, any University Vice-President or equivalent position) shall be permitted to have responsibility or authority for Foundation policy making, financial oversight, spending authority, investment decisions, or the supervision of Foundation employees.

2. Support Staff Services. The University shall provide administrative, financial, accounting, and development services to the Foundation, as set forth in the Service Agreement attached hereto as Exhibit "B" ("Service Agreement"). All University employees who provide support services to the Foundation shall remain University employees under the direction and control of the University, unless it is agreed that the direction and control of any such employee will be vested with the Foundation in a written Loaned Employee Agreement. The Foundation will pay directly to the University the portion of the overhead costs associated with the services provided to the Foundation pursuant to the Service Agreement. The portion of such costs shall be determined by the agreement of the Parties.

3. University Facilities and Equipment. The University shall provide the use of the University's office space, equipment and associated services to the Foundation's employees upon the terms agreed to by the University and the Foundation. The terms of use (including amount of rent) of the University's office space, equipment and associated services shall be as set forth in the Service Agreement, Exhibit “B” hereto.

4. No Foundation Payments to University Employees. Notwithstanding any provision of this Agreement to the contrary, the Foundation shall not make any payments directly to a University employee in connection with any resources or services provided to the Foundation pursuant to this Article of this Operating Agreement.

ARTICLE IV
Management and Operation of Foundation

1. Gift Solicitation.

a. *Authority of Vice President for University Advancement*. All Foundation gift solicitations shall be subject to the direction and control of the Vice President for University Advancement.

b. *Form of Solicitation*. Any and all Foundation gift solicitations shall make clear to prospective donors that (1) the Foundation is a separate legal and tax entity organized for the purpose of encouraging voluntary, private gifts, trusts, and bequests for the benefit of the University; and (2) responsibility for the governance of the Foundation, including the investment of gifts and endowments, resides in the Foundation's Board of Directors.

c. *Foundation is Primary Donee*. Absent unique circumstances, prospective donors shall be requested to make gifts directly to the Foundation rather than to the University.

2. Acceptance of Gifts.

a. *Approval Required Before Acceptance of Certain Gifts*. Before accepting contributions or grants for restricted or designated purposes that may require administration or direct expenditure by the University, the Foundation shall obtain the prior written approval of the University, and where required by State Board policy, approval of the State Board. Similarly, the Foundation shall also obtain the prior written approval of the University of the acceptance of any gift or grant that would impose a binding financial or contractual obligation on the University.

b. *Acceptance of Gifts of Real Property*. The Foundation shall conduct adequate due diligence on all gifts of real property that it receives. All gifts of real property intended to be held and used by the University shall be approved by the State Board before acceptance by the University and the Foundation. In cases where the real property is intended to be used by the University in connection with carrying out its proper functions, the real property may be conveyed directly to the University, in which case the University and not the Foundation shall be responsible for the due diligence obligations for such property.

c. *Processing of Accepted Gifts.* All gifts received by the University or the Foundation shall be delivered (if cash) or reported (if any other type of property) to the Foundation's designated gift administration office (a unit of the Foundation) in accordance with the Service Agreement.

3. Fund Transfers. The Foundation agrees to transfer funds, both current gifts and income from endowments, to the University on a regular basis as agreed to by the Parties. The Foundation's Treasurer or other individual to whom such authority has been delegated by the Foundation's Board of Directors shall be responsible for transferring funds as authorized by the Foundation's Board of Directors.

a. *Restricted and Unrestricted Gift Transfers*. The Foundation may make restricted donations to the University. Such donated funds will only be expended by the University pursuant to the terms of such restrictions. The Foundation may also make unrestricted donations to the University. Such donated funds will be expended under the oversight of the University President in compliance with state law and University policies. All expenditures notes in this section must comply with the I.R.S. 501(c)(3) code and be consistent with the Foundation’s sole mission to support the University.

4. Foundation Expenditures and Financial Transactions.

a. *Signature Authority*. The Foundation designates the Foundation Treasurer as the individual with signature authority for the Foundation in all financial transactions with the University. The Foundation may supplement or change this designation with written notice to the University; provided, however, in no event may the person with Foundation signature authority for financial transactions be a University employee nor a "Loaned Employee" as that term is used in this Agreement.

b. *Expenditures*. All expenditures of the Foundation shall be (1) consistent with the charitable purposes of the Foundation, and (2) not violate restrictions imposed by the donor or the Foundation as to the use or purpose of the specific funds.

5. University Report on Distributed Funds. On a regular basis, which shall not be less than annually, the University shall report to the Foundation on the use of restricted and unrestricted funds transferred to the University. This report shall specify the restrictions on any restricted funds and the uses of such funds.

6. Transfer of University Assets to the Foundation. No University funds, assets, or liabilities may be transferred directly or indirectly to the Foundation without the prior approval of the State Board except when:

a. A donor inadvertently directs a contribution to the University that is intended for the Foundation in which case such funds may be transferred to the Foundation so long as the documents associated with the gift indicate the Foundation was the intended recipient of the gift. In the absence of any such indication of donor intent, such funds shall be deposited in an institutional account, and State Board approval will be required prior to the University's transfer of such funds to the Foundation.

b. The University has gift funds that were originally transferred to the University from the Foundation and the University wishes to return a portion of those funds to the Foundation for reinvestment consistent with the original intent of the gift.

c. The institution has raised scholarship funds through an institution activity and the institution wishes to deposit the funds with the foundation for investment and distribution consistent with the scholarship nature of the funds.

d. Transfers of a *de minimis* amount not to exceed $10,000 from the institution to the Foundation provided such funds are for investment by the Foundation for scholarship or other general university support purposes. This exception shall not apply to payments by the institution to the Foundation for obligations of the institution to the Foundation, operating expenses of the Foundation or other costs of the Foundation.

7. Separation of Funds. All Foundation assets (including bank and investment accounts) shall be held in separate, password protected accounts in the name of the Foundation using Foundation's Federal Employer Identification Number. The financial records of the Foundation shall be kept using a separate chart of accounts. For convenience purposes, some

Foundation expenses may be paid through the University such as payroll and campus charges. These expenses will be paid through accounts clearly titled as belonging to the Foundation and shall be reimbursed by the Foundation on a regular basis. Further, the Foundation shall make data available to external auditors as necessary to complete audit responsibilities.

8. Insurance. To the extent that the Foundation is not covered by the State of Idaho Retained Risk program, the Foundation shall maintain insurance to cover the operations and activities of its directors, officers and employees. The Foundation shall also maintain general liability coverage.

9. Investment Policies. All funds held by the Foundation, except those intended for short term expenditures, shall be invested in accordance with the Uniform Prudent Management of Institutional Funds Act, Idaho Code Sections 33-5001 to 33-5010, and the Foundation's investment policy which is attached hereto as Exhibit "C"; provided, however, the Foundation shall not invest any funds in a manner that would violate the applicable terms of any restricted gifts. The Foundation shall provide to the University any updates to such investment policy which updates shall also be attached hereto as Exhibit "C".

10. Organization Structure of the Foundation. The organizational structure of the Foundation is set forth in the Foundation's Articles of Incorporation which are attached hereto as Exhibit "D" and the Foundation's Amended and Restated Bylaws which are attached as Exhibit "E." The Foundation agrees to provide copies of such Articles and Bylaws as well as any subsequent amendments to such documents to both the University and the State Board.

11. Conflicts of Interest and Ethical Conduct. The Foundation has adopted a written policy addressing the manner the Foundation will address conflict of interest situations. The Foundation's Conflict of Interest Policy is set forth as Exhibit "F" , and the Foundations Code of Ethical Conduct is set forth as Exhibit "G".

ARTICLE V
Foundation Relationships with the University

1. Access to Records. The Foundation shall establish and enforce policies to protect donor confidentiality and rights. The donor database, as well as other data, materials and information of the Foundation pertaining to past, current or prospective donors, are proprietary to the Foundation and constitute its confidential information and trade secrets. The University shall not access such information except in compliance with the Foundation's donor confidentiality policies. The Foundation and University shall take the steps necessary to monitor and control access to the donor database and to protect the security of the server and software relevant to the database.

The Foundation will provide access to data and records to the University on a need-to-know basis in accordance with applicable laws, Foundation policies, and guidelines. The University shall, at any time, have access to the financial records of the Foundation. The scope of this right of the University shall be construed as broadly as needed to conduct a complete audit of the Foundation as such an audit would be conducted under generally accepted accounting procedures if the University should so require. Provided, however, that the University need not conduct an audit to be provided such access, but shall be provided such access at any time.

The University's access shall not include donor specific data such that would provide individually identifiable information about donors or their donations made to the Foundation.

2. Record Management.

a. The Parties recognize that the records of the Foundation relating to actual or potential donors contain confidential information. Such records shall be kept by the Foundation in such a manner as to protect donor confidentiality to the fullest extent allowed by law. Notwithstanding the access to records permitted above, access to such confidential information by the University shall be limited to the University's President and any designee of the University's President.

b. The Foundation shall be responsible for maintaining all permanent records of the Foundation including but not limited to the Foundation's Articles, Bylaws and other governing documents, all necessary documents for compliance with IRS regulations, all gift instruments, and all other Foundation records as required by applicable laws.

c. Except to the extent that records are confidential (including confidential donor information), the Foundation agrees to be open to public inquiries for information that would normally be open in the conduct of University affairs and to provide such information in a manner consistent with the Idaho Public Records Law, set forth in Idaho Code Sections 9-337 – 9-350, except where otherwise required by state and federal law.

3. Name and Marks. Each Party hereby is granted a general, non-exclusive, royalty-free license to use the corporate name of the other, specifically: "Idaho State University" and "The Idaho State University Foundation" in all activities conducted in association with or for the benefit of the other. Use of the other Party's name must be in manner that clearly identifies the Parties as separate entities, and neither Party may use the other Party's name to imply approval or action of the other Party. Neither Party may delegate, assign, or sublicense the rights granted hereunder without express written consent from the other Party. This license does not extend to any identifying marks of either Party other than the specified corporate name. Use of other marks must receive prior written approval.

4. Identification of Source. The Foundation shall be clearly identified as the source of any correspondence, activities and advertisements emanating from the Foundation.

5. Establishing the Foundation's Annual Budget. The Foundation shall provide the University with the Foundation's proposed annual operating budget and capital expenditure plan (if any) prior to the date the Foundation's Board of Directors meeting at which the Foundation's Board of Directors will vote to accept such operating budget. Any of the University's funding requests to the Foundation shall be communicated in writing to the Foundation's Treasurer and Assistant Treasurer. If the request is for reimbursement, the University shall provide appropriate documentation to the Foundation to ensure that the funds to be reimbursed were used in compliance with donor intent.

6. Attendance of University's President at Foundation's Board of Director Meetings. The University's President shall be invited to attend all meetings of the Foundation's Board of Directors and may act in an advisory capacity in such meetings.

7. Supplemental Compensation of University Employees. No supplemental compensation of University employees may be made by the Foundation. Provided the Foundation may reimburse the University for those benefits which are necessary for its normal course of operations, including, but not limited to, travel and continuing professional education. This is not intended to proscribe reimbursement by the Foundation of the University’s expenses associated with “Loaned Employees” as set forth elsewhere in this Agreement, nor the payment of funds by the Foundation to the University in support of endowed chairs or similar faculty positions.

ARTICLE VI
Audits and Reporting Requirements

1. Fiscal Year. The Foundation and the University shall have the same fiscal year.

2. Annual Audit. On an annual basis, the Foundation shall have an audit conducted by a qualified, independent certified public accountant who is not a director or officer of the Foundation. The annual audit will be provided on a timely basis to the University's President and the Board, in accordance with the Board's schedule for receipt of said annual audit. The Foundation's Annual Statements may be presented in accordance with standards promulgated by the Financial Accounting Standards Board (FASB). The Foundation is a component unit of the University as defined by the Government Accounting Board Standards Board (GASB). Accordingly, the University, which follows a GASB format, is required to include the Foundation in its Financial Statements. Therefore, if the Foundation presents its audited Financial Statement under FASB, Schedules reconciling the FASB Statements to GASB standards must be provided to the State of Idaho in the detail required by GASB standards. The annual audited Financial Statements and Schedules shall be submitted to the University's Office of Finance and Administration in sufficient time to incorporate the same into the State of Idaho's Comprehensive Annual Financial Review statements.

3. <u>Separate Audit Rights.</u> The University agrees that the Foundation, at its own expense, may at any time during normal business hours conduct or request additional audits or reviews of the University's books and records pertinent to the expenditure of donated funds. The Foundation agrees that the University and the State Board, at its own expense, may, at reasonable times, inspect and audit the Foundation's books and accounting records.

4. <u>Annual Reports to University President.</u> On a regular basis, which shall not be less than annually, the Foundation shall provide a written report to the University President and the State Board setting forth the following items:

a. the annual financial audit report;

b. an annual report of Foundation transfers made to the University;

c. an annual report of unrestricted funds received by the Foundation;

d. an annual report of unrestricted funds available for use during the current fiscal year;

e. a list of all of the Foundation's officers, directors, and employees;

f. a list of University employees for whom the Foundation made payments to the University for supplemental compensation or any other approved purpose during the fiscal year, and the amount and nature of that payment;

g. a list of all state and federal contracts and grants managed by the Foundation;

h. an annual report of the Foundation's major activities;

i. an annual report of each real estate purchase or material capital lease, investment, or financing arrangement entered into during the preceding Foundation fiscal year for the benefit of the University; and

j. an annual report of (1) any actual litigation involving the Foundation during its fiscal year; (2) identification of legal counsel used by the Foundation for any purpose during such year; and (3) identification of any potential or threatened litigation involving the Foundation.

ARTICLE VII
Conflict of Interest and Code of Ethics and Conduct

1. Conflicts of Interest and Code of Ethics and Conduct Policy Statement. The Foundation has adopted a written policy addressing the manner the Foundation will address conflict of interest situations. The Foundation's Conflict of Interest Policy is set as Exhibit "F", and its Code of Ethics and Conduct is set forth as Exhibit "G".

2. Dual Representation. Under no circumstances may a University employee represent both the University and the Foundation in any negotiation, sign for both entities in transactions, or direct any other institution employee under their immediate supervision to sign for the related party in a transaction between the University and the Foundation. This shall not prohibit University employees from drafting transactional documents that are subsequently provided to the Foundation for its independent review, approval and use.

3. Contractual Obligation of University. The Foundation shall not enter into any contract that would impose a financial or contractual obligation on the University without first obtaining the prior written approval of the University and, if applicable under law or policy, the State Board of Education. University approval of any such contract shall comply with policies of the State Board of Education with respect to approval of University contracts.

4. Acquisition or Development or Real Estate. The Foundation shall not acquire or develop real estate or otherwise build facilities for the University's use without first obtaining approval of the State Board. In the event of a proposed purchase of real estate for such purposes by the Foundation, the University shall notify the State Board and where appropriate, the Idaho Legislature, at the earliest possible date, of such proposed purchase for such purposes. Furthermore, any such proposed purchase of real estate for the University's use shall be a coordinated effort of the University and the Foundation. Any notification to the State Board required pursuant to this paragraph may be made through the State Board's chief executive officer in executive session pursuant to Idaho Code Section 67-2345(1)(c).

ARTICLE VIII
General Terms

1. Effective Date. This Agreement shall be effective on the date set forth above.

2. Right to Terminate. This Operating Agreement shall terminate upon the mutual written agreement of both parties. In addition, either party may, upon 90 days prior written notice to the other, terminate this Operating Agreement, and either party may terminate this Operating Agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within 30 days after receiving written notice from the non-defaulting party specifying the nature of the default. Should the University choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the

Foundation that is not cured within the time frame set forth above, the Foundation may require the University to pay, within 180 days of written notice, all debt incurred by the Foundation on the University's behalf including, but not limited to, lease payments, advanced funds, and funds borrowed for specific initiatives. Should the Foundation choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the University that is not cured within the time frame set forth above, the University may require the Foundation to pay any debt it holds on behalf of the Foundation in like manner. The parties agree that in the event this Operating Agreement shall terminate, they shall cooperate with one another in good faith to negotiate a new agreement within six (6) months. In the event the parties are unable to negotiate a new agreement within the time period specified herein, they will refer the matter to the State Board for resolution. Termination of this Operating Agreement shall not constitute or cause dissolution of the Foundation.

3. Board Approval of Operating Agreement. Prior to the Parties' execution of this Operating Agreement, an unexecuted copy of this Operating Agreement must be approved to the State Board. Furthermore, this Operating Agreement, including any subsequent modifications and restatements of this Operating Agreement, shall be submitted to the State Board for review and approval no less frequently than once every two (2) years or more frequently if otherwise requested by the State Board.

4. Modification. Any modification to the Agreement or Exhibits hereto shall be in writing and signed by both Parties.

5. Providing Document to and Obtaining Approval from the University. Unless otherwise indicated herein, any time documents are to be provided to the University or any time the University's approval of any action is required, such documents shall be provided to, or such approval shall be obtained from, the University's President or an individual to whom such authority has been properly delegated by the University's President.

6. Providing Documents to and Obtaining Approval from the Foundation. Unless otherwise indicated herein, any time documents are to be provided to the Foundation or any time the Foundation's approval of any action is required, such document shall be provided to, or such approval shall be obtained from, the Foundation's Board of Directors or an individual to whom such authority has been properly delegated by the Foundation's Board of Directors.

7. Notices. Any notices required under this agreement may be mailed or delivered as follows:

To the University:

President
Idaho State University
921 South 8th Ave. Stop 8310
Pocatello, ID 83209-8410

To the Foundation:

Vice President for Advancement	Finance Director
Idaho State University	Idaho State University Foundation
921 South 8th Ave. Stop 8024	921 South 8th Ave. Stop 8050
Pocatello, ID 83209-8024	Pocatello, ID 83209-8050

8. No Joint Venture. At all times and for all purposes of this Memorandum of Understanding, the University and the Foundation shall act in an independent capacity and not as an agent or representative of the other party.

9. Liability. The University and Foundation are independent entities and neither shall be liable for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members or employees.

10. Indemnification. The University and the Foundation each agree to indemnify, defend and hold the other party, their officers, directors, agents and employees harmless from and against any and all losses, liabilities, and claims, including reasonable attorney's fees arising out of or resulting from the willful act, fault, omission, or negligence of the party, its employees, contractors, or agents in performing its obligations under this Operating Agreement. This indemnification shall include, but not be limited to, any and all claims arising from an employee of one party who is working for the benefit of the other party. Nothing in this Operating Agreement shall be construed to extend to the University's liability beyond the limits of the Idaho Tort Claims Act, Idaho Code §6-901 et seq.

11. Dispute Resolution. The parties agree that in the event of any dispute arising from this Agreement, they shall first attempt to resolve the dispute by working together with the appropriate staff members of each of the parties. If the staff cannot resolve the dispute, the dispute will be referred to the Chair of the Foundation and the University President. If the Foundation and University President cannot resolve the dispute, then the dispute will be referred to the Foundation Chair and the State Board of Education for resolution. If they are unable to resolve the dispute, the parties shall submit the dispute to mediation by an impartial third party or professional mediator mutually acceptable to the parties. If and only if all the above mandatory steps are follows in sequence and the dispute remains unsolved, then, in such case, either party shall have the right to initiate litigation arising from this Agreement. In the event of litigation, the prevailing party shall be entitled, in addition to any other rights and remedies it may have, to

reimbursement for its expenses, including court costs, attorney fees, and other professional expenses.

12. Dissolution of Foundation. Consistent with provisions appearing in the Foundation's Bylaws and/or Articles of Incorporation, should the Foundation cease to exist or cease to qualify as an Internal Revenue Code §501(c)(3) organization, the Foundation will transfer its assets and property to the University, to a reincorporated successor Foundation organized to benefit the University, or to the State of Idaho for public purposes, in accordance with Idaho law.

13. Assignment. This Agreement is not assignable by either party, in whole or in part.

14. Governing Law. This Agreement shall be governed by the laws of the State of Idaho.

15. Severability. If any provision of this Agreement is held invalid or unenforceable to any extent, the remainder of this Agreement is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

16. Entire Agreement. This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior agreements and understandings pertaining thereto.

IN WITNESS WHEREOF, the University and the Foundation have executed this agreement on the above specified date.

Idaho State University

By:________________________________
Its: President

Idaho State University Foundation, Inc.

By:________________________________
Its: President

EXHIBIT "A"

Loaned Employee Agreement

EXHIBIT "A"

AGREEMENT FOR LOANED EMPLOYEE
IDAHO STATE UNIVERSITY/IDAHO STATE UNIVERSITY FOUNDATION

THIS AGREEMENT is entered into by and between IDAHO STATE UNIVERSITY, a state educational institution, and a body politic and corporate organized and existing under the laws of the state of Idaho ("University"), and IDAHO STATE UNIVERSITY FOUNDATION, a private nonprofit corporation ("ISUF") effective for the period **APPROPRIATE ACADEMIC YEAR**.

BACKGROUND

A. The ISUF, incorporated as a 501(c)(3) organization in 1967, raises and manages private funds for the benefit of the University, and

B. University has agreed to loan its employee, **NAME** ("Loaned Employee"), to ISUF to act in the capacity of **INSERT POSITION** for ISUF.

AGREEMENT

The parties agree as follows:

1. Relationship between Loaned Employee and University.

a. Loaned Employee may be an exempt, fiscal year employee of the University subject to all applicable policies and procedures of the Board and the University, or a classified employee subject to the applicable State of Idaho, State Board and/or University rules and procedures.

b. Loaned Employee will be paid at a fiscal year salary rate of $**AMOUNT**, payable on the regular bi-weekly paydays of the University. Loaned Employee will be entitled to University benefits to the same extent and on the same terms as other full-time University employees of her/his classification.

c. University shall be responsible for the payment of all salary and benefits to Loaned Employee. University shall be responsible for all payroll-related taxes, benefits costs, and other related payroll costs arising out of the Loaned Employee's employment with University.

2. Relationship between ISUF and Loaned Employee.

a. Loaned Employee will work full time and shall be under the exclusive supervision, direction and control of the ISUF Board of Directors during the performance of her/his duties under this Agreement. Such duties shall include, **INSERT SPECIFIC DUTIES**

OF LOANED EMPLOYEE Loaned Employee will report directly to ISUF President or her/his designee, who shall determine her/his duties. Loaned Employee will be considered a loaned employee under the workers' compensation law of the State of Idaho.

b. ISUF is solely responsible for payment of income, social security, and other employment taxes, if any, due to the proper taxing authorities arising from its payment of reimbursements to Loaned Employee. ISUF agrees to indemnify, defend, and hold the University harmless from any and all liabilities, losses, claims or judgments relating to the payment of these taxes.

c. No later than ninety (90) days prior to the end of the term of this Agreement, and each subsequent term, if any, ISUF will evaluate the performance of Loaned Employee. In the case where the Loaned Employee is a classified employee, such evaluation shall occur in accordance with rules and procedures applicable to such employees. ISUF will provide a copy of the evaluation document to the University no later than fourteen (14) days after the evaluation is completed.

d. ISUF may terminate or non-renew Loaned Employee's employment contract, or discipline Loaned Employee in accordance with ISUF's procedures and applicable law, any such termination or non-renewal shall constitute grounds for termination, non-renewal or discipline of Loaned Employee by the University. Provided however, particularly when the Loaned Employee is a classified employee, any contemplated termination shall be subject to applicable legal and procedural requirements of the State of Idaho and the University.

3. Relationship between ISUF and University.

a. ISUF will reimburse University for one hundred percent (100%) of the University's total cost of Loaned Employee's salary and benefits including payroll-related taxes, benefits, and other related payroll costs and the costs associated with travel approved by ISUF. Such costs will be billed quarterly and paid to the University.

b. University shall maintain accurate books and account records reflecting the actual cost of all items of direct cost for which payment is sought under this Agreement. At all reasonable times, ISUF shall have the right to inspect and copy said books and records, which the University agrees to retain for a minimum period of one year following the completion of this Agreement.

c. The furnishing of Loaned Employee shall not be considered a professional service of the University. At no time during the performance of this Agreement shall the Loaned Employee receive or act under instructions from the University regarding the work performed on behalf of ISUF.

d. University shall have no liability to ISUF for loss or damage growing out of or resulting from the activities of the Loaned Employee. ISUF therefore agrees to release, defend, indemnify and hold harmless the state of Idaho, University, its governing board, officers, employees, and agents, and the Loaned Employee from and against any and all claims, demands, losses, damages, costs, expenses, and liabilities, including but not limited to injuries (including death) to persons and for damages to property (including damage to property of ISUF or others) arising out of or in connection with the activities of the Loaned Employee under this Agreement. The limitation on liability and any agreement to defend, indemnify, or hold harmless expressed in the Agreement shall apply even in the event of the fault or negligence of the Loaned Employee.

4. General Terms

a. Term, Termination. This Agreement will terminate on the same day as Loaned Employee's contract as an exempt employee of the University terminates, or in the case of classified employees, after applicable rules and procedures have been followed, or upon Employee's resignation or other separation from employment, whichever is earlier. By mutual written consent, in conjunction with any renewal of the Loaned Employee's contract as an exempt employee of the University, the parties may extend the term of this Agreement for a term equal to the term of the exempt Loaned Employee's renewed contract with the University, or in the case of a classified employee, continued into the next ensuing fiscal year, such that the term of this Agreement shall always be equal to the term of Loaned Employee's status as an exempt or classified employee of the University. The Loaned Employee remains subject to all applicable Board and University policies, including but not limited to policies regarding nonrenewal of fixed term appointments and termination or discipline for adequate cause, and where applicable, rules and procedures pertaining to classified employees.

b. Governing Law. This Agreement will be governed by the laws of the State of Idaho as an agreement to be performed within the State of Idaho. The venue for any legal action under this Agreement shall be in Bannock County.

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

To ISUF:

Idaho State University Foundation	Phone: (208) 282-3470
President	Fax: (208) 282-4994
921 South 8th Ave. Stop 8050	
Pocatello, ID 83209-8050	

To the University:

Idaho State University	Phone: (208) 282-3198
Vice President for Advancement	Fax: (208) 282-4487
821 South 8th Ave, Stop 8024	

Pocatello, ID 83209-8024
To the Loaned Employee:

EMPLOYEE NAME
Last address on file with University's Human Resources

Notice shall be deemed given on its date of mailing, faxing, or upon written acknowledgment of its receipt by personal delivery, whichever shall be earlier.

d. Waiver. Waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained.

e. Attorney's Fees. In the event an action is brought to enforce any of the terms, covenants or conditions of this Agreement, or in the event this Agreement is placed with an attorney for collection or enforcement, the successful party to such an action or collection shall be entitled to recover from the losing party a reasonable attorney's fee, together with such other costs as may be authorized by law.

IDAHO STATE UNIVERSITY

____
James A. Fletcher, Vice President
Finance and Administration

Date:__________________________

IDAHO STATE UNIVERSITY FOUNDATION

____
William M. Eames, President

Date:__________________________

____
Kent Tingey, Vice President
University Advancement

Date:__________________________

LOANED EMPLOYEE concurrence and commitment:

____

Date:__________________________

EXHIBIT "B"

Service Agreement

EXHIBIT "B"

SERVICES AGREEMENT
IDAHO STATE UNIVERSITY– IDAHO STATE UNIVERSITY FOUNDATION

THIS SERVICES AGREEMENT is entered into by and between Idaho State University , a state educational institution, and a body politic and corporate organized and existing under the Constitution and laws of the state of Idaho ("University"), and IDAHO STATE UNIVERSITY FOUNDATION, a private nonprofit corporation ("ISUF").

A. The University agrees to provide to the ISUF the following administrative, financial, accounting, and investment support services.

1. Administrative support for reconciliation between appropriate ISUF and ISU accounts such as scholarship and spendable accounts and appropriate revenue reports between ISUF and ISU, assist with transfer of gift funds to ISU, assist with monitoring gift fund use to ensure compliance with wishes of donor, ISUF policies and applicable laws..
2. Administrative support for ISUF gift acceptance committee including analysis for evaluation of proposed gifts of real estate and analysis of gifts with unusual restrictions and/or financial/legal consequences, assist with transfers of gifted marketable securities and approved real estate to ISUF, assist with receipt of distributions from estates and trusts to ISUF.

B. All University employees who provide support services to the ISUF shall remain University employees under the direction and control of the University.

C. The University will supply the facilities, equipment, software and operating supplies necessary for the University employees supplying the above support services to the ISUF, the nature and location of which shall be in the University's discretion. In addition, the University shall furnish office space and office equipment for use by the "loaned employees", the nature and location of which shall be subject to agreement of the parties.

D. The ISUF will pay directly to the University a reasonable consideration for the services, facilities, equipment, software and operating supplies provided to the ISUF pursuant to the Service Agreement based upon agreed upon budgets for the services and operations described herein. In conjunction with the University's annual budget process, the University will prepare and present to the ISUF for consideration and acceptance an operating budget for the services and operations to be provided under this Agreement upon which the consideration shall be based.

This Services Agreement shall be effective as of the date of the last signature thereto and shall continue in annual terms matched to the University's fiscal year until terminated by either party. This Services Agreement may be terminated by either party upon written notice of termination, such termination to be effective 30 days after notice thereof. This Services Agreement shall also terminate at the same time as any termination of the Operating Agreement between the

University and the ISUF dated February 5, 2009. In the event of termination, all obligations of the parties hereto shall cease as of the date of termination except for obligations for payment or reimbursement which accrued prior to the date of termination.

IDAHO STATE UNIVERSITY	IDAHO STATE UNIVERSITY FOUNDATION
______________________________	______________________________
James A. Fletcher, Vice President Finance and Administration	William M. Eames, President
Date:__________________________	Date:_________________________

EXHIBIT "C"

Investment Policy

EXHIBIT "C"

Idaho State University Foundation

Policy V D Investments

INVESTMENT POLICIES OF THE IDAHO STATE UNIVERSITY FOUNDATION

Preamble
It is the policy of the Board to treat all assets of the Idaho State University Foundation, including funds that are legally unrestricted, as if held by the Idaho State University Foundation in a fiduciary capacity for the sake of accomplishing its mission and purposes. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws.

Investment Assets
For purposes of these policies, investment assets are those assets of the Idaho State University Foundation that are available for investment in the public securities markets as stocks, bonds, cash, or cash equivalents, either directly or through intermediate structures. Illiquid assets are described in the Idaho State University Foundation's gift acceptance policies, and are governed by those rules and not by these investment policies.

Supervision and Delegation
The Board of the Idaho State University Foundation has adopted these policies and has formed an Investment Committee, described below, to whom it has delegated authority to supervise the Idaho State University Foundation investments. The committee and its counselors will act in accord with this investment policy (hereinafter "policy"), and all applicable laws and state and federal regulations that apply to nonprofit agencies including, but not limited to, the Uniform Prudent Investors Act and the Uniform Management of Institutional Funds Act. The Board reserves to itself the exclusive right to amend or revise these policies.

Investment Committee
It shall be the responsibility of the Investment Committee to:
1. Supervise the overall implementation of the Idaho State University Foundation's investment policies by the Idaho State University Foundation's executive staff and outside advisors;
2. Monitor and evaluate the investment performance of the Idaho State University Foundation's funds;
3. Report at each regularly scheduled meeting of the Board on Foundation investment matters including financial performance:
4. Develop and annually update an investment policy, asset allocation strategies, risk-based fund objectives, and appropriate investment management structures and provide the same to the Board;
5. Execute such other duties as may be delegated by the Board.

Whenever these policies assign specific tasks to the committee, the policies assume that the actual work will (or may) be performed by the Idaho State University Foundation's Finance Director or other designated staff members, subject only to the committee's overall supervision.

Investment Consultant, Advisors, and Agents
The committee is specifically authorized to retain one or more investment advisors (advisors) as well as any administrators, custodians, or other investment service providers required for the proper management of the Idaho State University Foundation's funds. The committee may utilize an advisor as an investment consultant (consultant) to advise and assist the committee in the discharge of its duties and responsibilities. In that regard, a consultant may help the committee to

1. Develop and maintain investment policy, asset allocation strategies, risk-based fund objectives, and appropriate investment management structures;
2. Select, monitor, and evaluate investment advisors and/or investment entities;
3. Provide and/or review quarterly performance measurement reports and assist the committee in interpreting the results;
4. Review portfolios and recommend actions, as needed, to maintain proper asset allocations and investment strategies for the objectives of each fund; and,
5. Execute such other duties as may be mutually agreed.

In discharging this authority, the committee can act in the place and stead of the board and may receive reports from, pay compensation to, enter into agreements with, and delegate discretionary investment authority to such advisors. When delegating discretionary investment authority to one or more advisors, the committee will establish and follow appropriate procedures for selecting such advisors and for conveying to each the scope of their authority, the organization's expectations, and the requirement of full compliance with these policies.

Objectives
The Idaho State University Foundation's primary investment objective is to preserve and protect its assets by earning a total return for each category of assets (a "fund"), which is appropriate for each fund's time horizon, distribution requirements, and risk tolerance.

Tax-Based Restrictions
The Idaho State University Foundation is a charitable organization under § 501(c)(3) of the Internal Revenue Code. Consequently, its income is generally exempt from federal and state income tax with the exception of income that constitutes unrelated business taxable income (UBTI). The committee is to determine if a particular strategy or investment will generate UBTI, for which it may rely on advice of counsel. Since UBTI can be generated by leveraged investments (resulting in "debt-financed income"), the Idaho State University Foundation will not utilize margin, short selling, or other leveraged investment strategies unless the Investment Committee grants a specific exception. When granting exceptions, the committee must determine that the potential rewards outweigh the incremental risks and costs of UBTI. All such exceptions shall be made in writing and shall be communicated to the Board as part of the next regular Investment Committee report.

Reporting Requirements

1. *Monthly* — The committee will obtain written monthly custodial statements. Such statements should contain all pertinent transaction details for each account that holds all or a portion of any the Idaho State University Foundation investment funds. Each monthly statement should include

   – The name and quantity of each security purchased or sold, with the price and transaction date; and,
   – A description of each security holding as of month-end, including its percentage of the total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income (yield) at market.

   In addition, if not included in the custodial reports, the consultant and/or the investment advisor(s) should provide a report for each fund or portfolio showing the month-end allocation of assets between equities, fixed-income securities, and cash. The monthly review of custodial statements may be delegated to the Idaho State University Foundation accounting staff.

2. *Quarterly* — The committee should obtain from its investment consultant and/or investment advisors, a detailed review of the Idaho State University Foundation's investment performance for the preceding quarter and for longer trailing periods as appropriate. Such reports should be provided as to each fund and as to the Idaho State University Foundation investment assets in the aggregate. As to each fund, the committee should establish with its investment consultant and/or investment advisors the specific criteria for monitoring each fund's performance including the index or blend of indices that are appropriate for the objectives of each fund and for the investment style or asset class of each portfolio within a fund. The committee shall meet with the consultant to conduct such reviews to the extent it deems necessary.
3. *Periodically* — The committee should meet with its investment consultant at least annually to review all aspects of the Idaho State University Foundation's investment assets. Such a review should include 1) strategic asset allocation, 2) manager and investment entity performance, 3) anticipated additions to or withdrawals from funds, 4) future investment strategies, and 5) any other matters of interest to the committee.

Date of Board Approval:

Person responsible for the periodic review of policy and if necessary submits proposed revisions to Board for approval: Chair Investment Committee Chair

Date of Last Review

EXHIBIT "D"

Articles of Incorporation

EXHIBIT D

ARTICLES OF INCORPORATION
OF
IDAHO STATE UNIVERSITY FOUNDATION, INC.

BE IT KNOWN That We, the undersigned, being natural persons of full age and citizens of the United States, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the general corporation laws of the State of Idaho, and in particular Chapter 11 of Title 30, and the Acts amendatory thereof and supplemental thereto, do hereby associate ourselves, together with such other persons as may associate themselves and their successors, for the purpose in incorporation and do hereby certify as follows:

ARTICLE I.
NAME

The name of this corporation is "Idaho State University Foundation, Inc.

ARTICLE II.
PERIOD OF DURATION

This corporation shall have perpetual existence.

ARTICLE III.
PURPOSES

The purposes for which this corporation was formed and now exists are:

1. To solicit and receive contributions, gifts, grants, devises or bequests of real or personal property or both from individuals, foundations, partnerships, associations, governmental bodies or public or private corporations and to maintain, use and apply the whole or any part of the income therefrom and the principal thereof exclusively for charitable, scientific, literary or educational purposes either directly or by contribution to the Idaho State University or other organizations duly authorized to carry on charitable, scientific, literary or educational activities in order to aid and benefit the Idaho State University, provided, however, that no part of such income or principal shall be contributed to any organization whose net earnings or any part thereof enure to the benefit of any private shareholder or individual or any substantial part of the activities of which involve carrying on propaganda or otherwise attempting to influence legislation, or

participating in or intervening in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.

2. No part of the net earnings of the corporation shall enure to the benefit of any member, trustee, officer of the corporation or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation in connection with one or more of its purposes) and no member, trustee, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporation's assets on dissolution of the corporation.

3. No part of the activities of the corporation shall involve carrying on propaganda or otherwise attempting to influence legislation or participating in or intervening (including the publishing or distributing of statements) in any political campaign on behalf of any candidate for public office.

4. Upon dissolution of the corporation or the winding up of its affairs except by merger with corporation of similar purposes, the assets of the corporation shall be distributed exclusively to the Idaho State University.

ARTICLE IV.

POWERS

Subject to the express limitation that the corporation shall not have or possess any power at any time, the effect of which prevents the corporation from qualifying as an exempt organization under paragraph 501 of the Internal Revenue Code of 1954 as it now exists or as it may be amended hereafter or which prevents any gifts, grant, devise or bequest from qualifying as a charitable contribution for Federal Estate Tax purposes or for Federal Income Tax purposes, the corporation shall have and possess the following powers, any or all of which must be exercised exclusively in the furtherance of the purposes for which the corporation exists:

(a) To have perpetual succession by its corporate name.

(b) To sue and be sued, complain and defend, in its corporate name.

(c) To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.

(d) To purchase, take, receive, lease, take by gifts, devise, or bequest, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property or any interest therein wherever situated.

(e) To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets.

(f) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge or otherwise dispose of and otherwise use and deal in and with shares or other interests in or obligations of other domestic or foreign corporations, whether for profit or not for profit, associations, partnerships or individuals or direct or indirect obligations of the United States or of any other government, state, territory, governmental district or municipality, or of any instrumentality thereof.

(g) To make contracts and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income.

(h) To lend money for its corporate purposes, invest and reinvest its funds and take and hold real and personal property as security for the payment of funds so loaned or invested.

(i) To conduct its affairs, carry on its operations and have offices and exercise the powers granted by the provisions of Chapter 11, Title 30, Idaho Corporation Code, as that act presently exists or as it may be amended in the future, in any state, territory, district or possession of the United States or in any foreign country.

(j) To elect or appoint any committees and any officers or agents of the corporation as the Board of Directors may determine and to define their duties and fix the compensation to be paid to any officer or agent.

(k) To make and alter By-Laws not inconsistent with these Articles of Incorporation or with the Laws of the State of Idaho for the administration and regulation of the affairs of the corporation.

(l) To make donations for the general welfare of the Idaho State University and for charitable, scientific, literary, and educational purposes incident to the operation of the Idaho State University.

(m) To indemnify any director or officer or former director or officer of the corporation or any person who may have served at its request as a director or officer of another corporation whether for profit or not for profit against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty; but such indemnification shall not be deemed exclusive of any other rights to which such director or officer may be otherwise entitled.

(n) To cease its corporate activities and surrender its corporate franchise, or to merge with similar non-profit corporations.

(o) To have and exercise all powers necessary or convenient to effect any and all of the purposes for which the corporation is organized and exists.

(p) To execute trust agreements and accept and administer trust funds relating to the purposes for which the corporation has been organized and exists and not in conflict with the exempt status of the corporation under the Internal Revenue Code.

(q) To pay the reasonable and necessary expenses for the operation of the corporation out of the principal or income from gifts, grants, devises or bequests made expressly for that purpose or unrestricted as to their use by the donors or unless expressly provided to the contrary by the agreement controlling the use of such funds, from income received from other gifts, grants, devises or bequests during the period said funds are held by the foundation and are not required for the purposes specified by the donor, grantor or testator.

(r) Unless otherwise specifically restricted by the donor, grantor, or testator, the corporation shall have and possess the following powers with reference to its investments:

(1) To receive and accept in kind and to hold and administer as an investment as long as it shall seem to it best, any and all property which may come to it without liability for depreciation or loss through errors of judgment or otherwise.

(2) To mingle funds of different gifts for the purpose of investment and reinvestment.

(3) To acquire, invest, reinvest, exchange, retain, sell or otherwise dispose of stocks, bonds, or other securities in the exercise of the judgment and care under the circumstances then prevailing which men of prudence, discretion and intelligence generally exercise in the management of their own affairs, not in regard to speculation but in making investments of their own funds with a view to probable increase of principal as well as safety of their capital and current income. Within the limitations of this standard, the corporation is authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment including specifically, but without limiting the generality of the foregoing, bonds, debentures and other corporate obligations, stocks, preferred or common, and real estate mortgages and to retain any property properly acquired without limitation as to time and without regard to its suitability for original purchase. The corporation shall not be limited or restricted to authorized investments for trustees under the laws of Idaho or any other law as now existing or as hereafter enacted.

(4) To determine whether money or other property received is principal or income, or partly one and partly the other; and to charge and apportion expenses and losses to principal and income as it may deem just and equitable; to make good any "wasting investment," losses of principal or premiums paid for securities, out of income over such periods of time as it may deem advisable.

(5) To invest and reinvest expendable principal received by the Foundation for specific purposes but not presently required for the purposes specified by the donor, grantor or testator in such investments as the Board of Directors shall determine after taking into account the time when said principal funds will be required and the necessity to preserve said funds without loss of principal and to use or accumulate the net income received therefrom for reasonable expenses or operations of the Foundation, as the Board of Directors shall determine; provided, such expendable principal funds shall be available when required for use for the purposes specified by the donor, grantor or testator.

V.

REGISTERED OFFICE AND AGENT

The official registered office of the corporation shall be in the Administration Building on the Idaho State University Campus, Pocatello, Idaho. The Resident agent of the corporation until otherwise designated by the Board of Directors is Herman J. McDevitt, address: First Security Bank Building, Pocatello, Idaho. The Board of Directors from time to time by appropriate resolution shall have the power and authority to change the location of the registered office of the corporation and to change the designation of the resident agent of the corporation.

VI.

THE BOARD OF DIRECTORS

(1) The affairs of the corporation shall be conducted by a Board of Directors of at least three members. The exact number of Directors shall be fixed from time to time by the By-Laws of the corporation. Until otherwise provided by the By-Laws, and until their successors are elected and qualified the Board of Directors shall consist of the following members: **Dee Bogert, Member, State Board of Education; Dr. William E. Davis, President Idaho State University; Dr. Donald F. Kline; Frank D. Seelye; William J. Ryan, Jr., Executive Secretary of Alumni Association; Herman J. McDevitt, Attorney**; and Charles H. Kegel.
In addition, the President of the Foundation and the Treasurer are ex-officio members of the Board.

(2) The qualifications of members of the Board, their manner of selection and the voting rights of ex-officio members shall be determined by the By-Laws.

(3) The real estate and personal property of the corporation shall be under the complete control of the Board of Directors which is charged with the responsibility of administering and expending said property in accordance with the purposes for which the corporation has been organized and exists and in accordance with the terms and conditions of the gift, grant, devise or bequest under which the corporation has received the property in question. The Board of Directors may appoint an Investment Committee and may also appoint a fiscal agent or agents to handle its investments and financial affairs in such manner as may be determined advisable by the Board.

VII.

ORIGINAL INCORPORATORS

The names and Post Office addresses of the incorporators, who shall serve as Trustees until their successors are elected and qualified are:

Name	Address
Charles H. Kegel	161 16th Place Pocatello, Idaho
Frank O. Seelye	724 So 19th - Pocatello Idaho
William Ryan	300 myrtle st. Pocatello, Idaho
E. A. [illegible]	28 Willowood Pocatello Idaho
[illegible]	42 Colgate Pocatello, Idaho
William E. Davis	341 S. 7th Pocatello, Idaho
Herman J. McDevitt	

VIII.

BOARD OF TRUSTEES

The corporation shall have a Board of Trustees which shall be unlimited in number. Members of the Board shall serve without compensation of any kind. The qualifications and method of selection of trustees shall be determined by the By-Laws. The Board of Trustees shall have the power to adopt amendments to these Articles of Incorporation and shall elect the Directors of the corporation in such manner as shall be provided by the By-Laws.

In addition the holders of the following offices are trustees by virtue of their office: President of the Idaho State University, the Secretary of the Idaho State University Alumni Association, a member of the Board of Trustees of the Idaho State University to be designated by the Board of Trustees and the President of the Idaho State University Alumni Association.

ARTICLE IX.

AMENDMENTS

These Articles of Incorporation may be amended at any time in the manner and form provided by the Idaho Code as existing at the time of the adoption of these Articles of Incorporation or as provided by any other applicable law but no amendment may be adopted which changes or affects in any way the exempt status of the corporation as an organization existing exclusively for charitable, educational, literary or scientific purposes.

CERTIFICATE

IN WITNESS WHEREOF, the undersigned President and Secretary of the corporation hereby certify and state that these Articles of Incorporation were adopted by the incorporators of the Idaho State University Foundation, Inc. at a special meeting of said incorporators held at the Conference Room; Administration Building, on February 9, 1967, that a quorum was present at such meeting and that these Articles received unanimous approval of the incorporators, and members present at said meeting.

That due notice of said meeting and purposes thereof was given by publication in the Idaho State Journal, a legal newspaper as provided by law. That the Directors & Trustees herein named were elected at such meeting pursuant to such notice.

William E Davis
President

Donald J Kline
Secretary

STATE OF IDAHO)
: ss
County of Bannock)

On this 13th day of March, 1967, before me the undersigned, a Notary Public in and for Bannock County, Idaho, personally appeared Wm. E. Davis and Donald J. Kline, to me known to be the President and Secretary, respectively, of the Idaho State University Foundation, Inc., and upon being first duly sworn upon oath, deposed and stated that the facts set forth in the foregoing instrument and certificate were in all respects true and correct.

Herman J McDevitt
Notary Public for Idaho
Residing at Pocatello, Idaho

IDAHO STATE UNIVERSITY
Office of the Director
Development and Institutional Research
POCATELLO, IDAHO
83201

March 13, 1967

UNIVERSITY FOUNDATION

It was moved by Mr. Smith, seconded by Mr. Hampton, and carried, that the State Board of Education, acting as Trustees for Idaho State University, approve the use of the name "Idaho State University" for the proposed corporation to be known as the Idaho State University Foundation, Inc. In accordance with Section 2, A, of the By-Laws of the Idaho State University Foundation, Inc., the State Board of Education names ~~Dee Bogert~~ to serve on the Board of Directors of the Foundation. Edmund A. Bogert, Jr.

Copies of the Articles of Incorporation and the By-Laws are attached for the information of the Board. (Appendix B)

This is to certify that the foregoing is an exact and true excerpt taken from the minutes of the State Board of Education acting as trustees for Idaho State University in a duly called meeting in Moscow, Idaho, March 2-3, 1967.

William J. Bartz
Financial Vice President

STATE OF IDAHO)
: ss
County of Bannock)

On this 13th day of March, 1967, before me the undersigned, a Notary Public in and for Bannock County, Idaho, personally appeared Mr. William J. Bartz to me known to be the Financial Vice President of Idaho State University and upon being first duly sworn upon oath, deposed and stated that the facts set forth in the foregoing instrument were in all respects true and correct.

Notary Public for Idaho
Residing at Pocatello, Idaho.

No. 38255

Articles of Incorporation

of

IDAHO STATE UNIVERSITY FOUNDATION, INC.

Place of business Pocatello
Existence Perpetual
Capital Stock NONE

STATE OF IDAHO
Department of State
Boise, Idaho

Approved, filed and admitted to the records of Articles of Incorporation of the State of Idaho and certificate issued this 17th day of March 1967 at 10:00 o'clock A. M.

FEES PAID

Filing	$ 15.00
Recording	5.20
~~Cert. Copy~~	
Certificate	
~~License Tax~~	

TOTAL $ 20.20

EDSON H. DEAL
SECRETARY OF STATE

BY Rayola Black
Ass't. CORPORATION CLERK

State of Idaho

Department of State.

CERTIFICATE OF AMENDMENT
OF

IDAHO STATE UNIVERSITY FOUNDATION, INC.

IDAHO STATE UNIVERSITY FOUNDATION, INC.

May 13 83

MAY 13 8 35 AM '83
SECRETARY OF STATE

MAY 5 8 52 AM '83
SECRETARY OF STATE

AMENDMENT OF ARTICLES OF INCORPORATION OF
IDAHO STATE UNIVERSITY FOUNDATION, INC.

Harry F. Magnuson, President, and Dennis Holter, Executive Vice President/Secretary of the above-named corporation, respectfully show that:

The above-named corporation was organized under the laws of the State of Idaho and was issued a charter by the Secretary of State dated February 9, 1967, with its principal place of business in Pocatello, Bannock County, Idaho.

The undersigned, the duly elected and qualified President and Executive Vice President/Secretary of the said corporation, hereby certify that statutory notice was given to each Director of the said corporation of a special meeting of Directors to be held on April 22, 1983, and notice stated the time and place of meeting and the purposes thereof.

And, further, that the meeting was duly held pursuant to notice, and a resolution was offered and unanimously adopted by vote of said Directors/members to amend Articles V and VIII of the Articles of Incorporation of said corporation to read as follows:

"V.

REGISTERED OFFICE AND AGENT

The official registered office of the corporation shall be in the Administration Building on the Idaho State University Campus, Pocatello, Idaho. The resident agent of the corporation until otherwise designated by the Board of Directors is Dennis A. Holter, address: Campus Box 8050, Idaho State University, Pocatello, Idaho. The Board of Directors from time to time by appropriate resolution shall have the power and authority to change the location of the registered office of the corporation and to change the designation of the resident agent of the corporation."

"VIII.

BOARD OF TRUSTEES

The corporation may have a Board of Trustees which shall be unlimited in number. Members of the Board of Trustee shall serve without compensation and without requirements for duties or responsibilities. The qualifications and method of selection of Trustees shall be determined by the By-Laws."

And, further, your petitioners certify that they have complied in all respects with the laws of the State of Idaho and amendments thereto to amend the Articles of Incorporation of the Idaho State University Foundation, Inc.

WHEREFORE, we pray that the said Articles of Incorporation of the Idaho State University Foundation, Inc. be so amended.

DATED and signed this 22nd day of April, 1983.

IDAHO STATE UNIVERSITY FOUNDATION, INC.

By: H. F. Magnuson.
President

ATTEST:

Dennis A. Holter
Executive Vice President & Secretary

STATE OF IDAHO)
: ss
County of Bannock)

I, Gerald W. Olson, a Notary Public, do hereby certify that on this 22nd day of April, 1983, personally appeared before Harry F. Magnuson, who, being by me first duly sworn, declared that he is the President of the Idaho State University Foundation, Inc., that he signed the foregoing document as

President of the corporation, and that the statements therein contained are true.

NOTARY PUBLIC FOR IDAHO
Residing at Pocatello, Idaho

(SEAL)

My Commission Expires: Lifetime

STATE OF IDAHO)
: ss
County of Bannock)

I, Gerald W. Olson, a Notary Public, do hereby certify that on this 22nd day of April, 1983, personally appeared Dennis Holter, who, being by me first duly sworn, declared that he is the Executive Vice President of the Idaho State University Foundation, Inc., that he signed the foregoing document as Executive Vice President of the corporation, and that the statements therein contained are true.

NOTARY PUBLIC FOR IDAHO
Residing at Pocatello, Idaho

(SEAL)

My Commission Expires: Lifetime

204

ARTICLES OF AMENDMENT
(Non-profit)

FILED EFFECTIVE

2006 JUN 19 AM 10: 04

SECRETARY OF STATE
STATE OF IDAHO

To the Secretary of State of the State of Idaho
Pursuant to Title 30, Chapter 3, Idaho Code, the undersigned non-profit corporation amends its articles of incorporation as follows:

1. The name of the corporation is:
Idaho State University Foundation, Inc.

If the corporation has been administratively dissolved and the corporate name is no longer available for use, the amendment(s) below must include a change of corporate name.

2. The text of each amendment is as follows:

See attached for Amended and Restated Article III.

3. The date of adoption of the amendment(s) was: June 7 , 2006

4. Manner of adoption (check one):

☑ Each amendment consists exclusively of matters which do not require member approval pursuant to section 30-3-90, Idaho Code, and was, therefore, adopted by the board of directors. (Please fill spaces below)

a. The number of directors entitled to vote was: 22
b. The number of directors that voted for each amendment was: 18
c. The number of directors that voted against each amendment was: 0

☐ The amendment consists of matters other than those described in section 30-3-90, Idaho Code, and was, therefore adopted by the members. (Please fill spaces below)

a. The number of members entitled to vote was: ______
b. The number of members that voted for each amendment was: ______
c. The number of members that voted against each amendment was: ______

Dated: June 8 ,2006

Signature: [signature]

Typed Name: Kent M. Tingey

Capacity: Executive Vice President

Customer Acct #:

(if using pre-paid account)

Secretary of State use only

g:\corp\corpforms\arts of amendment_np.pmd Revised 10/2003

Web Form

IDAHO SECRETARY OF STATE
06/19/2006 05:00
CK: 4017 CT: 2982 BH: 960836
1 @ 30.00 = 30.00 NON PROF A # 2

C38255

AMENDED AND RESTATED

ARTICLE III

PURPOSES

A. Said organization is organized exclusively for charitable, religious, educational and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

B. No part of the net earnings of the organization shall inure to the benefit of, or be distributed to, its members, trustees, officers or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the purpose clause hereof.

C. No substantial part of the activities of the organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of this document, the organization shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or corresponding section of any future federal tax code.

D. Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by the District Court of the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

EXHIBIT "E"

Amended and Restated Bylaws

EXHIBIT E

Amended and Restated Bylaws

of

Idaho State University Foundation, Inc.

Adopted February 25, 2011

Idaho State University Foundation

Policy I D Bylaws

Bylaws

Table of Contents

Article I Purpose and Duration of the Foundation

The Idaho State University Foundation, Inc., an Idaho nonprofit corporation (the "Foundation") exists for the purpose of soliciting, securing and managing various sources of funding to promote the growth and operations of Idaho State University in the furtherance of the University's goals to provide a meaningful and valued educational experience for its students. The Foundation shall have no termination date and shall exist in perpetuity.

Article II Offices

Section 2.01 Principal Office. The principal office of the Foundation shall be located at the administrative building on the Idaho State University Campus. The Foundation may have such other offices as the Board of Directors (the "Board") may designate or as the business of the Foundation may require from time to time.

Section 2.02 Registered Office. The registered office of the Foundation to be maintained in the state of Idaho shall be located at the principal office of the Foundation, and may be changed from time to time by the Board.

Article III Board of Directors

Section 3.01 General Powers and Standard of Care. All corporate powers shall be exercised by or under authority of, and the business and affairs of the Foundation shall be managed under the direction of, the Board except as may be otherwise provided in the Idaho Nonprofit Corporation Act (the "Act") or the Articles of Incorporation (the "Articles"). If any such provision is made in the Articles, the powers and duties conferred or imposed upon the Board by the Act shall be exercised or performed to such extent and by such person or persons as shall be provided in the Articles.

A Director shall perform such Director's duties as a Director, including such Director's duties as a member of any committee of the Board upon which such Director may serve, in good faith, in a manner such Director reasonably believes to be in the best interests of the Foundation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such Director's duties, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) One (1) or more officers or employees of the Foundation whom the director reasonably believes to be reliable and competent in the matters presented;

(b) Counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or

(c) A committee of the Board upon which such director does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence, but such director shall not be considered to be acting in good faith if such director has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs such duties shall have no liability by reason of being or having been a director of the Foundation.

Section 3.02 Composition and Term. There shall be a Board of Directors of the Foundation consisting of no more than twenty-five (25) voting directors. Directors shall be elected by the Board for a term of three (3) years and shall not serve more than three (3) consecutive terms, unless elected Board Chair ("CoB) President or Vice President ("VP") of the Foundation. The term of the director elected VP shall be extended an additional one year after the completion of service as CoB and President, unless the maximum of three terms has not been reached, in which case he or she will serve the remainder of his or her three terms. After the maximum of three (3) terms on the Board, an outgoing director shall automatically move into Associate status and may be re-elected to the Board after a term of absence from the Board of at least one (1) year.

Section 3.03 Method of Selection. Nomination to the Board may be made by any member of the Board, any ex officio members of the Board or any Board Associate. Nominations should be submitted in writing to a member of the Nominating Committee of the Board. The Nominating Committee will review the nominees and present a slate of potential nominees to the Board for election when vacancies occur on the Board.

Section 3.04 Qualifications. Any person of good moral character having a genuine interest in the objectives of the Foundation may be qualified as a member of the Board without regard to his or her place of residence, whether he or she has attended Idaho State University or any other similar factor.

Section 3.05 Ex Officio Membership. The following shall be ex officio members of the Board of this Foundation:

a. The President of Idaho State University;

b. The Vice President for University Advancement at Idaho State University ("EVP");

c. The Secretary of the Foundation;

d. The Treasurer of the Foundation;

e. The President of the Idaho State University Alumni Association;

f. Legal Counsel for the Foundation;

g. An ISU Faculty Member periodically appointed or elected by the ISU Faculty Senate to perform an active role in fund-raising for the University; and

h. The President of the Idaho State University Bengal Foundation.

Unless they are also current voting directors, ex officio members of the Board shall not vote on matters being considered by the Board.

Section 3.06 Meetings of the Board of Directors.

The Board shall meet semi-annually and at such other times as meetings may be called. The CoB, President, VP, or the EVP shall have the right to call any meeting of the Board at any time and place by giving no less than five (5) days notice to the Board of the time and place of such meeting.

(b) Any Board action to remove a director shall require no less than seven (7) days written notice to each director that the matter will be voted on at a Board meeting. Such notice shall also include the time and place of such meeting.

(c) A director may, at any time before, during or after a Board meeting, waive any notice required by law, the Articles, or these Bylaws. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or Foundation records.

A director's attendance at or participation in a meeting waives any required notice of the meeting unless the director, upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with law, the Articles, or these Bylaws objects to lack of notice and does not thereafter vote for or assent to the objected action.

(d) A majority of the voting membership of the Board shall constitute a quorum at any meeting and, unless otherwise provided by law or by the Articles, action of the Board shall be controlled by majority action of the voting directors present at any meeting at which a quorum is present.

(e) The Board shall keep a record of its proceedings and shall make a detailed report available to the directors, the officers, including ex officio officers of the Foundation, and Board Associates.

Section 3.07 Committees of the Board of Directors.

The Foundation Board will have the following standing committees: Executive, Governance, Audit, Finance, Investment, Development and Nominating. The responsibilities of the standing committees are described in Section IX of the Policy Manual.

The Board shall have the right to create any other committee from time to time to assist in accomplishing the duties and the responsibilities of the Foundation. Membership on any committee need not be limited to members of the Board or Board Associates. Such ad hoc committees are discussed in Section IX. H. of the Policy Manual.

Section 3.08 Vacancies. Any vacancy occurring on the Board and any directorship to be filled by reason of any increase in the number of directors shall be filled by the Board based on nominations received from the Nominating Committee. The term of any directorship arising due to vacancy or increase in the number of directors shall be three (3) years and shall be subject to the term limits described in Section 3.02 above.

Section 3.09 Removal of Directors.

(a) Removal for Cause. Any director may be removed from office for cause by a two-thirds (2/3) majority vote of the total directors then in office.

(b) Removal for Unexcused Absences. A director may be removed from office after two (2) unexcused absences of any Board meeting within any twelve-month period, provided that a majority of the total directors then in office vote for such removal.

Section 3.10 Informal Action. Any action required to be taken at a meeting of the Board of directors may be taken without a meeting if a majority of the directors agree to such action either via electronic mail or in writing.

Section 3.11 Open Meetings. It is the intent of the Foundation to conduct its business in open sessions whenever possible. However, the meeting shall be closed in those circumstances where the Board is discussing or acting upon strategy with respect to litigation; discussing the purchase of real property not owned by a public agency; interviewing prospective Foundation employees; or considering the evaluation, dismissal or disciplining of, or hearing complaints or charges brought against, a Foundation employee or staff member.

On any other matter which the Board feels must be dealt with in a confidential manner, the Board may close its meeting to the non-Board members of the Foundation and the general public. An affirmative two-thirds (2/3) vote of the Board members present is necessary to close the meeting. The Board shall take no final action or make any final decision in closed meeting.

Section 3.12 Director Conflicts of Interest. All members of the Board shall comply with all provisions of the Conflict of Interest Policy as set forth in Section II. D. of the Policy Manual.

Section 3.13 Loans to Directors. The Foundation shall not lend money to or guarantee the obligation of a director.

Article IV Board Associates

The Foundation shall have honorary Associates to provide advisory services to the Foundation. The Associates are individuals who have previously served on the Board for the Foundation. Directors who have completed three (3) terms on the Board will automatically be eligible to serve as an Associate, unless they decline to do so. Associates shall be unlimited in number and shall serve until resignation or until removal by a majority vote of the Board. Associates shall be invited to all regular meetings of the Board, though they shall not be required to attend. Associates may not vote on matters being considered by the Board.

Article V Officers

Section 5.01 Designation and Method of Selection. Officers of the Foundation shall consist of the Board Chair ("CoB") , President, Vice President ("VP"), Executive Vice President ("EVP"), Secretary and Treasurer. Except as otherwise provided herein, the officers shall be elected by the Board and, other than the CoB, President and VP, shall serve at the pleasure of the Board or until their respective successors are duly elected and qualified. The term of the CoB and of the President shall be two years each. The term of the VP shall be one year and shall begin one year before the end of the President's term. The VP will automatically assume the role of President at the end of the term of the previous President. The President will automatically assume the role of CoB at the end of the term of the previous CoB. Persons elected as Secretary or Treasurer shall be then current members of either the Board or Board Associates. Any vacancies in any office shall be filled by the Board at any regular or special meeting of the Board from nominees provided by the nominating committee. The terms of officers as described herein may be increased or decreased by majority vote of the Board members present at the meeting at which such increase or decrease is voted on, provided a quorum is present.

Section 5.02 Duties of the Officers.

The duties and responsibilities of the various officers are described in Section III of the Board's policies.
It is not expected that any officer, other than the EVP, shall devote his or her full time to the affairs of the Foundation or the University unless otherwise directed by the Board at the time of his or her election and with his or her consent.

Section 5.03 Removal. Any officer elected or appointed by the Board may be removed by an affirmative vote of two-thirds (2/3) of the total Board whenever, in its judgment, the best interest of the Foundation would be served thereby.

Section 5.04 Officer Conflict of Interest. All officers shall comply with all provisions of the Conflict of Interest Policy as set forth in Section II. D. of the Board's policies.

Section 5.05 Loans to Officers. The Foundation shall not lend money to or guarantee the obligation of an officer.

Article VI Miscellaneous

Section 6.01 Indemnification. The Foundation shall indemnify any director, officer or former director or officer of the Foundation against expenses actually and reasonably incurred by him or her in connection with the defense of any action, suit or proceeding, civil or criminal, in which he or she is made a party by reason of being or having been a director or officer, except in relation to matters as to which he or she is adjudged in such action, suit or proceeding to be liable for gross negligence or misconduct in the performance of duty to the Foundation.

Section 6.02 Investment. Any funds of the Foundation which are not needed currently for the activities of the Foundation may, at the discretion of the Board, be invested in such investments as are permitted by law.

Section 6.03 Depositories. All funds of the Foundation not otherwise employed shall be deposited from time to time to the credit of the Foundation in such banks, savings and loan associations, trust companies, or other depositories as the Board may elect.

Section 6.04 Contracts. The Board may authorize any officer(s) or agent(s) of the Foundation, in addition to the officers authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Foundation, and such authority may be general or confined to specific instances.

Section 6.05 Checks, Drafts, Etc. All checks, drafts, or orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Foundation shall be signed by such persons and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instrument shall be signed by the Treasurer

Section 6.06 Fiscal Year. The fiscal year of the Foundation shall end on the last day of June of each year.

Section 6.07 Books and Records. The Foundation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its members, Board, and committees having any of the authority of the Board, and shall keep a record giving the name and address of the members entitled to vote. All books and records of the Foundation may be inspected by any member or his agent or attorney or the general public for any proper purpose at any reasonable time.

Section 6.08 Nondiscrimination. This Foundation is an equal opportunity employer and shall make available its services without regard to race, creed, age, sex, color, ancestry, or national origin.

Section 6.09 Political Activity. The Foundation shall not, in any way, use corporate funds in the furtherance of, nor engage in, any political activity for or against any candidate for public office. However, this Bylaw shall not be construed to limit the right of any official or member of this Foundation to appear before any legislative committee, to testify as to matters involving the Foundation.

Section 6.10 Gifts. The Board may accept, on behalf of the Foundation, any contribution, gift, bequest, or devise for the general purposes or for any special purposes of the Foundation.

Section 6.11 Parliamentary Procedure. All meetings of the Board and membership shall be governed by *Roberts' Rules of Order* (Current Edition), unless contrary procedure is established by the Articles or these Bylaws, or by resolution of the Board.

Section 6.12 Staff Conflict of Interest. All staff members shall comply with all provisions of the Conflict of Interest Policy as set forth in Section II.D. of the Policy Manual.

Article VII Amendments

These Bylaws may be amended by an affirmative vote of a majority of the voting directors present at any regular meeting of the Board or at a special meeting called for the specific purpose of amending such Bylaws. Notice of any proposed amendment shall be mailed by United States mail or by electronic mail to each director and to each person entitled to notice of Board meetings at his or her last known address not less than ten (10) days preceding the meeting at which such amendment will be submitted to a vote. This meeting may be conducted in person, by telephone, or by electronic mail. A quorum of the Board must participate.

(The remainder of this page is intentionally left blank.)

SECRETARY'S CERTIFICATION

This is to certify that the foregoing Bylaws of the Idaho State University Foundation have been duly adopted by the Board of Directors at a meeting held on February 25, 2011.

Douglas B Putnam

Secretary

7-15-2011

Date

EXHIBIT "F"

Conflict of Interest Policy

EXHIBIT F

Idaho State University Foundation

Policy II D Conflict of Interest Policy

1. **Purpose**

   The purpose of the conflict of interest policy is to protect the Foundation's interest when it is contemplating entering into a contract, transaction, or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

2. **Definitions**

   a. Interested Person. Any director, officer, member of a committee with Board delegated powers, or staff member who has a direct or indirect financial interest, as defined below, is an interested person.

   b. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business or investment, or a member of the person's family has:

      i. A position as an officer, director, trustee, partner, employee, or agent of any entity with which the Foundation has or is considering a contract, transaction, or arrangement;

      ii. An ownership or investment interest in any entity with which the Foundation has or is considering a contract, transaction, or arrangement;

      iii. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has or is considering a contract, transaction, or arrangement;

      iv. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is considering or negotiating a contract, transaction, or arrangement; or

      v. Any other direct or indirect dealings with any entity from which he or she knowingly benefitted (e.g., through receipt directly or indirectly of cash or other property in excess of $500 a year exclusive of dividends or interest) and with which the Foundation has, is considering, or is negotiating a contract, transaction, or arrangement.

   c. The term "a member of the person's family" means the person's spouse, parent, step-parent, guardian, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, child, stepchild, grandmother, grandfather, aunt, uncle, niece, nephew, brother-in-law, sister-in-law, first cousin, or grandchild.

d. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

e. A financial interest is not necessarily a conflict of interest. Under Section 6.03 Paragraph (b)below, a person who has a financial interest may have a conflict of interest only if the appropriate Board or Committee decides that a conflict of interest exists.

3. Procedures

a. Duty to Disclose. At the first knowledge of the possibility, creation, or existence of a financial interest as described above, the interested person must disclose to the Board the existence of the financial interest and any and all relevant and material facts known to the interested person about the proposed or existing contract, transaction, or arrangement that might reasonably be construed to be adverse to the Foundation's interest. The interested person must be given the opportunity to disclose all other material facts to the directors and members of committees with Board delegated powers considering the proposed contract, transaction, or arrangement.

b. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Committee members shall decide if a conflict of interest exists.

c. Procedures for Addressing the Conflict of Interest.

i. An interested person may make a presentation at the Board or Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the contract, transaction, or arrangement involving the possible conflict of interest.

ii. The Chairperson of the Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed contract, transaction, or arrangement.

iii. After exercising due diligence, the Board or Committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous contract, transaction, or arrangement from a person or entity that would not give rise to a conflict of interest.

iv. If a more advantageous contract, transaction, or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Committee shall determine by a majority vote of the disinterested directors whether the contract, transaction, or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the contract, transaction, or arrangement.

v. Such contract, transaction, or arrangement shall only be authorized, approved, or ratified upon the affirmative vote of a majority of the directors of the Board then in office, or a majority of the Committee members, who are not interested persons as described above.

4. Violations of the Conflicts of Interest Policy

a. If the Board or Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

5. **Records of Proceedings**

The minutes of the Board and all Committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the contract, transaction, or arrangement, the content of the discussion, including any alternatives to the proposed contract, transaction, or arrangement, and a record of any votes taken in connection with the proceedings.

6. **Compensation**

a. A voting member of the Board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

7. **Annual Statements**

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy, and

d. Understands the Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

8. Periodic Reviews

To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

9. Use of Outside Experts

When conducting the periodic reviews as provided for in Section 6.08, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

10. **Foundation Conflicts**

The Foundation acting through its officers and directors will make a good faith attempt to avoid conflicts of interest between the Foundation and Idaho State University and its Board, and will not, without approval of the Board of the Foundation, borrow funds from, or otherwise obligate Idaho State University.

11. Material Gifts

No director, trustee, officer, or staff member of the Foundation shall accept from any source any material gift or gratuity in excess of fifty dollars ($50.00) that is offered, or reasonably appears to be offered, because of the position held with the Foundation; nor shall an offer of a prohibited gift or gratuity be extended by such an individual on a similar basis.

Date of Board Approval: October 17, 2008

Person responsible for the periodic review of policy and submitting proposed revisions to the Board for approval: Board Chair

Date of Last Review

EXHIBIT "G"

Code of Ethics and Conduct

EXHIBIT G

Idaho State University Foundation

Policy II C Code of Ethical Conduct

1. **Personal and Professional Integrity**

   All staff (when used in this code, employees or staff members include staff either employed directly by the Foundation or on behalf of the Foundation by the University), board members, and volunteers of the Idaho State University Foundation act with honesty, integrity, and openness in all their dealings as representatives of the organization. The organization promotes a working environment that values respect, fairness, and integrity.

2. **Mission**

   The Idaho State University Foundation has a clearly stated mission and purpose, approved by the board, in pursuit of the public good. All of its programs support that mission and all who work for or on behalf of the organization understand and are loyal to that mission and purpose.

3. **Governance**

   The Idaho State University Foundation has an active governing body, the Board, which is responsible for setting the mission and strategic direction of the organization and oversight of the finances, operations, and policies of the Idaho State University Foundation. The Board

   a. Ensures that its members have the requisite skills and experience to carry out their duties and that all members understand and fulfill their governance duties acting for the benefit of the Idaho State University Foundation and its public purpose

   b. Has a conflict-of-interest policy that ensures that any conflicts of interest or the appearance thereof are avoided or appropriately managed through disclosure, recusal, or other means

   c. Has a statement of personal commitment that provides attestation to the commitment to the Idaho State University Foundation's goals and values

   d. Ensures that the chief executive and appropriate staff provide the Board with timely and comprehensive information so that the Board can effectively carry out its duties

   e. Ensures that the Idaho State University Foundation conducts all transactions and dealings with integrity and honesty

f. Ensures that the Idaho State University Foundation promotes working relationships with Board Members, staff, volunteers, and program beneficiaries that are based on mutual respect, fairness, and openness

g. Ensures that the organization is fair and inclusive in its hiring and promotion policies and practices for all board, staff, and volunteer positions

h. Ensures that policies of the Idaho State University Foundation are in writing, clearly articulated, and officially adopted

i. Has an Audit Committee that is responsible for engaging independent auditors to perform an annual audit of the Idaho State University Foundation's financial statements. The audit committee also is responsible for overseeing the reliability of financial reporting, including the effectiveness of internal control over financial reporting, reviewing, and discussing the annual audited financial statements to determine whether they are complete and consistent with operational and other information known to the committee members, understanding significant risks and exposures and management's response to minimize the risks, and understanding the audit scope and approving audit and non–audit services

j. Ensures that the resources of the Idaho State University Foundation are responsibly and prudently managed

k. Ensures that the Idaho State University Foundation has the capacity to carry out its programs effectively

4. Responsible Stewardship

The Idaho State University Foundation manages its funds responsibly and prudently. This should include the following considerations:

a. Spends an adequate amount on administrative expenses to ensure effective accounting systems, internal controls, competent staff, and other expenditures critical to professional management

b. Intends that all who are entitled to receive compensation for the organization are, reasonably, fairly and appropriately compensated

c. Knows that solicitation of funds has reasonable fundraising costs, recognizing the variety of factors that affect fundraising costs

d. Does not accumulate operating funds excessively

e. Draws prudently from endowment funds consistent with donor intent and to support the public purpose of the Idaho State University Foundation

f. Ensures that all spending practices and policies are fair, reasonable, and appropriate to fulfill the mission of the Idaho State University Foundation

g. Ensures that all financial reports are factually accurate and complete in all material respects

h. Ensures compliance with laws and regulations

5. Openness and Disclosure

The Idaho State University Foundation provides comprehensive and timely information to all stakeholders and is responsive in a timely manner to reasonable requests for information. All information about the Idaho State University Foundation will fully and honestly reflect the policies and practices of the organization. Basic informational data about the Idaho State University Foundation, such as the Form 990, will be posted online or otherwise made available to the public. All solicitation materials accurately represent the Idaho State University Foundation's policies and practices and will reflect the dignity of program beneficiaries. All financial, organizational, and program reports will be complete and accurate in all material respects.

6. Legal Compliance

The Idaho State University Foundation will employ knowledgeable legal counsel that will help ensure that the organization is knowledgeable of, and complies with, laws and regulations**.**

7. Organizational Effectiveness

The Idaho State University Foundation is committed to improving its organizational effectiveness and develops mechanisms to promote learning from its activities. The Idaho State University Foundation is responsive to changes in its field of soliciting funds from private sources and managing endowments and is responsive to the needs of its constituencies.

8. Inclusiveness and Diversity

The Idaho State University Foundation has a policy of promoting inclusiveness. Its staff, board, and volunteers should reflect diversity in order to enrich its programmatic effectiveness. The Idaho State University Foundation takes meaningful steps to promote inclusiveness in its hiring, retention, promotion, board recruitment, and constituencies served.

9. Fundraising

When the Idaho State University Foundation solicits funds it uses material that is truthful about the organization. The Idaho State University Foundation respects the privacy concerns of individual donors and expends funds consistent with donor intent. The Idaho State University Foundation discloses important and relevant information to potential donors.

In raising funds from public and private sources, the Idaho State University Foundation will respect the rights of donors, as follows:

a. Donors will be informed of the mission of the Idaho State University Foundation, the way the resources will be used, and the University's capacity to use donations effectively for their intended purpose. Further, they will

   i. Be informed of the identity of those serving on the Idaho State University Foundation's governing board and to expect the board to exercise prudent judgment in its stewardship responsibilities

   ii. Have access to the Idaho State University Foundation's most recent financial reports

   iii. Be assured their gifts will be used for purposes for which they are given to the extent that such gifts are in compliance with University and Foundation policy.

   iv. Receive appropriate acknowledgment and recognition

   v. Be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law

   vi. Be approached in a professional manner

   vii. Be informed whether those seeking donations are volunteers, employees of Idaho State University or of the Foundation, or hired solicitors

   viii. Have the opportunity for their names to be deleted from mailing lists that the Idaho State University Foundation may intend to share

   ix. Be encouraged to ask questions when making a donation and to receive prompt, truthful, and forthright answers.

10. Reporting Responsibility

It is the responsibility of all directors, officers, and employees to comply with the code of ethical conduct and to report violations or suspected violations to the Chair of the Audit Committee or the general counsel of the organization. The person receiving the report will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days, unless the submission of the violation is anonymous. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Date of Board Approval: October 17, 2008

Person responsible for the periodic review of policy and submitting proposed revisions to the Board for approval: Board Chair

Date of Last Review

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UNIVERSITY OF IDAHO

SUBJECT

Authorization for Issuance of Bonds.

REFERENCE

December 2002	Authorization to issue Adjustable Rate General Revenue Refunding Bonds Series 2003. Business Affairs and Human Resources Agenda, Section I, Item No. 3, page 73 of the approved minutes.
June 2010	Capital Project Authorization Request, Dan O'Brien Outdoor Track and Field Complex Renovation and Improvements. Business Affairs and Human Resources Agenda, Section II,, Item No. 8, page 1 of the approved minutes.
November 2012	Approval of Acquisition of McCall Campus Site. Business Affairs and Human Resources Agenda, Section II, Item No. 1, page 1 of the approved minutes.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.10., V.F.
Section 33-3804, Idaho Code

BACKGROUND/DISCUSSION

Overview of proposed bonds

The University proposes issuing two series of bonds as follows:

- Tax Exempt Bond (Series 2013A): to a) refund outstanding bonds from 2003, b) refinance existing bank loan for improvements to the Track and Field Complex, and c) fund three exterior Capital Improvement Projects;
- Taxable Bond (Series 2013B): to reimburse University reserves used to fund the McCall Outdoor Science Center property acquisition.

Series 2013A Refunding and General Revenue Projects

Series 2013A Bonds to be used to refund all of the outstanding University's Student Fee Refunding and Revenue Bonds, Series 2003 in the aggregate principal amount of $5,545,000, to pay off the 2010 Track and Field Complex loan from Wells Fargo Bank, N.A. currently outstanding in the aggregate principal amount of $1,792,913 and to fund three exterior capital improvement projects: Campus Entry Signage, General Campus Signage, and Pedestrian Crossings in the total amount of $1,800,000.

Series 2013B General Revenue Project
Taxable Series 2013B Bonds to be used to reimburse University reserves used to fund the McCall Outdoor Science Center Property Acquisition in the amount of $6,250,000

2013 Supplemental Resolution
The 2013 Supplemental Resolution authorizes issuance of the Series 2013A, and Series 2013B Bonds for the purposes outlined above.

The 2013 Supplemental Resolution also authorizes an Escrow Agreement with respect to the Series 2013A Bonds (the "**Series 2013A Escrow Agreement**") with Wells Fargo Bank, N.A., as Escrow Agent (the "**Escrow Agent**"). The 2013 Supplemental Resolution and the Series 2013 Escrow Agreement provide for the purchase of direct obligations of the United States to be deposited along with an existing cash balance of up to $5,700,000 into an escrow account (the "**Series 2013 Escrow Account**") to pay the current interest and redemption price on the Series 2003 Bonds upon call for redemption on their first call date.

Rate, Maturities Security and Ratings
- Interest rates will be determined at pricing; however, the bond market is currently in a very favorable position for these issuances.
- The 2013 bond series will be fixed rate to maturity. Specific maturities are as follows:
    a) Series 2013A Maturities
        1. Maturity: refund Series 2003 (Match-maturity from Series 2003) – April 1, 2022;
        2. Maturity: refinance Track & Field Complex Loan – April 1, 2019;
        3. Maturity – three Exterior Capital Improvements – April 1, 2033;

    b) Series 2013B Maturity: McCall Outdoor Science Center Property Acquisition – April 1, 2033

- All bond series will be issued as part of the General Revenue Bond System and secured by pledged revenues to include student fees, sales and service revenues from auxiliary enterprises and educational activities, revenues received for facility and administrative cost recovery in conjunction with grants and contracts, various miscellaneous revenues, and certain investment income.
- Moody’s Investors Service and Standard & Poor’s each have affirmed UI’s ratings of “Aa3” and “A+” respectively with stable outlook.

Projects to be Financed (Capital Improvements)

Campus Entry Signage

Upgrade all three campus entries on Highway 8: Line Street, Stadium Drive, and Perimeter Drive. The project will include construction of brick-clad entry monuments with signage and the extension of campus amenities such as landscaping, irrigation, hardscape, lighting, and associated pedestrian scale enhancements.

General Campus Signage

In accordance with the signage master plan, the University has been installing new campus signage on a phased, incremental approach since 2010. Additional work remaining to be completed on the main campus includes more building identification signage, pedestrian wayfinding, campus directory maps, and parking lot signage.

Pedestrian Crossings

Traffic calming measures emerging from the Transportation Plan in 2011 identified high priority projects to two key pedestrian crossings of public streets passing through campus. Sixth Street bisects the main north-south pedestrian corridor of campus linking academic programs to the undergraduate housing and student recreation complex and Deakin Street, where north-south auto traffic conflicts with substantial east-west pedestrian crossings.

See Attachment 10 for full details of capital improvement projects.

IMPACT

The proposed project(s) to be financed are necessary for the proper operation of the institution and economically feasible. The University now has the opportunity to lock in today's low rates to fix the current rate on the Series 2003 bonds for an upfront savings of approximately $400,000 to $500,000 while still maintaining the same principle maturity. Refunding now would reduce the interest rate. The current interest rate market suggests the University could acquire an effective coupon rate of approximately 3.25% vs. the current annual installments increasing periodically from 4.00% to 5.25%.

The University seeks to refinance the current $1,792,913 million debt to Wells Fargo Bank in light of the favorable interest rate market.

The University used internal reserves to initially fund the McCall property purchase price and acquisition costs, and seeks to reimburse its reserves from this bond issuance. The savings to the University from eliminating the current lease rate of approximately $250,000 per year will offset the future debt service.

The University's ten year debt projections (Attachment 1) shows the projected debt service needs and the projected debt service sources with respect to the proposed bonds.

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS

Board approval of this bond issuance would bring UI's total projected annual debt service to approximately $12.8M in FY 2014. UI's current debt service as a percent of operating budget is 3.53%. Refunding savings from the 2013A issuance are reflected in total debt service amounts, so this bond issuance would decrease that ratio to 3.43%. The Board has informally considered 8% as a debt service ceiling.

The Escrow Agreement is necessary because UI will not be able to completely redeem existing 2003 bonds at the time of the sale in May since the investors in the 2003 bonds being refunded have the right to earn interest on those bonds until the first bond optional redemption date which is October 1, 2013. The Bond Trustee, Wells Fargo, will hold money in escrow until these bonds become eligible for redemption.

As part of this issuance, the University also stands to benefit from the refinancing of an outstanding bond issue and a bank loan.

Debt projection revenue assumptions include:

1. U.S. subsidy payments are reduced for FY 2013 and FY 2014 according to Federal sequestration of 8.7% reduction for 4/1/2013 payment and 5.1% reduction for 10/1/2013 and 4/1/2014 payments.
2. 2% growth in annual operating budget
3. 2% growth rate for student facility fee revenue
4. Rates and Maturities: Series A (non-taxable): 2.41%; refinance for track loan 7 years; refinance for 2003 bond series for 10 years; other improvements 20 years. Series B (taxable): 3.97% for 20 years

Staff cannot make a recommendation due to outstanding pending information.

BOARD ACTION

I move to approve the request by the University of Idaho for a Supplemental Resolution for issuance of the Series 2013A, and 2013B bonds, (included in this approval is the Board's finding that the projects to be financed thereby are necessary for the proper operation of the University of Idaho and economically feasible), the title of which is as follows:

A SUPPLEMENTAL RESOLUTION of the Regents of the University of Idaho authorizing the issuance and sale of (i) General Revenue and Refunding Bonds, Series 2013A, in the principal amount of up to $10,500,000 (the "Series 2013A Bonds"), and (ii) Taxable General Revenue Bonds, Series 2013B, in the principal amount of up to $7,000,000 (the "Series 2013B Bonds" and together with the Series 2013A Bonds, the "Series 2013 Bonds"), authorizing the execution and delivery of a Bond Purchase Agreement, Escrow Agreement, Continuing Disclosure Agreement, and other documents, and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2013 Bonds.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

(Roll Call Vote Required)

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ATTACHMENT 1

University of Idaho
10 Year Debt Projection
March 7, 2013

#		Cost	Est Debt Financed	Terms	FY2013 Est	FY2014 Est	FY2015 Est	FY2016 Est	FY2017 Est	FY2018 Est	FY2019 Est	FY2020 Est	FY2021 Est	FY2022 Est	FY2023 Est	FY2024 Est
1	**Potential Projects**															
2	**Integrated Research and Innovation Center**	$48,000,000	$43,000,000	(Note 1)	$0	$0	$2,439,000	$2,439,000	$2,439,000	$2,439,000	$2,439,000	$4,851,000	$4,851,000	$4,851,000	$4,851,000	$4,851,000
3	**Projected New Debt Financing**	$48,000,000	$43,000,000		$0	$0	$2,439,000	$2,439,000	$2,439,000	$2,439,000	$2,439,000	$4,851,000	$4,851,000	$4,851,000	$4,851,000	$4,851,000
4	**Beginning Facilities Fee Reserve**				$2,148,000	$3,285,268	$4,674,945	$5,064,453	$5,548,494	$7,290,952	$9,235,182	$11,318,666	$11,980,833	$12,863,773	$14,760,509	$16,734,300
5	**Operating transfers for debt service**				$6,491,000	$6,422,000	$8,370,000	$8,294,000	$7,101,000	$7,126,000	$7,126,000	$7,106,000	$7,131,000	$7,131,000	$7,131,000	$7,131,000
6	**Student Facility Fee (SFF) Revenue**				$7,600,000	$7,752,000	$7,907,000	$8,065,000	$8,226,000	$8,391,000	$8,559,000	$8,730,000	$8,905,000	$9,083,000	$9,265,000	$9,450,000
7	**U.S. subsidy payment for Series 2010C Build America Bonds**				$284,781	$290,140	$297,732	$297,732	$297,732	$297,732	$297,732	$297,732	$297,732	$297,732	$297,732	$297,732
8	**Available for Debt Service Payments**				$16,523,781	$17,749,408	$21,249,677	$21,721,186	$21,173,226	$23,105,685	$25,217,914	$27,452,399	$28,314,565	$29,375,506	$31,454,242	$33,613,033
9	**Existing Project Debt Service**				$13,238,514	$11,276,502	$11,507,089	$11,487,227	$10,053,227	$10,041,089	$10,073,639	$9,549,189	$9,536,314	$9,159,952	$9,281,677	$9,273,727
10	**2013A Issue (Tax Exempt)**				$0	$1,363,025	$1,780,250	$1,789,850	$931,650	$930,950	$926,950	$612,350	$606,150	$144,350	$126,200	$123,500
11	**2013B Issue (Tax Exempt)**				$0	$434,936	$458,885	$456,615	$458,397	$459,464	$459,659	$459,027	$457,328	$459,695	$461,065	$456,837
12	**New Projected Debt Service (FY15-FY24)**				$0	$0	$2,439,000	$2,439,000	$2,439,000	$2,439,000	$2,439,000	$4,851,000	$4,851,000	$4,851,000	$4,851,000	$4,851,000
13	**Total Projected Debt Service**				$13,238,514	$13,074,463	$16,185,224	$16,172,692	$13,882,274	$13,870,503	$13,899,248	$15,471,566	$15,450,792	$14,614,997	$14,719,941	$14,705,063
14	**Net Annual Change - Revenue Resources Less Projected Debt Service**				$3,285,268	$4,674,945	$5,064,453	$5,548,494	$7,290,952	$9,235,182	$11,318,666	$11,980,833	$12,863,773	$14,760,509	$16,734,300	$18,907,970
15	**Operating Budget**				$366,201,091	$372,801,502	$379,943,089	$387,191,227	$394,579,227	$402,166,089	$409,942,639	$417,825,189	$425,886,314	$433,732,952	$442,140,677	$450,700,727
16	**Debt Service as % of Operating Budget *(excluding impact of U.S. subsidy paymen***				3.62%	3.51%	4.26%	4.18%	3.52%	3.45%	3.39%	3.70%	3.63%	3.37%	3.33%	3.26%
17	**Debt Service as % of Operating Budget *(including impact of U.S. subsidy paymen***				3.54%	3.43%	4.18%	4.10%	3.44%	3.37%	3.32%	3.63%	3.56%	3.30%	3.26%	3.20%

18 **Notes and Assumptions:**

19 **1. Assumes $30 million is financed for 30 years at 5.0% interest rate and $13 million is financed for 10 years at 3.75% interest rate with an initial five year interest only period. Both tranches assume mortgage style amortization.**

20 **2. Assuming 2.00% growth rate for Student Facility Fee (SFF) Revenue.**

21 **3. Average annual operating budget assumes 2.00% growth through 2024.**

22 **4. Operating budget does not include student loans, but does include gross bond interest prior to impact of U.S. subsidy payment on Build Amercia Bonds.**

23 **5. Student enromment growth of 2% assumed.**

24 **6. U.S. Subsidy payments are reduced for FY 2013 and FY 2014 according to Federal Sequestration of 8.7% reduction for 4/1/2013 payment and 5.1% reduction for 10/1/2013 and 4/1/2014 payments.**

THE REGENTS OF THE UNIVERSITY OF IDAHO
(University of Idaho)
Series 2013 A&B

ATTACHMENT 2

SUMMARY DEBT PROJECTIONS

	Outstanding Bonds *					Series 2013A (Tax Exempt)			Series 2013B (Taxable)			Total		
Fiscal Year	Principal	Interest	US Subsidy	Net Interest	Net Annual Debt Service	Principal	Interest	Net Annual Debt Service	Principal	Interest	Net Annual Debt Service	Principal	Interest	Net Annual Debt Service
4/1/2013	4,955,000.00	7,739,176.50	(297,732.40)	7,441,444.10	12,396,444.10	-	-	-	-	-	-	4,955,000.00	7,441,444.10	12,396,444.10
4/1/2014	4,040,000.00	7,236,501.50	(297,732.40)	6,938,769.10	10,978,769.10	1,100,000.00	263,025.00	1,363,025.00	250,000.00	184,936.46	434,936.46	5,390,000.00	7,386,730.56	12,776,730.56
4/1/2015	4,440,000.00	7,067,089.00	(297,732.40)	6,769,356.60	11,209,356.60	1,510,000.00	270,250.00	1,780,250.00	255,000.00	203,884.96	458,884.96	6,205,000.00	7,243,491.56	13,448,491.56
4/1/2016	4,630,000.00	6,857,226.50	(297,732.40)	6,559,494.10	11,189,494.10	1,580,000.00	209,850.00	1,789,850.00	255,000.00	201,615.46	456,615.46	6,465,000.00	6,970,959.56	13,435,959.56
4/1/2017	3,415,000.00	6,638,226.50	(297,732.40)	6,340,494.10	9,755,494.10	785,000.00	146,650.00	931,650.00	260,000.00	198,397.36	458,397.36	4,460,000.00	6,685,541.46	11,145,541.46
4/1/2018	3,575,000.00	6,466,089.00	(297,732.40)	6,168,356.60	9,743,356.60	800,000.00	130,950.00	930,950.00	265,000.00	194,463.56	459,463.56	4,640,000.00	6,493,770.16	11,133,770.16
4/1/2019	3,745,000.00	6,328,639.00	(297,732.40)	6,030,906.60	9,775,906.60	820,000.00	106,950.00	926,950.00	270,000.00	189,659.10	459,659.10	4,835,000.00	6,327,515.70	11,162,515.70
4/1/2020	3,410,000.00	6,139,189.00	(297,732.40)	5,841,456.60	9,251,456.60	530,000.00	82,350.00	612,350.00	275,000.00	184,026.90	459,026.90	4,215,000.00	6,107,833.50	10,322,833.50
4/1/2021	3,570,000.00	5,966,314.00	(297,732.40)	5,668,581.60	9,238,581.60	545,000.00	61,150.00	606,150.00	280,000.00	177,327.90	457,327.90	4,395,000.00	5,907,059.50	10,302,059.50
4/1/2022	3,745,000.00	5,414,951.50	(297,732.40)	5,117,219.10	8,862,219.10	105,000.00	39,350.00	144,350.00	290,000.00	169,695.10	459,695.10	4,140,000.00	5,326,264.20	9,466,264.20
4/1/2023	4,025,000.00	5,256,676.50	(297,732.40)	4,958,944.10	8,983,944.10	90,000.00	36,200.00	126,200.00	300,000.00	161,064.70	461,064.70	4,415,000.00	5,156,208.80	9,571,208.80
4/1/2024	4,195,000.00	5,078,726.50	(297,732.40)	4,780,994.10	8,975,994.10	90,000.00	33,500.00	123,500.00	305,000.00	151,836.70	456,836.70	4,590,000.00	4,966,330.80	9,556,330.80
4/1/2025	4,375,000.00	4,891,326.50	(297,732.40)	4,593,594.10	8,968,594.10	95,000.00	29,900.00	124,900.00	315,000.00	141,692.40	456,692.40	4,785,000.00	4,765,186.50	9,550,186.50
4/1/2026	4,565,000.00	4,695,832.76	(297,732.40)	4,398,100.36	8,963,100.36	95,000.00	27,050.00	122,050.00	330,000.00	130,585.50	460,585.50	4,990,000.00	4,555,735.86	9,545,735.86
4/1/2027	4,550,000.00	4,491,789.00	(297,732.40)	4,194,056.60	8,744,056.60	100,000.00	24,200.00	124,200.00	340,000.00	118,289.70	458,289.70	4,990,000.00	4,336,546.30	9,326,546.30
4/1/2028	4,755,000.00	4,282,114.00	(297,732.40)	3,984,381.60	8,739,381.60	100,000.00	21,200.00	121,200.00	355,000.00	104,941.30	459,941.30	5,210,000.00	4,110,522.90	9,320,522.90
4/1/2029	4,970,000.00	4,062,989.00	(297,732.40)	3,765,256.60	8,735,256.60	105,000.00	18,200.00	123,200.00	370,000.00	90,294.00	460,294.00	5,445,000.00	3,873,750.60	9,318,750.60
4/1/2030	5,195,000.00	3,839,339.00	(297,732.40)	3,541,606.60	8,736,606.60	110,000.00	14,787.50	124,787.50	385,000.00	73,755.00	458,755.00	5,690,000.00	3,630,149.10	9,320,149.10
4/1/2031	5,420,000.00	3,605,564.00	(297,732.40)	3,307,831.60	8,727,831.60	110,000.00	11,212.50	121,212.50	405,000.00	56,545.50	461,545.50	5,935,000.00	3,375,589.60	9,310,589.60
4/1/2032	5,675,000.00	3,355,739.00	(297,732.40)	3,058,006.60	8,733,006.60	115,000.00	7,637.50	122,637.50	420,000.00	38,442.00	458,442.00	6,210,000.00	3,104,086.10	9,314,086.10
4/1/2033	5,750,000.00	3,094,139.00	(297,732.40)	2,796,406.60	8,546,406.60	120,000.00	3,900.00	123,900.00	440,000.00	19,668.00	459,668.00	6,310,000.00	2,819,974.60	9,129,974.60
4/1/2034	6,030,000.00	2,813,885.00	(272,566.00)	2,541,319.00	8,571,319.00	-	-	-	-	-	-	6,030,000.00	2,541,319.00	8,571,319.00
4/1/2035	6,320,000.00	2,519,495.00	(245,602.00)	2,273,893.00	8,593,893.00	-	-	-	-	-	-	6,320,000.00	2,273,893.00	8,593,893.00
4/1/2036	6,625,000.00	2,210,711.00	(217,065.10)	1,993,645.90	8,618,645.90	-	-	-	-	-	-	6,625,000.00	1,993,645.90	8,618,645.90
4/1/2037	6,950,000.00	1,886,570.00	(186,618.24)	1,699,951.76	8,649,951.76	-	-	-	-	-	-	6,950,000.00	1,699,951.76	8,649,951.76
4/1/2038	7,285,000.00	1,546,076.00	(154,149.10)	1,391,926.90	8,676,926.90	-	-	-	-	-	-	7,285,000.00	1,391,926.90	8,676,926.90
4/1/2039	7,640,000.00	1,187,345.00	(119,234.50)	1,068,110.50	8,708,110.50	-	-	-	-	-	-	7,640,000.00	1,068,110.50	8,708,110.50
4/1/2040	8,005,000.00	810,619.00	(82,037.90)	728,581.10	8,733,581.10	-	-	-	-	-	-	8,005,000.00	728,581.10	8,733,581.10
4/1/2041	8,395,000.00	415,549.00	(42,673.40)	372,875.60	8,767,875.60	-	-	-	-	-	-	8,395,000.00	372,875.60	8,767,875.60
4/1/2042	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2043	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4/1/2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	150,250,000.00	125,897,887.76	(7,572,326.64)	118,325,561.12	268,575,561.12	8,905,000.00	1,538,312.50	10,443,312.50	6,365,000.00	2,791,121.60	9,156,121.60	165,520,000.00	122,654,995.22	288,174,995.22

** Does not include the Series 2003 Bonds which are expected to be refunded with Series 2013A Bonds*

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2013

NEW ISSUE – BOOK ENTRY ONLY

RATINGS: S&P: ["A+"]
Moody's: ["Aa3"]
See "RATINGS" herein

*In the opinion of Skinner Fawcett LLP, LLP Boise, Idaho and Ballard Spahr LLP, Salt Lake City, Utah, as Co-Bond Counsel to the Regents of the University of Idaho (the "**Regents**"), interest on the Series 2013A Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2013A Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest paid to corporate holders of the Series 2013A Bonds may be indirectly subject to alternative minimum tax under certain circumstance. Interest on the Taxable Series 2013B Bonds is **not** excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein.*

[LOGO]

THE REGENTS OF THE UNIVERSITY OF IDAHO

$__________	**$__________**
General Revenue and Refunding Bonds	**Taxable General Revenue Bonds**
Series 2013A	**Series 2013B**

Dated: Date of Delivery as described herein

Due: April 1, as shown on the inside cover page

Denominations: $5,000 and integral multiples thereof as described herein.

Registration/Book-Entry: The Regents of the University of Idaho General Revenue and Refunding Bonds, Series 2013A (the "**Series 2013A Bonds**") and the Taxable General Revenue Bonds, Series 2013B (the "**Taxable Series 2013B Bonds**" and, together with the Series 2013A Bonds, the "**Series 2013 Bonds**") are issued as fully registered bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the Series 2013 Bonds. Beneficial Owners of the Series 2013 Bonds will not receive physical bonds, but will receive a credit balance on the books of the nominees of such purchasers. The Series 2013A Bonds are also referred to herein as the "**Tax-Exempt Bonds**."

Interest Rates With Respect to the Series 2013 Bonds: The Series 2013 Bonds will bear interest at the fixed rates and mature, subject to prior redemption, as shown on the inside cover page of this Official Statement. The interest on the Series 2013 Bonds will be payable on each April 1 and October 1, commencing October 1, 2013. Interest on the Series 2013 Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

Payment: Principal, premium, if any, and interest due with respect to the Series 2013 Bonds will be payable by Wells Fargo Bank, N.A., as Trustee (the "**Trustee**"), to DTC, which will, in turn, remit such principal, premium, if any, and interest due with respect to the Series 2013 Bonds.

MATURITY SCHEDULES ON INSIDE COVER

Redemption: The Series 2013 Bonds are subject to optional redemption prior to their respective maturities under certain circumstances as described herein. **[**The Series 2013 Bonds are also subject to mandatory sinking fund redemption prior to maturity as described herein.**]**

Authority: Article IX, Section 10 of the Constitution of the State of Idaho confirmed the Regents as the governing body for the University of Idaho (the "**University**"). Under Idaho law, the Regents are a body politic and corporate of the State of Idaho. The Series 2013 Bonds are being issued as "Additional Bonds" pursuant to a Resolution adopted by the Regents on November 22, 1991, providing for the issuance of revenue bonds (the "**Original Resolution**"). The Original Resolution provided for the issuance of an initial series of facility revenue bonds and authorized the issuance of additional series of revenue bonds pursuant to Supplemental Resolutions, if certain conditions are met. The Series 2013 Bonds are being issued under a supplemental resolution (the "**2013 Supplemental Resolution**") adopted by the Regents on [April 18, 2013.] The Original Resolution, as previously restated, amended and supplemented, and as amended and supplemented by the 2013 Supplemental Resolution, is referred to herein as the "**Resolution**." The revenue bonds issued pursuant to the Resolution, including the Series 2013 Bonds, are referred to herein as the "**Bonds**."

Purposes: The Series 2013 Bonds are being issued to finance and reimburse the University of Idaho (the "**University**") for the price and the acquisition costs of the McCall Outdoor Science Center, finance three capital improvement projects for the University, to provide funds to refund all of the outstanding Series 2003 Bonds issued by the Regents under the Resolution (the "**Series 2003 Bonds**"), to pay off a loan incurred in 2010 by the University (the "**2010 Loan**") and to pay costs of issuance associated with the Series 2013 Bonds.

Security: The Series 2013 Bonds are being issued as part of the General Revenue Bond System created by the Regents in 2005 and are secured by "**Pledged Revenues**" as defined herein. The lien of the Series 2013 Bonds on the Pledged Revenues is on a parity with the lien thereon of Bonds previously issued by the Regents under the Resolution which, following the delivery of the Series 2013 Bonds, refunding of the Series 2003 Bonds and pay off of the 2010 Loan, are expected to be Outstanding as of _______ __, 2013 in the aggregate principal amount of $__________. The Pledged Revenues include tuition and student fees, sales and service revenues from auxiliary enterprises and educational activities, revenues received for facility and administrative cost recovery in conjunction with grants and contracts, various miscellaneous revenues, and certain investment income. **The Series 2013 Bonds are limited obligations of the Regents and do not constitute a debt or liability of the State of Idaho, its Legislature, or any of its political subdivisions or agencies other than the Regents to the extent herein described. The Regents are not authorized to levy or collect any taxes or assessments other than the fees described herein to pay the Series 2013 Bonds. The Regents have no taxing power.**

Legal Matters: The Series 2013 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to prior sale and to the delivery of approving opinion by Skinner Fawcett LLP, Boise, Idaho and Ballard Spahr LLP, Salt Lake City, Utah, as Co-Bond Counsel, and to other conditions. Certain legal matters will be passed upon for the Regents and the University by the University's Counsel, Kent E. Nelson, Esq., Moscow, Idaho; and for the Underwriter by Hogan Lovells US LLP, Denver, Colorado. It is expected that the Series 2013 Bonds will be available for delivery on or about _______ __, 2013.

GEORGE K. BAUM & COMPANY

Dated: ___________ __, 2013

* Preliminary, subject to change.

**MATURITIES, PRINCIPAL AMOUNTS,
INTEREST RATES, YIELDS AND PRICES**

$____________*[*]*

**THE REGENTS OF THE UNIVERSITY OF IDAHO
General Revenue and Refunding Bonds, Series 2013A**

Maturity Date (April 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]

$____________[*]

**THE REGENTS OF THE UNIVERSITY OF IDAHO
Taxable General Revenue Bonds, Series 2013B**

Maturity Date (April 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]

[†] The Regents take no responsibility for the accuracy of the CUSIP numbers, which are being provided solely for the convenience of the owners of the Series 2013 Bonds.
[*] Preliminary, subject to change.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE REGENTS OR BY THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE REGENTS OR BY THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2013 BONDS, NOR SHALL THERE BE ANY SALE OF THE SERIES 2013 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSONS TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE REGENTS, THE UNIVERSITY, DTC, AND CERTAIN OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. THE DELIVERY OF THIS OFFICIAL STATEMENT AND ANY SALE MADE HEREUNDER WILL NOT, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE REGENTS OR THE UNIVERSITY SINCE THE DATE HEREOF. ANY STATEMENTS MADE IN THIS OFFICIAL STATEMENT INVOLVING MATTERS OF OPINION OR ESTIMATES, WHETHER OR NOT SO EXPRESSLY STATED, ARE SET FORTH AS SUCH AND NOT AS REPRESENTATIONS OF FACT OR REPRESENTATIONS THAT ESTIMATES WILL BE REALIZED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE SERIES 2013 BONDS.

THE UNDERWRITER HAS INCLUDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE SERIES 2013 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON A SPECIFIC EXEMPTION CONTAINED IN SUCH ACT, NOR HAVE THEY BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE.

CAUTIONARY STATEMENTS REGARDING
PROJECTIONS, ESTIMATES AND OTHER
FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT

THIS OFFICIAL STATEMENT, INCLUDING BUT NOT LIMITED TO THE MATERIAL SET FORTH UNDER THE CAPTIONS "PLAN OF FINANCE" AND "PRO FORMA AND HISTORICAL PLEDGED REVENUES," CONTAINS STATEMENTS RELATING TO FUTURE RESULTS THAT ARE "FORWARD-LOOKING STATEMENTS." WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS "ESTIMATES," "INTENDS," "EXPECTS," "BELIEVES," "ANTICIPATES," "PLANS," AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS. ANY FORWARD-LOOKING STATEMENT IS SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. INEVITABLY, SOME ASSUMPTIONS USED TO DEVELOP THE FORWARD-LOOKING STATEMENTS WILL NOT BE REALIZED AND UNANTICIPATED EVENTS AND CIRCUMSTANCES WILL OCCUR. THEREFORE, IT CAN BE EXPECTED THAT THERE WILL BE DIFFERENCES BETWEEN FORWARD-LOOKING STATEMENTS AND ACTUAL RESULTS, AND THOSE DIFFERENCES MAY BE MATERIAL. THE REGENTS DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH THESE STATEMENTS ARE BASED OCCUR.

THE REGENTS OF THE UNIVERSITY OF IDAHO

AND

THE STATE BOARD OF EDUCATION

UNIVERSITY OFFICIALS

Finance and Administration
Administration Building, Room 211
Moscow, Idaho 83844-3166
(208) 885-6530

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OFFICIAL STATEMENT

THE REGENTS OF THE UNIVERSITY OF IDAHO

$__________*	**$__________***
General Revenue and Refunding Bonds	**Taxable General Revenue Bonds**
Series 2013A	**Series 2013B**

INTRODUCTION

This Official Statement, which includes the front cover page, inside cover page, and the Appendices hereto, provides certain information in connection with the offer and sale by the Regents of the University of Idaho (the "**Regents**") of their General Revenue and Refunding Bonds, Series 2013A (the "**Series 2013A Bonds**") and Taxable General Revenue Bonds, Series 2013B (the "**Taxable Series 2013B Bonds**"). Collectively, the Series 2013A Bonds and the Series 2013B Bonds are referred to herein as the "**Series 2013 Bonds**."

The Series 2013 Bonds are being issued pursuant to the supplemental resolution (the "**2013 Supplemental Resolution**") adopted by the Regents on [April 18, 2013]. The Series 2013 Bonds are being issued as "Additional Bonds" under a bond resolution adopted November 22, 1991 (the "**Original Resolution**"). The Original Resolution, together with the 2013 Supplemental Resolution and previous supplemental resolutions amending, supplementing and restating the Original Resolution and authorizing the issuance of Additional Bonds, are referred to collectively herein as the "**Resolution**," and the Series 2013 Bonds together with all other bonds heretofore or hereafter issued under the Resolution are referred to collectively herein as the "**Bonds**." See "THE SERIES 2013 BONDS." Capitalized terms not otherwise defined shall have the meaning assigned in the Resolution.

This introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in, the entire Official Statement, including the cover page, inside cover page, and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2013 Bonds to potential investors is made only by means of the entire Official Statement. See ***Appendix C*** *for definitions of certain words and terms used herein. See* ***Appendix D*** *for a summary of the Resolution.*

The Regents and the University of Idaho

A comprehensive land-grant institution, the University of Idaho (the "**University**") is the State of Idaho's (the "**State**") oldest institution of higher learning. Its main campus is located in Moscow, Idaho. With an enrollment of approximately 12,420 full and part–time students, the University has been charged with primary responsibility in the State for advanced research and graduate education. The University was established in Moscow in 1889 by the Territorial Legislature, and provisions of the University's Charter as a territorial university are incorporated into the Idaho State Constitution. Policy direction of the University is vested in the Regents of the University of Idaho (the "**Regents**"), whose members also serve as the Idaho State Board of Education (the "**SBOE**"). See "THE UNIVERSITY" and the audited

* Preliminary, subject to change.

financial statements of the University in **Appendix A** for financial and other information as to the University and the Regents.

Certain references herein to the "Regents" shall be deemed to refer to the University or other appropriate authority pursuant to the Act and other applicable laws, as appropriate.

Authority for Issuance

The Regents are authorized by the Educational Institutions Act of 1935, constituting Section 33-3801, et seq. of the Idaho Code, as amended (the "**Act**"), to issue bonds for "projects" (as defined in the Act). The Regents are also authorized to issue refunding bonds pursuant to the Act and Title 57, Chapter 5, Idaho Code. The Series 2013 Bonds are being issued pursuant to such statutory authorization and pursuant to the Resolution.

Purpose of the Series 2013 Bonds

The Series 2013A Bonds are being issued to provide funds to (i) finance three exterior capital improvements at the Moscow campus of the University, including the Campus Entry Signage, General Campus Signage, and Pedestrian Crossing projects (the "**Series 2013A Project**"), (ii) refund all of the outstanding Student Fee Refunding and Revenue Bonds, Series 2003 in the aggregate principal amount of $5,545,000 (the "**Series 2003 Bonds**") issued by the Regents as Bonds under the Resolution; (iii) pay off a loan to the University made in 2010 by Wells Fargo Bank, N.A. the proceeds of which were used to fund on an interim basis the acquisition and construction of a track and field complex (the "**2010 Loan**"); and (iv) pay costs of issuance associated with the Series 2013A Bonds. See "PLAN OF FINANCE – Series 2013A Project." The Series 2013B Bonds are being issued to provide funds to (a) finance and reimburse costs incurred by the University to acquire land for an outdoor science center in McCall, Idaho (the "**Series 2013B Project**" and, with the Series 2013A Project, the "**Projects**"); and (b) pay costs of issuance associated with the Series 2013B Bonds. See "PLAN OF FINANCE – Series 2013B Project." See also "SECURITY FOR THE SERIES 2013 BONDS – No Debt Service Reserve Fund."

Terms of the Series 2013 Bonds

Denominations

The Series 2013 Bonds are issuable only as fully registered bonds without coupons in denominations of $5,000, and any integral multiples thereof. See "THE SERIES 2013 BONDS – Generally."

Interest Rates and Payments

The Series 2013 Bonds are dated their date of delivery and bear interest at the rates shown on the inside cover page of this Official Statement from such date to maturity, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2013. Interest on the Series 2013 Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

Principal on the Series 2013 Bonds is payable on the dates and in the amounts shown on the inside front cover of this Official Statement, subject to prior redemption. See "THE SERIES 2013 BONDS – Generally."

Redemption

The Series 2013 Bonds are subject to optional redemption prior to their respective maturities under certain circumstances as described in "THE SERIES 2013 BONDS – Redemption Prior to Maturity – Optional Redemption." **[**The Series 2013 Bonds are also subject to mandatory sinking fund redemption prior to maturity as described in "THE SERIES 2013 BONDS – Redemption Prior to Maturity – Mandatory Sinking Fund Redemption."]

Book-Entry System

The Depository Trust Company, New York, New York ("**DTC**") is acting as securities depository for the Series 2013 Bonds through its nominee, Cede & Co., to which principal and interest payments on the Series 2013 Bonds are to be made. One or more fully registered bonds in denominations in the aggregate equal to the principal amount per maturity of the Series 2013 Bonds will be registered in the name of Cede & Co. Individual purchases will be made in book-entry form only and purchasers of the Series 2013 Bonds will not receive physical delivery of bond certificates, all as more fully described herein. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Series 2013 Bonds. For a more complete description of the Book-Entry System, see "THE SERIES 2013 BONDS – Generally."

For a more complete description of the Series 2013 Bonds and the Resolution pursuant to which such Series 2013 Bonds are being issued, see "THE SERIES 2013 BONDS" and "Appendix D – SUMMARY OF THE RESOLUTION" hereto.

Payment and Security for the Series 2013 Bonds

In connection with the issuance of their General Revenue Refunding Bonds, Series 2005A (the "**Series 2005A Bonds**"), the Regents began the process of creating a single bond system (the "**General Revenue Bond System**") pursuant to a supplemental resolution adopted in connection with the Series 2005A Bonds (the "**2005A Supplemental Resolution**") by combining the revenues previously pledged under the Original Resolution with certain other tuition and student fees and revenues it had previously pledged as security on a stand–alone basis to other bond systems and certain previously unpledged tuition and student fees and revenues. The Regents' strategy in creating the General Revenue Bond System was to enhance the security and source of payment for all of its bondholders, while increasing its financial flexibility, but still maintaining accountability for individual enterprises through internal financial policies. To facilitate the creation of the General Revenue Bond System, the Regents covenanted in the 2005A Supplemental Resolution that it would not issue bonds under its other existing bond systems. The Series 2013 Bonds are being issued as part of the General Revenue Bond System and under the Resolution. See "SECURITY FOR THE SERIES 2013 BONDS."

The Series 2013 Bonds are secured by the Pledged Revenues as defined in the Resolution (as further described herein, the "**Pledged Revenues**"). The lien of the Series 2013 Bonds on the Pledged Revenues is on a parity with the lien thereon of the Bonds previously issued by the Regents under the Resolution. Following issuance of the Series 2013 Bonds, refunding of the Series 2003 Bonds and the pay off of the 2010 Loan, the Bonds are expected to be Outstanding in the aggregate principal amount of $__________. See "SOURCES OF FUNDING FOR THE UNIVERSITY – Schedule of Outstanding Indebtedness" for a list of Outstanding Bonds of the Regents as of April 1, 2013. Under the Resolution, the University has covenanted to collect in each Fiscal Year Pledged Revenues equal to not less than 100% of the Maximum Annual Debt Service on any Outstanding Bonds and any Additional Bonds that may be issued under the resolution. See "SECURITY FOR THE SERIES 2013 BONDS."

The Regents have appointed Wells Fargo Bank, N.A., to serve as Trustee, bond registrar, authenticating agent, paying agent and transfer agent (the "**Trustee**") with respect to the Series 2013 Bonds.

Availability of Continuing Disclosure

On the delivery date of the Series 2013 Bonds, the Regents and the Trustee will enter into a Continuing Disclosure Agreement in which the Regents will agree, for the benefit of the owners of the Series 2013 Bonds, to file with the Municipal Securities Rulemaking Board at its Electronic Municipal Market Access system such ongoing information regarding the University as described in "CONTINUING DISCLOSURE."

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Regents, the University, the Series 2013 Bonds, the Series 2003 Bonds, the Projects, the Resolution, the Continuing Disclosure Agreement and the security and sources of payment for the Series 2013 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, such contracts, and other documents are intended as summaries only and are qualified in their entirety by reference to such laws and documents, and references herein to the Series 2013 Bonds are qualified in their entirety to the forms thereof included in the Resolution. Copies of such contracts and other documents and information are available, upon request and upon payment to the Trustee of a charge for copying, mailing and handling, from the Trustee at 877 W. Main Street, 3rd Floor, MAC U1858-033, Boise, ID 83702, Attention: Corporate Trust, telephone: (208) 393-5491. During the period of offering of the Series 2013 Bonds copies of such documents are available, upon request and upon payment to George K. Baum & Company of a charge for copying, mailing and handling, from George K. Baum & Company at 1400 Wewatta Street, Suite 800, Denver, CO 80202.

THE SERIES 2013 BONDS

Generally

General information describing the Series 2013 Bonds appears elsewhere in this Official Statement. That information should be read in conjunction with this summary, which is qualified in its entirety by reference to the Resolution and the forms of Series 2013 Bonds included in the 2013 Supplemental Resolution. See "**Appendix C** – GLOSSARY OF CERTAIN TERMS USED IN THE RESOLUTION" and "**Appendix D** – SUMMARY OF THE RESOLUTION."

Each Series of the Series 2013 Bonds will initially be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. Each Series of the Series 2013 Bonds will be dated as of its respective delivery date and will mature, subject to prior redemption, as shown on the inside cover page of this Official Statement. The Series 2013 Bonds will bear interest at the fixed rates, as shown on the inside cover page of this Official Statement.

Book-Entry System

The Series 2013 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Payment of the principal of and interest on the Series 2013 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Trustee. For a description of the method of payment of principal, premium, if any, and interest on the Series 2013 Bonds and matters pertaining to transfers and exchanges while registered in the name of Cede & Co., see "**Appendix E** – DEPOSITORY TRUST COMPANY INFORMATION." So long as the Series 2013 Bonds are registered in the name of Cede & Co., as nominee for DTC, notices or communications to Bondholders with respect to matters described under this caption "THE SERIES 2013 BONDS" will be delivered to DTC or its nominee as registered owner of such Series 2013 Bonds. DTC is responsible for notifying Participants, and Participants (and direct participants in DTC) are responsible for notifying Beneficial Owners of the Series 2013 Bonds. Neither the Trustee nor the Regents is responsible for sending notices to Beneficial Owners. See "**Appendix E –** DEPOSITORY TRUST COMPANY INFORMATION."

Payment of Interest

Each Series 2013 Bond will bear interest from and including the respective delivery date thereof until payment of the principal or redemption price thereof has been made or provided for on the due date thereof in accordance with the provisions of the Resolution, whether at maturity, upon redemption or acceleration or otherwise. Interest on the Series 2013 Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

The Series 2013 Bonds bear interest from their date of delivery to maturity, with the Payment Date for such Series 2013 Bonds on April 1 and October 1 of each year, commencing October 1, 2013.

If a Payment Date is not a Business Day at the place of payment, then payment will be made at that place on the next succeeding Business Day, with the same force and effect as if made on the Payment Date, and, in the case of such payment, no interest will accrue for the intervening period.

The principal of and interest on, and the redemption price of the Series 2013 Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Trustee or of any Paying Agent at the option of a Registered Owner. Payment of interest on any fully registered Series 2013 Bond shall be (i) made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof as of the close of business on the Record Date at his address as it appears on the registration books of the Trustee or at such other address as is furnished to the Trustee in writing by such Registered Owner, or (ii) with respect to units of $500,000 or more of Series 2013 Bonds, made by wire transfer to the Registered Owner as of the close of business on the Record Date next preceding the interest payment date if such Registered Owner shall provide written notice to the Trustee not less than 15 days prior to such interest payment date at such wire transfer address as such Registered Owner shall specify, except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on any interest payment date, such defaulted interest shall be paid to the Registered Owners in whose name any such Series 2013 Bond is registered at the close of business on the fifth Business Day next preceding the date of payment of such defaulted interest.

Redemption Prior to Maturity

Optional Redemption

Series 2013A Bonds. The Series 2013A Bonds maturing on or before April 1, ____, shall not be subject to call or redemption prior to their stated dates of maturity. On any day on or after April 1, ____, at the election of the University, the Series 2013A Bonds maturing after April 1, ____, and not called in accordance with mandatory redemption provisions, shall be subject to redemption, in whole or in part, in maturities selected by the University and within each maturity as selected by lot by the Trustee, upon notice as described in "Notice of Redemption" under this caption, at par, plus accrued interest to the redemption date.

[Taxable Series 2013B Bonds. The Taxable Series 2013B Bonds maturing on or before April 1, ____, shall not be subject to call or redemption prior to their stated dates of maturity. On any day on or after April 1, ____, at the election of the University, the Taxable Series 2013B Bonds maturing after April 1, ____, and not called in accordance with mandatory redemption provisions, shall be subject to redemption, in whole or in part, in maturities selected by the University and within each maturity as selected by lot by the Trustee, upon notice as described in "Notice of Redemption" under this caption, at par, plus accrued interest to the redemption date.**]**

Mandatory Sinking Fund Redemption

The Series 2013A Bonds and Taxable Series 2013B Bonds are subject to mandatory sinking fund redemption as described below.

Series 2013A Bonds. The Series 2013A Bonds maturing on April 1, ____, shall be subject to mandatory redemption and retirement prior to maturity, in part, by lot in such manner as the Trustee shall determine, on April 1 in the years ____ through ____, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from Mandatory Redemption Amounts in the amounts set forth below:

Mandatory Redemption Date (April 1)	Mandatory Redemption Amount
	$

*Principal remaining at maturity

Upon redemption of any Series 2013A Bonds other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts, if any, for the Series 2013A Bonds in such order of mandatory sinking fund date as shall be directed by the University.

Taxable Series 2013B Bonds. The Taxable Series 2013B Bonds maturing on April 1, ____, shall be subject to mandatory redemption and retirement prior to maturity, in part, by lot in such manner as the Trustee shall determine, on April 1 in the years ____ through ____, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from Mandatory Redemption Amounts in the amounts set forth below:

Mandatory Redemption Date (April 1)	Mandatory Redemption Amount
	$

*Principal remaining at maturity

Upon redemption of any Taxable Series 2013B Bonds other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts, if any, for the Taxable Series 2013B Bonds in such order of mandatory sinking fund date as shall be directed by the University.

Notice of Redemption

When Series 2013 Bonds are called for redemption through the optional redemption provisions of the Resolution, unless waived by any Holder of the respective Series 2013 Bonds, notice must be sent by the Trustee, postage prepaid, by first class mail not less than thirty-five (35) nor more than sixty (60) days prior to the redemption date to (i) the registered owners of the respective Series 2013 Bonds to be redeemed at the address shown on the Bond Register, and (ii) one or more national information services that disseminate notices of redemption of obligations such as the Series 2013 Bonds; provided, however that no defect in such further notice or failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption.

SECURITY FOR THE SERIES 2013 BONDS

Pledged Revenues

The Series 2013 Bonds are being issued under the Resolution as part of the General Revenue Bond System created by the Regents in 2005. The Pledged Revenues which secure the Series 2013 Bonds and the other Outstanding and future Bonds issued under the Resolution include the following tuition and student fees and other revenue sources.

- *Tuition and Student Fees* (as further described in "Tuition and Student Fees" below).
- *Sales and Services Revenues* (as further described in "Sales and Services Revenues" below).
- Certain revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University (as further discussed under "Facilities and Administrative Recovery Revenues" below, the "**F&A Recovery Revenues**").
- Various revenues generated from miscellaneous sources, including fines and lease/rental revenues (as further discussed in "Other Operating Revenues" below, the "**Other Operating Revenues**").
- *Investment Income* under the Resolution.
- Direct Payments to be made in connection with the University's Taxable Series 2010B Bonds which are "Build America Bonds."
- Proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, to the extent pledged by the University pursuant to a supplemental resolution.
- Such other revenues as the Regents shall designate as Pledged Revenues.

The following funds and revenues of the University have not been pledged to payment of debt service on the Series 2013 Bonds or other Bonds as part of the Pledged Revenues:

- General Account Appropriated Funds of the State, which by law cannot be pledged; and
- restricted gift and grant revenues, including land grant endowments received pursuant to the University's land grant status.

See "SOURCES OF FUNDING FOR THE UNIVERSITY" and "**Appendix A** – FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011."

The Series 2013 Bonds are limited obligations of the Regents and do not constitute a debt or liability of the State, its Legislature, or any of its political subdivisions or agencies other than the Regents to the extent herein described. The Regents are not authorized to levy or collect any taxes or assessments other than the fees described herein to pay the Series 2013 Bonds. The Regents have no taxing power.

Tuition and Student Fees

The Regents have the exclusive ability to establish and collect tuition charges and student fees for resident and non-resident, graduate and professional students attending the University. Tuition and student fee charges are not subject to a referendum by students or approval by any other governmental entity. The Regents have established a policy that the University may not request more than a 10% annual increase in the total full-time tuition and student fees unless otherwise authorized by the Regents. The Regents' established policy is to announce and conduct a public hearing on the modification of any fees, which has traditionally occurred annually, with fee adjustments effective for the subsequent fall term each year. The Regents increased fees by 6.1% at the April 2012 Regents' meeting, which increase became effective in the Fall of 2012. There is no prohibition, however, which would preclude the Regents from adjusting fees (for collection beginning with the next academic year) at any time.

Tuition and Student Fees include the Tuition Fee, the Activity Fees, the Facility Fees, the Technology Fees, and Other Fees as further described below. For the Fiscal Year ended June 30, 2011, the total annual Tuition and Student Fees assessed against full-time undergraduate students who were Idaho residents were $5,402. For the Fiscal Year ending June 30, 2012, total annual Tuition and Student Fees assessed against full-time undergraduate students who are Idaho residents were $5,856. For the Fiscal Year ending June 30, 2013, total annual Tuition and Student Fees being assessed against full-time undergraduate students who are Idaho residents are $6,212. See "**Appendix B** – SCHEDULE OF TUITION AND STUDENT FEES" for a listing of all Tuition and Student Fees being assessed for Fiscal Year 2013.

The Tuition Fee – The Tuition Fee is charged to all full-time students attending the University. The related general education fees for part-time students and summer students are identified by the Regents separately from the Tuition Fee and are not included in the revenues described below but are part of the Pledged Revenues. See "Other Fees" under this caption. The Tuition Fees are defined as the fees charged for any and all education costs at the University of Idaho. Tuition fees include, but are not limited to, costs associated with academic services; instruction; the construction, maintenance, and operation of buildings and facilities; student services; or institutional support. The revenues derived from the Tuition Fee for the Fiscal Years ended June 30, 2010, June 30, 2011 and June 30, 2012 were $25,689,960, $29,402,065, and $33,332,507, respectively. The Fiscal Years ending in June 30, 2010 and June 30, 2011 previously reported the Tuition Fee as the matriculation fee.

Activity Fees – The University charges a wide variety of fees to support various programs and activities. See "**Appendix B** – SCHEDULE OF TUITION AND STUDENT FEES" for a listing of all Activity Fees being assessed for Fiscal Year 2013. The revenues derived from Activity Fees for the Fiscal Years ended June 30, 2010, June 30, 2011 and June 30, 2012 were $9,441,831, $9,866,679, and $9,930,629, respectively.

Facility Fees – The University charges a number of fees ("**Facility Fees**") to support debt service and offset deferred maintenance. The revenues derived from the Facility Fees for the Fiscal Years ended June 30, 2010, June 30, 2011 and June 30, 2012 were $6,796,702, $7,688,514, and $7,689,305, respectively.

Technology Fees – The University currently charges one Technology Fee, the Student Computing and Network Access Fee, to support the University's technological needs. For the Fiscal Years ended June 30, 2010, June 30, 2011 and June 30, 2012 the revenues derived from the Technology Fee were $1,306,905, $1,363,612, and $1,361,609, respectively.

Other Fees – The University's Other Fees currently include the Graduate/Professional Fee, the Law College Dedicated Fee, the Architecture School Dedicated Fee, Non-Resident Fee, the In Service Teacher Education Fee, the Western Undergraduate Exchange Fee, Part-time and Summer Fees. The revenues derived from the Other Fees for the Fiscal Years ending June 30, 2010, June 30, 2011, and June 30, 2012 were $23,131,920, $29,890,946 and $33,838,767, respectively.

Sales and Services Revenues

Sales and Services Revenues include revenues generated through operations of Auxiliary Enterprises and revenues generated incidentally to the conduct of instruction, research and public service activities. The majority of these revenues are generated through auxiliaries including the Housing System; the Parking System; the Non–Residential Food Service System; Bookstore sales; ticket and event sales; recreation center activity charges; and other miscellaneous operations. See "THE UNIVERSITY" for a description of the University's primary revenue generating facilities. Examples of revenues generated incidentally to education are unrestricted revenues generated by the University's testing and training services, labs, sales of scientific materials, sales of miscellaneous services or products, and sales of agriculture and forest products and publications. Sales and Services Revenues for the Fiscal Years ended June 30, 2010, June 30, 2011 and June 30, 2012 were $39,694,341, $43,231,305 and $44,220,501, respectively.

Facilities and Administrative Recovery Revenues

Federal, state, and private funds provided to institutions for scientific research consist of two components. The first component is restricted for use by the institution to pay the direct costs of conducting research, such as the salaries for scientists and materials and labor used to perform each project. The second component is granted to pay for so-called "facilities and administrative costs," which encompass spending by the receiving institution on such items as facilities maintenance and renewal, heating and cooling, libraries, the salaries of departmental and central office staff, and other general administration costs. Such component constituting "facilities and administrative costs" is pledged to the Bonds as F&A Recovery Revenues.

The following table shows F&A Recovery Revenues for the past five Fiscal Years.

Fiscal Year	F&A Recovery Revenues
2008	$8,878,622
2009	9,457,359
2010	9,919,603
2011	10,727,148
2012	10,590,922

Other Operating Revenues

The University receives other miscellaneous revenues in the course of its operations. Examples of revenues counted in Other Operating Revenues include fines and lease/rental revenues. In the Fiscal Years ended June 30, 2010, June 30, 2011 and June 30, 2012, the University generated Other Operating Revenues in the amounts of $2,358,795, $3,617,633 and $3,495,016, respectively.

Investment Income

Investment Income, which includes all of the University's unrestricted investment income, is pledged to repayment of the Series 2013 Bonds and other Bonds issued under the Resolution. The amount of Investment Income pledged to the Bonds will not match the amount of investment income shown in the University's audited financial statements which includes restricted investment income. For the Fiscal Years ended June 30, 2010, June 30, 2011 and June 30, 2012, Investment Income earned by the University was $2,072,365, $1,454,834 and $1,197,651, respectively.

Use of Pledged Revenues and Other Revenues Not Otherwise Obligated

After the University has made the payments and deposits required under the Resolution, Pledged Revenues and other amounts remaining in the Revenue Fund held under the Resolution in excess of the amounts necessary to make the required payments thereunder may be used for any legal purpose of the University, including operations and the redemption of the Bonds, subject to policies adopted by the Regents.

Covenants

Covenant to Maintain Coverage

The Regents are obligated under the Resolution to establish and maintain rates, fees, and charges in amounts sufficient to produce Pledged Revenues in each year equal to 100% of the Debt Service on the Bonds and any Additional Bonds outstanding for each Fiscal Year.

Issuance of Additional Bonds

The Resolution provides that Additional Bonds secured by Pledged Revenues may be issued by the Regents upon the satisfaction of various conditions specified therein. The amount of Additional Bonds that may be issued is not limited by law or the Resolution.

The Resolution provides for the issuance of Additional Bonds to finance projects or to refund the Bonds issued under the Resolution and other obligations of the Regents or the University. In connection with the issuance of Additional Bonds, the Regents are required to file, among other things, the following documents with the Trustee:

(i) A copy of the supplemental resolution authorizing the issuance of the Additional Bonds.

(ii) A Written Certificate of the University to the effect that, upon the delivery of the Additional Bonds, the University will not be in default in the performance of any of the covenants, conditions, agreements, terms, or provisions of the Resolution or any supplemental resolution with respect to any Bonds.

(iii) A Written Certificate of the University showing that Estimated Pledged Revenues (assuming completion of the proposed project on its then estimated completion date) will equal at least 100% of the Debt Service on all Outstanding Bonds and any Additional Bonds proposed to be issued for each Fiscal Year of the University during which any Bonds will be Outstanding following the estimated completion date of the project being financed by the Additional Bonds, if interest during construction of the project being financed by the Additional Bonds is capitalized, or (2) the University's current Fiscal Year and any succeeding Fiscal Year during which any Bonds issued will be Outstanding, if interest during construction of the project being financed by the Additional Bonds is not capitalized.

Refunding Bonds may be issued without compliance with the requirements above provided the Refunding Bonds do not increase Debt Service by more than $25,000 per year.

No Debt Service Reserve Account for the Series 2013 Bonds

The Resolution does not require the funding or maintenance of a Debt Service Reserve Account for the Bonds issued under the Resolution, including the Series 2013 Bonds, unless the Regents determine otherwise pursuant to a supplemental resolution. See "PLAN OF FINANCE." However, the Debt Service Reserve Accounts which were established in connection with the Series 2005A Bonds and Bonds issued prior thereto will continue to be maintained until such Bonds are retired. **Amounts in the Debt Service Reserve Accounts established for Outstanding Bonds will not be available as security for the Series 2013 Bonds.**

Outstanding Bonds; Additional Bonds

The Regents have previously issued and have outstanding under the Resolution Bonds which, following issuance of the Series 2013 Bonds, and refunding of the Series 2003 Bonds are expected to be Outstanding in the aggregate principal amount of $160,565,000. The Series 2013 Bonds will be secured by the Pledged Revenues on a parity lien basis with the Outstanding Bonds. See "PLAN OF FINANCE" and "SOURCES OF FUNDING FOR THE UNIVERSITY – Schedule of Outstanding Indebtedness." The Regents have the right under the Resolution to issue Additional Bonds if certain conditions for such issuance are met. See "Covenants – Issuance of Additional Bonds" under this caption for a list of some of such conditions.

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PLAN OF FINANCE

Sources and Uses of Funds

The estimated sources and uses of funds relating to the issuance of the Series 2013 Bonds are shown below.

SOURCES OF FUNDS:	Amounts
Series 2013A Bonds Par Amount	$
Taxable Series 2013B Bonds Par Amount	
Net Original Issue Premium	______
TOTAL SOURCES OF FUNDS	$______
USES OF FUNDS:	
Deposit to the Series 2013A Project Account [(1)]	$
Deposit to the Series 2013A Escrow Account [(2)]	
For pay off of 2010 Loan [(3)]	
Deposit to the Series 2013B Project Account [(4)]	
For payment of Series 2013 Costs of Issuance [(5)]	______
TOTAL USES OF FUNDS	$______

(1) See "Series 2013A Project" under this caption.
(2) See "Series 2013A Refunding Project" under this caption.
(3) See "Pay off of 2010 Loan" under this caption.
(4) See "Series 2013B Project" under this caption.
(5) Includes Underwriter's discount, Trustee's fee, rating agencies' fees, printing costs, legal fees and other fees and expenses. See "UNDERWRITING" for a discussion of the Underwriter's compensation.

Source: The Underwriter

Series 2013A Project

Proceeds from the sale of the Series 2013A Bonds will be used to finance three exterior capital improvement projects - the Campus Entry Signage, General Campus Signage, and Pedestrian Crossing projects.

Series 2013A Refunding Project

Proceeds from the sale of the Series 2013A Bonds will be used to refund all the Series 2003 Bonds. The 2013 Supplemental Resolution authorizes the Regents to enter into an escrow agreement with respect to the Series 2003 Bonds (the "**Escrow Agreement**") with Wells Fargo Bank, N.A., as escrow agent (the "**Escrow Agent**"). The 2013 Supplemental Resolution and the Escrow Agreement provide for the deposit of a cash balance into the Series 2013A Escrow Account created under, and administered pursuant to, the Escrow Agreement sufficient without regard to investment earnings there in, to pay the current interest and redemption price on the Series 2003 Bonds upon redemption on _______ 1, 2013.

Pay off of 2010 Loan

Proceeds from the sale of the Series 2013A Bonds will also be used by the Regents to pay off a tax-exempt loan from Wells Fargo Bank, N.A. outstanding in the aggregate principal amount of $1,792,913, the proceeds of which were used to fund on an interim basis the acquisition and construction of a track and field complex at the Moscow campus.

Series 2013B Project

The proceeds from the sale of the Taxable Series 2013B Bonds will be used by the Regents to finance and reimburse costs incurred by the University for the acquisition of land of the outdoor science center in McCall, Idaho (the "**Series 2013B Project**").

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DEBT SERVICE REQUIREMENTS

The following table sets forth the Annual Debt Service Requirements for the Regent's currently Outstanding Bonds (taking into account the proposed refunding of the Series 2003 Bonds, pay off of the 2010 Loan and the issuance of the Series 2013 Bonds):

	Outstanding Bonds[1]		Series 2013A Bonds		Taxable Series 2013B Bonds		
Fiscal Year	Principal[2]	Interest[3]	Principal[2]*	Interest[4]*	Principal[2]*	Interest[4]*	Total*
2014	$4,040,000	$6,953,953	$	$	$	$	$
2015	4,440,000	6,769,357					
2016	4,630,000	6,559,494					
2017	3,415,000	6,340,494					
2018	3,575,000	6,168,357					
2019	3,745,000	6,030,907					
2020	3,410,000	5,841,457					
2021	3,570,000	5,668,582					
2022	3,745,000	5,117,219					
2023	4,025,000	4,958,944					
2024	4,195,000	4,780,994					
2025	4,375,000	4,593,594					
2026	4,565,000	4,398,100					
2027	4,550,000	4,194,057					
2028	4,755,000	3,984,382					
2029	4,970,000	3,765,257					
2030	5,195,000	3,541,607					
2031	5,420,000	3,307,832					
2032	5,675,000	3,058,007					
2033	5,750,000	2,796,407					
2034	6,030,000	2,541,319					
2035	6,320,000	2,273,893					
2036	6,625,000	1,993,646					
2037	6,950,000	1,699,952					
2038	7,285,000	1,391,927					
2039	7,640,000	1,068,111					
2040	8,005,000	728,581					
2041	8,395,000	372,876					
Total	$145,295,000	$110,899,306	$	$	$	$	$

(1) Does not include the Series 2003 Bonds or 2010 Loan expected to be refunded and paid off using certain proceeds of the Series 2013A Bonds. See "PLAN OF FINANCE."

(2) Payable April 1. In the case of certain Bonds, these principal payments are being made upon mandatory sinking fund redemption rather than at maturity as described in "THE SERIES 2013 BONDS – Redemption Prior to Maturity – Mandatory Sinking Fund Redemption."

(3) Payable April 1 and October 1. Interest requirements are stated net of Direct Payments associated with the Series 2010C Bonds. Direct Payments for Fiscal Year 2014 have been decreased by 5.1% to reflect the anticipated impact of Federal Sequestration on the October 1, 2013 and April 1, 2014 Direct Payments. For the Series 2007B and the Series 2011 Adjustable Rate Bonds, interest payments are calculated based on an interest rate assumption of 4.50% following initial term period ending April 1, 2018 and April 1, 2021, respectively.

(4) Payable April 1 and October 1 commencing October 1, 2013. Interest with respect to the Series 2013 Bonds has been computed for purposes of this Preliminary Official Statement using an assumed average coupon rate of ___%.

* Preliminary, subject to change

Source: The Underwriter

HISTORICAL PLEDGED REVENUES

The following table shows the revenue sources that are pledged as part of the General Revenue Bond System.

	2008	2009	2010	2011	2012
Source of Pledged Revenues					
Student Fees	$58,017,484	$60,702,738	$65,097,956	$78,626,119	$87,673,932
Sales and Services Revenues	38,870,404	38,608,143	39,694,341	43,068,366	44,354,807
Other Operating Revenues	4,994,424	3,747,033	2,358,795	3,617,633	3,495,016
Investment Income(1)	4,656,208	3,040,962	2,072,365	1,454,834	1,197,651
F&A Recovery Revenues	8,878,622	9,457,359	9,919,603	10,727,148	10,590,922
Direct Payments for Series 2010C Bonds	0	0	0	309,311	297,732
Total Pledged Revenues	$115,417,142	$115,556,235	$119,143,060	$137,803,411	$147,610,060
Debt Service on the Series 1996 Activity Center Bonds(2)	$1,067,115	$855,490	$0	$0	$0
Revenues Available for Debt Service	$114,350,027	$114,700,745	$119,143,060	$137,803,411	$147,610,060
Debt Service on Bonds(3)	$11,564,848	11,567,305	11,110,027	12,612,248	13,200,035
Debt Service Coverage	9.89x	9.92x	10.72x	10.93x	11.18x

(1) Differs from the information in the University's audited financial statements due to the inclusion of restricted investment income.
(2) These Series 1996 Activity Center Bonds were secured by certain of the Pledged Revenues on a senior basis to the Bonds, and were refunded in 2010.
(3) Represents actual gross debt service on the Outstanding Bonds due and paid during the Fiscal Years as indicated.

Source: The University's unaudited financial records.

The Debt Service Coverage of the Pledged Revenues in 2012 less the Direct Payments for the Series 2010C Bonds over the maximum annual debt service of Outstanding Bonds (after issuance of the Series 2013 Bonds, refunding of the Series 2003 Bonds and pay off of the 2010 Loan) is estimated to be 10.72x* (2012 Pledged Revenues of $147,610,060 less Direct Payment of $297,732 divided by gross maximum annual debt service on the Outstanding Bonds of $13,746,224*). See "DEBT SERVICE REQUIREMENTS."

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* Preliminary, subject to change.

THE UNIVERSITY

Generally

Student body representation at the University is from every state in the United States and approximately 80 foreign countries. The University alumni population exceeds 95,000. The University's main campus is located in Moscow, Idaho, a community of approximately 23,800 people in the northern portion of the State, about one-mile east of the Washington border and approximately 80 miles south of Coeur d'Alene, Idaho.

University property includes approximately 11,690 acres and 315 buildings, of which 1,585 acres and 251 buildings are located at its main campus in Moscow. The University operates twelve research centers and institutes and six demonstration and training farms with a total acreage of about 1,000 acres used by forestry and agricultural students. The University owns and actively manages 8,160 acres of forest lands, a wilderness field research station in Idaho's primitive area, a veterinary teaching center, and ten research and extension centers in agricultural areas throughout Idaho. The University also operates a Research Park in Post Falls and Resident Instructional Centers in Boise, Coeur d'Alene and Idaho Falls.

The University's academic structure includes ten degree-granting colleges: the Colleges of Agricultural and Life Science; Art and Architecture; Business and Economics; Education; Engineering; Graduate Studies; Law; Letters, Arts and Social Sciences; Natural Resources; and Science. In addition to degree programs in each of these colleges, the University includes a College of Graduate Studies and offers medical training for students in association with the University of Washington, School of Medicine. The University has several cooperative programs with Washington State University (located in Pullman, Washington, eight miles from Moscow), including a joint veterinary medical program. This cooperative graduate program has veterinary training facilities in Caldwell, Idaho, which are operated by the University. The University has an optional officer education program, leading to a regular or reserve commission in the U.S. Army, Navy, Marines or Air Force.

Student Body

The University admits all Idaho residents who graduate from accredited high schools with an overall grade point average of at least 3.0 and who completed a defined set of core high school classes. Those with less than a 3.0 high school grade point average must meet set ACT or SAT scores. Home school students, graduates of non-accredited high schools, or students not meeting the admission criteria are considered by a special admission committee. Approximately 70% of the University's fall 2012 student body were residents of the State. The tables on the following page set out certain statistics concerning the University's enrollment for the Fall Terms of the years indicated.

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Five-Year Historical Enrollment Summary

(Fall Semester, 10th Day of Classes)

	2008	2009	2010	2011	2012
Students					
Full-Time Equivalents (FTE)	9,835.7	10,062.3	10,398.3	10,490.7	10,105.0
Head Count	11,791	11,957	12,302	12,312	12,420
Undergraduate Students	**Academic Head Count**				
Full-time:					
Residents	5,554	5,561	5,716	5,954	5,741
Non-residents	2,553	2,750	2,848	2,752	2,403
Subtotal	8,107	8,311	8,564	8,706	8,144
Part-time:					
Residents	1,146	1,031	1,029	864	1,672
Non-residents	307	292	250	240	305
Subtotal	1,453	1,323	1,279	1,104	1,977
Graduate Students					
Full-time:					
Residents	694	708	726	731	669
Non-residents	542	606	703	712	675
Subtotal	1,236	1,314	1,429	1,443	1,344
Part-time:					
Residents	689	689	705	700	642
Non-residents	306	320	325	359	313
Subtotal	995	1,009	1,030	1,059	955
Total Undergraduate	9,560	9,634	9,843	9,810	10,121
Total Graduate Students	2,231	2,323	2,459	2,502	2,299
Grand Total	11,791	11,957	12,302	12,312	12,420
Freshmen Students	**Freshman Class Statistics**				
Applying	4,935	5,110	5,906	8,248	7,467
Accepted	3,844	4,068	4,022	5,020	4,903
Enrolled	1,709	1,780	1,757	1,631	1,617
Resident	1,092	1,113	1,145	1,207	1,178
Average ACT Score	23.2	23.3	23.3	23.0	23.2
Average SAT Score	1094	1098	1,090	1,088	1,085
Average High School GPA	3.36	3.38	3.35	3.34	3.38
Percentage graduating in the top 25% of their high school class	43.8%	45.8	44.4	44.0	44.0

Source: The University

Housing and Student Union Facilities

The University's housing and student union facilities (the revenues from which constitute Auxiliary Enterprise revenues pledged as part of the Pledged Revenues) currently include (i) 12 residence hall buildings containing dormitory style student living; (ii) three apartment complexes, providing housing for upper class students and students with families; (iii) the Idaho Commons Building (the "**Commons**"); and (iv) the Student Union Building (the "**Student Union**").

University Residence Halls. The 12 University residence hall buildings can accommodate up to 2,153 students. The University's residence halls offer a variety of amenities including: (i) computer labs and in-room connections to high-speed networking; (ii) recreational and lounge space; (iii) laundry facilities; (iv) kitchen areas; and (v) academic/study space. Over the past five Fiscal Years, the average occupancy rate for the University's residence halls was 83.3%, and the occupancy rate for Fall 2012 was 85%.

University Apartments. Currently, the University has three apartment complexes, which provide 215 apartments ranging in size from one-bedroom to four bedrooms available for occupancy by students and their families. Amenities available at University apartment complexes include: (i) high-speed internet connections both in apartments and in apartment-complex computer labs; (ii) in-apartment laundry facilities; (iii) play areas; (iv) community centers; and (v) classroom and meeting room facilities. The average occupancy rate for the University's apartments over the past five Fiscal Years was 93.3%, and the occupancy rate for Fall 2012 was 100%.

Idaho Commons Building. Completed in 2000, the Idaho Commons Building is designed to be the center of campus life and provide programs, amenities, and services to enhance the educational experience of University students. The Commons is a multi-use facility with approximately 100,000 square feet. The facility houses offices for student government, other student organizations, conference rooms with state of the art technology, and academic support services. In addition, the Commons has an information desk, food court, coffee shop, convenience store, satellite University bookstore, credit union, copy center, art gallery, computer kiosks, ATMs and administrative offices. The facilities infrastructure includes high-speed LAN and video data capabilities, public lounges, wireless network, computer checkout, and flat screen monitors to provide information about building and campus activities.

Student Union Building. The approximately 103,500 square foot Student Union is a multi-use facility. Student services were relocated to the Student Union after completion of a renovation in 2000. Currently, the facility houses Student Accounts, the Registrar, Admissions, Student Financial Aid, New Student Services, Jazz Festival, College Assistance Migratory Program, and Student Media Services. In addition, the Student Union has an information desk, conference facilities, including a large ballroom, a movie theatre, and several small meeting rooms, a cafe, ATMs, and a computer lab.

Spectator and Recreation Facilities

The University's spectator and recreation facilities (the revenues from which constitute Auxiliary Enterprise revenues pledged as part of the Pledged Revenues) include the Kibbie Dome, the Memorial Gym, the Recreation Center, the Dan O'Brien Track Complex, and the University Golf Course. Following is a brief description of these facilities.

Kibbie Dome. The Kibbie Dome was originally constructed in 1972 and is North Idaho's largest athletic spectator facility. It is used for intercollegiate home football games, basketball games, indoor track and field events, as well as high school football playoffs, the Lionel Hampton Jazz Festival, concerts, sport camps, conferences, classes, intramurals, student club activities, and University commencements. In 1984, the "East End" was added to the Kibbie Dome and includes a weight room, recreational and varsity locker rooms, eight racquetball courts, and athletic training rooms and offices. In 2009, the University completed another expansion of the Kibbie Dome to add the "Vandal Athletic Center," which included a 7,000 square foot weight room, a 1,500 square foot exercise area, an aquatic exercise pool, and a new foyer. Improvements to the Kibbie Dome financed with proceeds of the Taxable Series 2010C

Bonds and completed in 2011 included (i) the replacement of the west wall of the facility with translucent panels that will be part of a non-combustible construction assembly for that wall; (ii) replacement of the east end wall with noncombustible construction; (iii) the addition of west end exiting in the new wall; (iv) the addition of handrails in the seating aisles; and (v) the installation of smoke evacuation and associated fire detection alarm and suppression systems, roof ballasting and other miscellaneous items.

Memorial Gym. The Memorial Gymnasium, constructed in 1928, is the oldest athletic building on campus. The building serves as one of the University's indoor sports and entertainment complexes. In addition to hosting varsity volleyball and basketball, the Memorial Gym is used for concerts, community events, state gymnastics meets, regional basketball tournaments, intramural activities and physical education classes, and houses a gymnasium, multi-purpose room, combative room, locker rooms, and various offices.

The Recreation Center. The Student Recreation Center was completed in 2002. It is approximately 85,500 square feet in size, and includes more than 7,200 square feet of open recreational space, two regulation-size basketball courts, a multipurpose gymnasium, a large aerobics/cardiovascular multipurpose workout space, a running track, a climbing wall, a child care center, a first-aid and athletic training area, classroom and activity spaces, a cafeteria, and space for rental of recreational equipment.

Dan O'Brien Track Complex. The Dan O'Brien Track, named in 1996 for University alumnus and 1996 Olympic Decathlon Gold Medalist Dan O'Brien, was constructed in 1969, and serves as the University's outdoor varsity and recreational track facility. It consists of a 400-meter, 8-lane track, a long jump area, a throwing area, a high jump area, a pole vault area, coaches' offices, and spectator facilities that accommodate approximately 1,000 spectators. Over the winter of 2011-12, the 40-year-old facility underwent a $2.5 million renovation, which features a faster, safer running surface, more efficient use of the infield, and updated draining system.

University Golf Course. The University owns and operates an 18-hole golf course on the University's Moscow campus. The course is open to the public approximately eight months each year and provides lessons, cart and club rentals, and a retail pro shop.

Parking Facilities

Currently, the University operates and maintains 99 surface parking lots with a total of approximately 6,000 parking spaces. The University has a comprehensive parking plan to ensure that the Parking System is financially self-supporting.

Employees and Faculty

As of December 31, 2012, the University had 3,123 employees, consisting of 907 faculty, 644 Research Assistants/Teaching Assistants (which are not considered to be part of the faculty) and 1,572 staff and administration. The student to faculty ratio in the Fall of 2012 was 18 to 1. Employees are not subject to the State's civil service system; however, the University has adopted a personnel policy with respect to classified employees that is substantially similar to the State's civil service system. The University is not a party to any collective bargaining agreements, although there are employee associations that bring any salary issues and concerns to the attention of the University. The University considers its relations with its employees to be good.

Employee Retirement Plan; Post Retirement Health Benefits

Most employees of the University are eligible for one of two retirement plans: the State of Idaho's "Public Employees Retirement System of Idaho" ("**PERSI**") and the "Optional Retirement Plan" ("**ORP**"), which has been offered to non-classified employees since 1990.

PERSI provides a defined benefit plan and covers eligible classified and exempt personnel who work 20 hours or more per week. The membership of PERSI includes employees of the State of Idaho, teachers, firemen, police and employees of political subdivisions, local school districts, colleges and universities.

Faculty and exempt staff hired on or after July 1, 1990, have been enrolled in the ORP and faculty and exempt staff hired before that date were offered a one-time opportunity in 1990 to withdraw from PERSI and join the ORP. The ORP is a portable, defined contribution retirement plan with options offered by Teachers' Insurance and Annuity Association/College Retirement Equities Fund and Variable Annuity Life Insurance Company. The total contribution rate will be the same for all employees, with a portion of the employer's contribution for ORP members being credited to the employee's account and a portion to the PERSI unfunded liability until 2025. The ORP covers eligible exempt personnel who work 20 hours or more per week. Based on the audited financial statements for the Fiscal Year 2012, the University had unfunded obligations for post-employment retirement benefits in Fiscal Year 2012 of $51,487,000.

In addition, the University has taken proactive steps to effectively manage and reduce its GASB 45 liability for obligation of post-employment benefits (OPEB) related to retiree health. The University's GASB liability was recorded and recognized on its financial statements for the first time in Fiscal Year 2008. Program changes which include steeper eligibility requirements, retiree cost sharing, integration with Medicare Prescription Drug programs and elimination of some future benefits have reduced the Annual Required Contribution (ARC) from projections of $7.157 million as forecast in Fiscal Year 2008 to $4.806 million for Fiscal Year 2012. The University has fully funded its ARC in each Fiscal Year in accordance with GASB 45.

For information concerning post-retirement health benefits, see NOTE 15, "POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS AND RETIREE BENEFITS TRUST," of "**Appendix A** – FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011."

Insurance

The University maintains liability, property, and employee fidelity insurance in amounts deemed adequate by University officials. The University has a full-time risk management staff that administers insurance coverage and claims, and reviews the adequacy of such policies and verifies the University's compliance with insurance requirements imposed by agreements, such as the Resolution. As of December 31, 2012, the total insured replacement value of the University's buildings, contents and improvements was approximately $1.5 billion.

The University began self-funding its medical and dental programs for active employee and retiree health starting July 1, 2005. Self-funding is a financial arrangement in which medical claims are administered by a third-party administrator, but paid directly from University funds instead of by an insurer. The financial risk of the self-funding arrangement is managed through the creation of a financial reserve established by the University to fund unexpected claims and incurred-but-not-reported claims in the event that the self-funding arrangement is ever terminated. In addition, the University's financial exposure for unexpected claims are limited through the purchase of reinsurance (stop-loss coverage) for both individual and aggregate claim liability. When comparing self-funded cost to a fully insured program, the University estimates an approximate savings of $1 million per year in cost under the self-funded health arrangement.

The University of Idaho continues to take a proactive approach managing its health plans, including offering a High Deductible Health Plan with an HSA, expanding their coverage for wellness related services, and working with an employee advisory group to address needs and concerns of University employees.

FINANCIAL OPERATIONS OF THE UNIVERSITY

The University relies on a number of sources of funding for the achievement of its educational and research missions. The principal sources of revenues are: direct appropriation of State general account revenues by the Idaho Legislature, Tuition and Student Fees, federal government appropriations and grants, gifts to the University, Investment Income, revenues derived from property holdings of the University, land grant endowments received pursuant to the University's land grant status, Sales and Service Revenues and Other Revenues. See "**Appendix A** – FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011." Of these revenue sources, Tuition and Student Fees, Investment Income, Sales and Services Revenues, and Other Revenues are pledged to the Bonds, including the Series 2013 Bonds. See "SECURITY FOR THE SERIES 2013 BONDS" for a description of University revenues pledged to the Bonds. The University's other revenue sources not constituting Pledged Revenues are more fully discussed below.

State Appropriations

Legislatively approved State general account appropriations in Fiscal Year 2013 represent slightly more than 40% percent of the total University budget. The State legislature meets beginning in January of each calendar year and sets budgets and appropriations for all agencies and departments of State government for the Fiscal Year beginning on the ensuing July 1. The legislature may also make adjustments to budgets and appropriations for the Fiscal Year during which the legislature is meeting.

If in the course of a Fiscal Year, the Governor determines that the expenditures authorized by the Legislature for the current Fiscal Year exceed anticipated revenues expected to be available to meet those expenditures, the Governor by executive order may reduce ("**Holdback**") the spending authority on file in the office of the Division of Financial Management for any department, agency, or institution of the State or request a reversion ("**Reversion**") of appropriations back to the State to balance the State budget.

The table below sets forth the legislative appropriation from the State General Fund for colleges and universities and for the University net of Reversions.

A reduction of approximately $19 million is shown from Fiscal Year 2010 to 2011 in University of Idaho State Appropriations. This is due to a capital project (Research Dairy) of $10 million being attributed to appropriations in 2010 (the project, ultimately, was not funded), holdbacks of $6.5 million, rescission of $1.5 million and reduction adjustments of $2.6 million.

Schedule of State General Account Appropriations

Fiscal Year	University of Idaho State Appropriations	Total State Appropriations Colleges & Universities	Total State General Fund	University of Idaho % of Total State General Fund
2012	$71,007,400	$209,828,300	$2,528,960,600	2.81%
2011	73,576,700	217,510,800	2,383,836,000	3.09
2010	92,748,000	253,278,100	2,506,580,100	3.70
2009	99,457,400	285,151,500	2,959,283,400	3.36
2008	92,866,700	264,227,700	2,820,674,400	3.29

Grants and Contracts

The United States government and various other public and private sponsoring agencies, through various grant and contract programs, provide a substantial percentage of the University's operating revenues. The use of such funds is usually restricted to specific projects. Such revenues include grants and contracts for research, public service, instruction and training programs, fellowships, scholarships, endowment scholarship programs, and student aid programs, and grants for construction projects. The University believes it has complied with all material conditions and requirements of these various grants and contracts.

Financial Assistance

Financial assistance, primarily in the form of student loans, scholarships, grants, student employment, awards, and deferred payments, is available to students. The University believes that the amount of available financial aid is adequate. During the 2011-2012 academic year, the total financial assistance to students received at the University was approximately $127 million, of which approximately $76 million was in the form of direct student loans. No assurance can be given that the level of assistance available in the past will continue.

Federal Appropriations

In accordance with the University's designation as a land grant institution, the United States government provides the University with funds for specific programs. Like most federal governmental programs, however, there is no assurance that these funds will continue to be appropriated.

Land Grant Endowments

The University is the State's land grant university, and as such is entitled to revenues from certain State lands.

Budget Process/Financial Reports

The University operates on an annual budget system. Its Fiscal Year begins July 1 of each year. The budget process, as well as the administration of the expenditures authorized through the process, is administered through the offices of the President and the Vice President for Finance and Administration in collaboration with the departmental faculty and other administrative officers. The internal budget process concludes with a general budget proposal for the following Fiscal Year being submitted in consolidated form by the University administration to the Regents in August of each year.

The University's budget is approved by the Regents prior to the commencement of the Fiscal Year, usually at the June meeting. At that meeting, the Regents, in their capacity as members of the State Board of Education, approve the annual budgets for the other institutions of higher education as well.

Future Plans

The Regents have approved Planning and Design authorization for an Integrated Research and Innovation Center. This proposed facility will establish modern and capable science spaces supporting interdisciplinary research and provide core visualization and computing labs. Site analysis and selection and initial architectural programming work have yielded a refined and tested vision of a $49M project providing 53,000 square foot of new space. Sources of funds for these projects include State-appropriated funds, dedicated funds, bonded indebtedness, donations and private support.

Schedule of Outstanding Indebtedness

Set forth below is the schedule of outstanding indebtedness of the Regents as of April 1, 2013 incurred to provide funding for the University, which does not reflect the issuance of the Series 2013 Bonds or refunding of the Series 2003 Bonds.

Name of Issue	Date Incurred	Final Maturity Date	Amount of Original Indebtedness	Amount of Debt Outstanding (April 1, 2013)
Student Fee Refunding and Revenue Bonds, Series 2003(1)(2)	2003	2022	$17,585,000	$5,545,000
General Revenue Refunding Bonds, Series 2005A(1)	2005	2026	30,740,000	24,060,000
Adjustable Rate General Revenue Bonds, Series 2007B(1)	2007	2041	35,035,000	35,035,000
General Revenue Refunding Bonds, Series 2010A(1)	2010	2016	10,230,000	3,975,000
General Revenue Bonds, Series 2010B(1)	2010	2032	10,150,000	10,150,000
Taxable General Revenue Bonds, Series 2010C(1)	2010	2041	13,145,000	13,145,000
Series 2011 Bonds (1)	2011	2041	60,765,000	58,930,000
Total Bonded Indebtedness (3)			$177,650,000	$150,840,000
Other indebtedness, consisting of notes payable and line-of-credit with interest rates ranging from 4.75% to 5.00%, due through the year 2019	2002	2019	$8,073,388	$4,425,385

(1) These are the Bonds currently Outstanding under the Resolution.
(2) The Series 2003 Bonds are expected to be refunded using proceeds of the Series 2013A Bonds as described in "PLAN OF FINANCE – Series 2013A Refunding Project." Preliminary, subject to change.
(3) This amount does not take into account the issuance of the Series 2013 Bonds or the refunding of the Series 2003 Bonds.

Source: The University

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University Total Net Assets

The University's total net assets for the last two Fiscal Years are included in the table below. Financial information concerning the University is contained in the University's audited financial statements included in **Appendix A** hereto.

University of Idaho
Net Assets**

Fiscal Year	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Invested in Capital Assets	Total
2012*	$63,954,298	$24,796,022	$74,859,032	$239,981,523	$403,590,875
2011*	$52,713,170	$24,613,253	$78,191,004	$246,836,404	$402,353,831
2010	$26,298,058	$74,964,487	$67,829,850	$211,194,033	$380,286,428
2009	$36,245,034	$68,225,541	$62,391,971	$205,937,863	$372,800,409
2008	$38,200,667	$84,837,542	$77,042,418	$185,755,208	$385,835,835

* During Fiscal Year 2012, the University, in reviewing authoritative guidance provided under GASB-34 concerning the proper classification of net assets, reclassified Fiscal Year 2011 and 2012 net asset category balances to be more accurately aligned with government reporting standards.
**See "FINANCIAL OPERATIONS OF THE UNIVERSITY – University of Idaho Foundation" and "– Anticipated Change in Reporting for CIT Assets – University Release and Waiver."

University and Foundation Total Net Assets

The University and Foundation consolidated total net assets for the last five Fiscal Years are included in the table below. Financial information concerning the University and the Foundation is contained in the University's audited financial statements included in **Appendix A** hereto.

University of Idaho and University of Idaho Foundation
Consolidated Net Assets

Fiscal Year	University	Foundation	Total
2012	$403,590,875	$148,173,954	$551,764,829
2011	$402,353,831	$150,781,113	$553,134,944
2010	$380,286,428	$129,372,417	$509,658,845
2009	$372,800,409	$108,924,187	$481,724,596
2008	$385,835,835	$123,886,305	$509,722,140

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University and Foundation Cash and Investments

The University and Foundation consolidated cash and investments for the last five Fiscal Years are detailed in the table below. Financial information concerning the University and the Foundation is contained in the University's audited financial statements included in **Appendix A** hereto.

University of Idaho and University of Idaho Foundation
Consolidated Cash and Investments

Fiscal Year	University Cash	Foundation Cash	University Investments	Foundation Investments*	Total
2012	$15,610,602	$21,943,845	$69,794,350	$280,299,419	$387,648,216
2011	$65,287,221	$17,543,061	$21,245,978	$291,664,329	$395,740,589
2010	$57,390,936	$23,692,355	$38,183,910	$242,741,968	$362,009,169
2009	$41,838,941	$17,009,291	$56,937,403	$221,946,459	$337,732,094
2008	$8,371,724	$15,697,079	$73,565,321	$269,619,241	$367,253,365

*Includes University Assets Held in Trust by Foundation

University of Idaho Foundation

The Foundation is a nonprofit corporation organized under Idaho law in 1970. Its purpose is to receive, manage and otherwise deal in property and apply the income, principal and proceeds of such property for the benefit of the University. A 25-member board of directors, elected annually by the Foundation members, manage the Foundation.

The Foundation receives all gifts to the University and transfers such gifts to the donor-designated area within the University on a regular schedule. In addition, it manages the endowment funds in a pooled investment fund referred to as the Consolidated Investment Trust (the "**CIT**"). Earnings from the CIT are transferred annually to the University. Some assets invested in the CIT (the "**Indenture Assets**") are held in trust for the University pursuant to an Indenture Agreement. The Indenture Assets are shown as an asset and liability on the Foundation financial statements. In 2013, the University agreed to waive restriction on the Indenture Assets, and as explained in greater detail below, this waiver will effect completion of the full transfer of these assets to the Foundation such that dual reporting as asset and liability on the Foundation financial statements (as well as reporting those assets and the change in market value of those assets on the University financial statements) will no longer be necessary after the close of Fiscal Year 2012-2013.

Since Fiscal Year 2004, the University has been required to discretely present the Foundation as a component unit. Financial information concerning the Foundation is contained in Note 20 to the University's audited financial statements included in **Appendix A** hereto. The table below illustrates total net assets over the last five Fiscal Years.

University of Idaho Foundation
Net Assets

Fiscal Year	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Invested in Capital Assets	Total
2012	$5,219,854	$32,145,781	$110,808,319	-	$148,173,954
2011	$5,382,690	$33,729,970	$111,668,453	-	$150,781,113
2010	$4,380,322	$29,719,205	$95,272,890	-	$129,372,417
2009	$3,208,428	$23,534,496	$82,181,263	-	$108,924,187
2008	$4,881,176	$23,270,372	$95,734,757	-	$123,886,305

Anticipated Change in Reporting for CIT Assets – University Release and Waiver

The CIT was established at the University of Idaho in July 1959 to allow pooling of endowment assets for investment purposes. In 1974, the Regents authorized the University to transfer the CIT to the Foundation in trust under the terms and conditions of an Indenture Agreement. The Foundation has managed the Indenture Assets transferred through the Indenture Agreement since that time. As of June 30, 2012, the value of the Indenture Assets transferred to the Foundation under the Indenture Agreement was $74,859,032.

The Indenture Assets were transferred pursuant to the Indenture Agreement to the Foundation "in trust", reserving the right in the Regents to revoke the Indenture Agreement or to withdraw the Indenture Assets at any time. Consequently, the transfer from the University to the Foundation was not a complete one, and generally accepted accounting principles ("**GAAP**") applicable to the financial statements for both the University and the Foundation required dual reporting on both the University and the Foundation financial statements of the Indenture Assets and related income (loss) arising from changes in the market value of the Indenture Assets.

Recognizing that the Foundation's total endowment portfolio has grown substantially over the past several decades, coupled with both entities' desire to report their annual financial statements in a clear and concise manner, the current senior leadership of both the University and the Foundation decided to take the steps necessary to eliminate the reporting constraints between the two entities caused by the incomplete nature of the transfer under the Indenture Agreement. Accordingly, on February 8, 2013, the University and the Foundation executed a Release and Waiver of Rights and Restrictions Agreement ("**Release**") that will serve to permanently eliminate the current dual reporting requirements associated with the Indenture Assets. The Release removes reference to "in trust" as well as the right to revoke or withdraw the Indenture Assets.

The effect of the Release will be to remove the reporting of the Indenture Assets from the balance sheet of the University (reducing net assets by the market value of the Indenture Assets) and removing the corresponding gain (loss) arising from change in the market value of the Indenture Assets from the University income statement. There will be a one-time non-operating expense to the University in the amount of the fair market value of the Indenture Asset as of the date of transfer. The Foundation financial statements will show an increase in net assets by the market value of the Indenture Assets, and will fully show the corresponding gain (loss) arising from change in the market value of the Indenture Assets. The Foundation will show a one-time non-operating gain in the amount of the fair market value of the Indenture Assets as of the date of transfer.

While the Release brings about a change in accounting and financial statement reporting, the Foundation will continue to manage the Indenture Assets in the same fashion as it has since the original transfer. There will be no change in the transfer of income earned by the Indenture Assets from the Foundation to the University, and the University remains the sole beneficiary of the Indenture Assets.

The University and the Foundation anticipate bringing the Release into effect with the close of the 2012-2013 Fiscal Year. Choosing the Fiscal Year end, will provide for a full-year comparative operational change reported on the Fiscal Year 2012 and Fiscal Year 2013 Statement of Revenues, Expenses, and Change in Net Assets with the final trust asset value transferred to be based on the fiscal year end market valuation for the total endowment investment portfolio.

UNIVERSITY GOVERNANCE AND ADMINISTRATION

The responsibility for overall management and determination of University policy and standards is vested with the Regents of the University of Idaho who also serve as the Idaho State Board of Education and simultaneously, among other duties, the Trustees for Boise State University, Idaho State University in Pocatello and Lewis-Clark State College in Lewiston and as the State Board for Professional–Technical Education. The combined boards are appointed by the Governor for five–year terms. The membership, terms, residences and occupations are listed below.

The Board of Regents of the University and The State Board of Education

Name	Residence	Occupation	Term Expires (March 1)
Kenneth Edmunds (President)	Twin Falls	President of the Idaho Youth Soccer Association; Chairman of the Twin Falls Community Foundation; Member of the Southern Idaho Economic Development Organization's Board of Directors	2016
Don Soltman (Vice President)	Twin Lakes	Retired, Served four years on the State of Idaho's Professional Standards Commission. Also severed on the state committee that developed the graduation standards in science for Idaho students.	2014
Emma Atchley (Secretary)	Ashton	Board of Directors member for the Bank of Idaho, Teton Regional Land Trust, Flying A Ranch Inc., Cea Corp., and Ashton Hi-Tech Seed Co.	2015
Bill Goesling	Moscow	Retired, Served 24 years of active duty with the United States Navy.	2016
Roderic W. Lewis	Boise	Vice President of Legal Affairs, General Counsel and Corporate Secretary for Micron Technology, Inc. of Boise	2015
Tom Luna*	Boise	State Superintendent of Public Instruction	*
Milford Terrell	Boise	President and Owner of DeBest Plumbing & Mechanical	2017
Richard Westerberg	Preston	Retired, PacifiCorp	2014

* Mr. Luna serves ex-officio to the State Board of Education in his capacity as State Superintendent of Public Instruction, which is a statewide elective office.

The State Board of Education has a full–time professional staff headed by Mike Rush, Executive Director. His appointment became effective May 2008.

University Officers

The affairs of the University are managed by the President of the University and the staff. The President is appointed by, reports to, and serves at the pleasure of the Regents. Following is a brief biographical resume of President Nellis and his executive staff at a Vice President level:

M. Duane Nellis, President, became the University of Idaho's 17th president in July 2009. He provides robust and engaging leadership for the University of Idaho by supporting its statewide land-grant mission of teaching, research and outreach. He also is guiding the institution to re-envision that mission for the 21st century by focusing on entrepreneurialism, engagement, global connections, sustainability, diversity and interdisciplinary synergies. Prior to the presidency at the University of Idaho, President Nellis served as provost and senior vice president of Kansas State University and at West Virginia University as dean of the Eberly College of Arts and Sciences, WVU's largest academic college. President Nellis has served in various other leadership positions. He is currently on the Association of Public and Land-Grant Universities Academic Officers Executive Council and is national chair-elect for this group. He served as president of the Association of American Geographers, one of the largest professional geography organizations in the world. He is also past president of the National Council for Geographic Education; past president of Gamma Theta Upsilon, the International Geographic Honor Society; and, he served as one of ten members of the National Council of Colleges of Arts and Sciences Research Universities Committee. He is recognized nationally and internationally for his research utilizing satellite data and geographic information systems to analyze various dimensions of the earth's land surface. President Nellis is a native of the Northwest. Born in Spokane, Wash., he earned his bachelor's degree in geography at Montana State University, and his master's and doctoral degrees in geography at Oregon State University.

On March 1, 2013, the State Board of Education announced that President Nellis was the sole finalist for the position of President of Texas Tech University. President Nellis will remain at the University until June 1, 2013.

On March 27, 2013, the State Board of Education announced the selection of Dr. Burnett, Jr., as the Interim President to begin work upon the departure of current President Nellis in June.

Donald L. Burnett Jr., Interim President, has had a career that encompassed service as an appellate judge, practicing lawyer, JAG officer, state bar president, law professor, and dean of two law schools. He is an Idaho native, has served as the University of Idaho College of Law dean since 2002. He also serves as the coordinating dean for interdisciplinary programs in water resources, environmental science, and professional science masters program. Dr. Burnett had previously severed as the dean of the Brandeis School of Law at the University of Louisville. He holds a bachelor's degree, magna cum laude, economics from Harvard, a J.D. degree from University of Chicago Law School and LL.M. degree from University of Virginia. Dr. Burnett also graduated on the "Commandant's List" from the Command & General Staff College of the U.S. Army.

Douglas D. Baker, Provost and Executive Vice President, assumed his position at the University of Idaho in 2005. He previously served Washington State University as Vice-Provost for Academic Affairs from 1998 to 2005 and Director of the Office of Undergraduate Education from 2003 to 2005. Dr. Baker is fully engaged in active strategic planning and implementation at the University of Idaho and is interested in developing work across organizational units for greater effectiveness. Dr. Baker taught courses in Management, Organizational Behavior, Organizational Design, Strategic Planning, Human Resource Management and Research Methods as a Professor of Management at Washington State University where he began in 1981 as an Assistant Professor. He has received numerous awards for teaching excellence including the Shell Oil Distinguished Undergraduate Teaching Award in 1990 and in

1984. Dr. Baker received his Ph.D. from the University of Nebraska, following baccalaureate and master's degrees from Colorado State University. He has worked as a consultant to national and international businesses.

On [April 4, 2012], the [State Board of Education] announced that Dr. Baker has accepted the position as President of Northern Illinois University. It is anticipated that an Interim Provost will be named by the end of April; however, Dr. Baker will remain at the University until mid-June 2013.

Ronald Smith, Vice President of Finance and Administration, assumed his position at the University of Idaho in July 2011. Dr. Smith was previously the vice president for finance and business affairs at Seattle University. Prior to his tenure in Seattle, Washington, he served as vice president for administrative services for Lewis-Clark State College in Lewiston, Oregon. He also served in several capacities at the University of Idaho for eight years in the late 1980s and early 1990s. A native of Bozeman, Montana, Dr. Smith earned a bachelor of science degree in commerce and accounting from Montana State University; master's degree in business administration from the University of Montana; and a doctorate in higher education administration from the University of Idaho.

John (Jack) K. McIver, Vice President of Research and Economic Development, assumed his position at the University in June 2008. Dr. McIver received his B.S degree in Mechanical Engineering and Physics at the University of Rochester in 1971, his Masters of Science from the College of Engineering and Applied Sciences at the University of Rochester in 1972, and his Doctorate from the College of Engineering and Applied Sciences at the University of Rochester in 1979. He currently oversees, coordinates and facilitates all University research activities, including sponsored and internally funded research, center and institute research, interdisciplinary research programs, and research related to the University's land grant mission. He has responsibility for all policies and procedures relating to research, technology transfer, economic development, and regulatory compliance and works closely with the faculty to catalyze, encourage, and support research and scholarly activities. Dr. McIver also has management responsibility for the University of Idaho Office of Research and Economic Development, which includes the Office of Sponsored Programs, the Office of Research Assurances, the University institutes, and the Office of Technology Transfer. He is the principal point of contact for the University in all research related matters and represents the regional, national, and international research interests of the University to major research funding agencies and foundations, to regional and national research consortia, to national laboratories, to federal and state agencies, and to the private sector.

Christopher D. Murray, Vice President for University Advancement, assumed his position at the University in May 2006. Mr. Murray received his B.A. degree in Journalism at the University of Southern California in 1983, and his Masters of Business Administration at the University of Southern California in 1995. Prior to joining the University, he held academic positions at the University of Southern California (Director of Corporate Relations, Central Development, from 1991 to 1994; Director of Development, Marshall School of Business, from 1994 to 1996) and the University of Oregon (Associate Dean, External Affairs – Lundquist College of Business, from 1997 to 2006). He served as a director of The Muscular Dystrophy Association (MDA) from 1983 to 1991 and as Executive Director of The Scleroderma Research Foundation from 1996 to 1997. Mr. Murray is responsible for advancement efforts including designing, articulating and leading comprehensive fund raising, providing oversight and alignment of activities in the development office, alumni relations, and marketing communications programs. He also serves as executive director of the University of Idaho Foundation, responsible for organizing, supporting and directing volunteers in fundraising and advancement efforts.

Kent E. Nelson, was appointed as General Counsel to the University on September 17, 2006. Prior to his appointment he served from June 1998 to September 2006 as the Senior Deputy Attorney General in the Contracts and Administrative Law Division of the Idaho Attorney General, where he served as special projects counsel to the Idaho Board of Land Commissioners and as general counsel to various state agencies including the State Board of Education and Board of Regents of the University of Idaho. From September 1984 to June 1998 he was in general civil practice in Boise, Idaho with emphasis in real estate, transactions, creditors rights and civil litigation. Mr. Nelson received a bachelor's degree in accounting from the University of Idaho in 1980 and a Juris Doctor in law from the University of Idaho College of Law in 1984.

TAX MATTERS

The Series 2013A Bonds

Federal Income Tax. In the opinion of Skinner Fawcett, LLP and Ballard Spahr LLP, as Co-Bond Counsel to the Regents, interest on the Series 2013A Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2013A Bonds, assuming the accuracy of the certifications of the Regents and continuing compliance by the Regents with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2013A Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("**AMT**"); however, interest on Series 2013A Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

Original Issue Premium. Certain of the Series 2013A Bonds may be offered at a premium ("**original issue premium**") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of such Series 2013A Bond through reductions in the holder's tax basis for such Series 2013A Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

Original Issue Discount. Certain of the Series 2013A Bonds may be offered at a discount ("**original issue discount**") equal generally to the difference between public offering price and principal amount. Original issue discount on a Series 2013A Bond accrues as tax-exempt interest periodically over the term of the Series 2013A Bond. The accrual of original issue discount increases the holder's tax basis in the Series 2013A Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Series 2013A Bondholders should consult their tax advisors for an explanation of the accrual rules.

State of Idaho Income Tax. Co-Bond Counsel is also of the opinion that interest on the Series 2013A Bonds is exempt from State of Idaho personal income taxes.

The Series 2013B Bonds

Federal Income Tax. Interest on the Series 2013B Bonds is not excludable from gross income for federal income tax purposes.

Original Issue Discount. Certain of the Series 2013B Bonds may be offered at a discount ("**original issue discount**") equal generally to the difference between public offering price and principal amount. Original issue discount on a Series 2013B Bond accrues as tax-exempt interest periodically over the term of the Series 2013B Bond. The accrual of original issue discount increases the holder's tax basis in the Series 2013B Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Series 2013B Bondholders should consult their tax advisors for an explanation of the accrual rules.

State of Idaho Income Tax. Co-Bond Counsel is also of the opinion that interest on the Series 2013B Bonds is not exempt from State of Idaho income taxes.

No Further Opinion

Co-Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2013 Bonds.

Changes in Federal and State Tax Laws

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2013 Bonds or otherwise prevent holders of the Series 2013 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2013A Bonds. Further, such proposals may impact the marketability or market value of the Series 2013 Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2013 Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2013 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2013 Bonds would be impacted thereby.

Purchasers of the Series 2013 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2013 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

UNDERWRITING

The Series 2013 Bonds are being purchased by George K. Baum & Company, acting as the Underwriter. The Bond Purchase Agreement relating to the Series 2013 Bonds, entered into between the Underwriter and the Regents, provides that the Underwriter will purchase (A) the Series 2013A Bonds at an aggregate purchase price of $____________, representing (i) the $__________ aggregate par amount of the Series 2013A Bonds, plus (ii) net original issue premium of $___________, minus (iii) an underwriter's discount of $____________; and (B) the Taxable Series 2013B Bonds at an aggregate price of $___________, representing (i) the $___________ aggregate par amount of the Taxable Series 2013B Bonds, minus (ii) an underwriter's discount of $__________. After initial public offering, the public offering prices may vary from time to time. Under the Bond Purchase Agreement, the Underwriter is obligated to purchase all of the Series 2013 Bonds if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2013 Bonds to the public.

The Underwriter and its respective affiliates is a full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and its respective affiliates have provided, and may in the future provide, a variety of these services to the University, for which it received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivative, loans, currencies and other financial instruments for its own account and for the accounts of its customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the University (directly, as collateral securing other obligations and otherwise) and/or persons and entities with relationships with University. The Underwriters and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or public or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that it should acquire, long and/or short positions in such assets, securities and instrument.

The Underwriter may offer and sell the Series 2013 Bonds to certain dealers (including dealers depositing the Series 2013 Bonds in investment trusts) and others at prices lower than the offering prices stated on the cover page of this Official Statement. The initial public offering prices stated on the inside cover page may be changed from time to time by the Underwriter.

RATINGS

Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Ratings Services ("**S&P**") have assigned underlying ratings of ["Aa3"] and ["A+,"] respectively, to the Series 2013 Bonds. The ratings reflect only the views of the rating agencies, and an explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that such ratings will continue for any given period of time or that the ratings may not be revised or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any downward revision or withdrawal of such ratings will be likely to have an adverse effect on the market price or marketability of the Series 2013 Bonds. The Regents, the University and the Underwriter have undertaken no responsibility to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

Upon delivery of the Series 2013 Bonds, the Regents and the Trustee are entering into a "Continuing Disclosure Agreement" pursuant to which the Regents will provide to the Trustee within 180 days following the end of its Fiscal Year, commencing with the Fiscal Year ended June 30, 2013, a copy of the University's annual audited financial statements and such other specified financial, statistical and operating data for such Fiscal Year in form and scope similar to the financial, statistical and operating data included in this Official Statement. The Regents will also agree to deliver to the Trustee notice of certain events described in Rule 15c2-12 as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "**Rule**"). The Trustee will agree to deliver the information and the notices described in the preceding two sentences upon receipt thereof from the Regents to the Municipal Securities Rulemaking Board's (the "**MSRB**") Electronic Municipal Market Access system pursuant to the Rule. The Trustee will also agree that if it has knowledge that the Regents have not delivered the University's annual audited financial statements or have not provided the financial, statistical and operating data as described above it will directly notify the MSRB of the Regents' failure to deliver such information.

The Regents have not failed to perform any obligation with respect to any existing undertaking to provide continuous disclosure under the Rule. A failure by the Regents to comply with the Continuing Disclosure Agreement does not constitute an event of default under the Resolution and the sole remedy of the Bondholders (including any Beneficial Owner) in the event of any failure of the Regents to comply with the Continuing Disclosure Agreement is an action for specific performance.

A failure by the Regents to comply with the Continuing Disclosure Agreements must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2013 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2013 Bonds and their market price.

LITIGATION

The Regents have reported as of the date hereof that there is no litigation pending or threatened that, if decided adversely to the interests of the Regents or the University, would have a materially adverse effect on the operations or financial position of the Regents or the University. As of the date hereof, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Series 2013 Bonds or in any way contesting or affecting the validity of, or having a material adverse effect on, the Series 2013 Bonds, the pledge and application of Pledged Revenues or the existence or powers of the Regents or the University. **[UPDATE]**

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2013 Bonds are subject to the approval of Skinner Fawcett LLP, Boise, Idaho, and Ballard Spahr LLP, Salt Lake City, Utah, as Co-Bond Counsel to the Regents, whose Approving Opinion will be delivered with the Series 2013 Bonds and the form of which are attached as **Appendix F** to this Official Statement. Certain legal matters will be passed upon for the Regents and the University by the University's Counsel, Kent E. Nelson, Esq., Moscow, Idaho and for the Underwriter by Hogan Lovells US LLP, Denver, Colorado.

INDEPENDENT AUDITORS

The audited financial statements of the University as of and for the Fiscal Years ended June 30, 2012 and June 30, 2011, included in this Official Statement as **Appendix A**, have been audited by Moss Adams LLP, independent auditors, except that the financial statements of the University's discretely presented component unit as described in Note 20 to the University's audited financial statements, and the University of Idaho Health Benefits Trust as described in Note 13 to the University's audited financial statements, were audited by other auditors, as stated in their report appearing therein. These financial statements are the most recent audited financial statements of the University.

Moss Adams LLP has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in the report. Moss Adams LLP has not performed any procedures relating to this Official Statement, and has not consented to the use of the financial statements of the University in this Official Statement.

[Remainder of page intentionally left blank]

MISCELLANEOUS

This Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Regents.

Appendices A through **F** are an integral part of this Official Statement and must be read together with all other parts of this Official Statement.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By: ______________________________________
Vice President for Finance and Administration
and Bursar

APPENDIX A

Financial Statements of the University
for the Years ended June 30, 2012 and June 30, 2011

APPENDIX B

Schedule of Tuition and Student Fees

The tuition and student fee schedule that follows was approved by the Regents at the __________ ___ meeting for fees to be assessed during the 2012-2013 academic year. The University bases the Estimated Annual Revenue to be collected from each of the tuition and student fees on budgeting assumptions of the tuition and student fees approved for the current academic year and the number of full-time and part-time students for the previous academic year. The number of students obtained by dividing the Estimated Annual Revenue line items for full-time students is less than the full-time equivalents and fall semester full time enrollees for Fall 2012 shown in the body of the Official Statement under "THE UNIVERSITY – Five-Year Historical Enrollment Summary." This is consistent with historic budgeting assumptions, including consideration of the University's policy to provide tuition and student fee waivers or discounts to certain scholarship recipients and to certain employees and spouses of certain employees. The University's estimates include certain assumptions concerning refunds, late fees and other variables in individual tuition and student fees, such that the annual estimated revenues of each tuition and student fee are not the numerical product of the tuition and student fee rates times a constant number for students paying such tuition and student fees, but nonetheless represent the University's best estimate of tuition and student fee revenues.

Tuition and Student Fees Academic Year 2013-2014

On-Campus Undergraduate Full Time:

General Education Operating Budget
Tuition

Facility Fees

Student Computing & Network Access

Dedicated Activity Fees
Alumni Association Fee
Associated Students-Incl Diversity Ctr $2.00
Campus Card
Campus Rec: Intramurals/Sports Clubs
Campus Rec: SRC Operations / R & R
Commons/Union Operations / R & R
Fine Arts
Intercollegiate Athletics
Mem Gym Cage
Swim Center
Kibbie Center Operations
Marching Band
Native American Student Center
Performing Arts
Sales Tax (event tickets)
Spirit Squad
Student Health Services
Student Services - Alcohol Education
Student Services - Campus Life
Student Services - Counseling & Testing Center
Student Services - Early Childhood
Student Services - Minority Student Programs
Student Services - New Student Orientation
Student Services - Violence Prevention Program
Student Services - Women's Center / LGBQTA
Sustainability Center
Subtotal Dedicated Activity Fees

On-Campus Undergraduate Full Time Tuition and Fees:

Other Full Time Fees and Tuition
Graduate/Professional Tuition
WUE Fee
Non-Resident Tuition

Part Time Tuition and Fees:
Effective FY2014 graduate tuition and fees will transition from 1/10 of full time to 1/9 of full time.
Undergraduate Tuition and Fees
Undergraduate Non-Resident (in addition to Tuition & Fees)

Graduate Tuition and Fees
Graduate Fee (in addition to Tuition & Fees)

Graduate Non-Resident (in addition to Tuition, Fees & Grad Fee)

Note: The University is exploring the ability to charge increased tuition to Non-Residents for Summer Session up to but not to exceed full Non-Resident tuition.

Professional Fees (in addition to above tuition and fees)

Law Full Time
Law Part Time
Art & Architecture Full Time
Art & Architecture Part Time Undergraduate
Art & Architecture Part Time Graduate
Bioregional Planning Full Time
Bioregional Planning Part Time

Program Fees

Executive MBA (2 years)
Professional Practices Doctorate (3 years)
Masters of Science in Athletic Training (1 year/3 semesters)
Doctorate in Athletic Training (1 year/3 semesters)

APPENDIX C

Glossary of Certain Terms Used in the Resolution

[To be conformed]

Except as otherwise expressly provided in the Resolution, as supplemented by Supplemental Resolutions, including the 2013 Supplemental Resolution, or unless the context otherwise requires, the following terms shall have the following meanings (references herein to the "University" shall be deemed to refer to the Regents or other appropriate authority thereof pursuant to the Act and other applicable laws):

Act shall mean the Educational Institutions Act of 1935, codified in Title 33, Chapter 38, Idaho Code, as the same shall be amended from time to time.

Activity Center Complex Fee means the activity center complex fee imposed upon full and part time students attending the University.

Activity Fees means such fees designated and set from time to time by the Regents or the University, imposed upon each full-time and part-time on-campus student in attendance at the University for activities at the University. Currently such fees include: ASUI general, alumni association fee, campus card, cheerleader program, college dedicated fee, Commons/Union operations, fine arts, intercollegiate athletics, intramural/locker/recreational services, Kibbie Center operations (stadium), marching band, minority student program, sales tax, student advisory services, student recreation center operations, student benefits, health and wellness, and student health services.

Additional Bonds means any bonds which the Regents may issue pursuant to Article VII of the Resolution secured by all or a portion of the Pledged Revenues, as may be amended from time to time.

Amendments means, collectively, the 2005 Amendments, the 2007 Amendments, and the 2010 Amendments.

Approving Opinion means an Opinion of Counsel to the effect that an action being taken is authorized by the applicable provisions of the Resolution and will not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds or the status of the Series 2010B Bonds as Build America Bonds.

Authorized Denomination means $5,000 or any integral multiple thereof.

Authorized Officer of the University shall mean the Bursar or a representative designated by the Bursar.

Auxiliary Enterprises shall mean all facilities of the University generating Sales and Services Revenues, including the Housing System, Parking System, Non-Residential Food Service System, Bookstore, and recreational and event facilities.

Beneficial Owner(s) shall mean the owners of Bonds and any Additional Bonds issued pursuant to the Resolution, whose ownership is recorded under the Book-Entry-Only System maintained by the Securities Depository as described in the Resolution.

Bond Fund shall mean the fund created by the Resolution, consisting of two accounts: (1) Debt Service Account and (2) Debt Service Reserve Account.

Bond Purchase Agreement means the Bond Purchase Agreement dated __________ __, 2013, between the Regents and the Underwriter pursuant to which the Series 2013A Bonds and the Taxable Series 2013B Bonds are sold.

Bond Register shall mean the registration records of the Regents, maintained by the Trustee, on which shall appear the names and addresses of the Registered Owners of the Bonds and any Additional Bonds.

Bond Resolution or Resolution shall mean the Bond Resolution adopted by the Regents on November 22, 1991, providing for the issuance of General Revenue Bonds, as from time to time amended and supplemented by Supplemental Resolutions.

Bond Year means the one-year period (or, in the case of the first Bond Year, the shorter period from the date of issue of the Bonds) selected by the University. If no date is selected by the University within five years of the date of delivery of a series of Bonds, each Bond Year shall end at the close of business on the date preceding the anniversary of the date of delivery of a series of Bonds.

Bonds shall mean, collectively, the Bonds issued pursuant to the Resolution and Additional Bonds issued pursuant to any Supplemental Resolutions.

Book-Entry System shall mean the book-entry system of registration of the Bonds and any Additional Bonds as described in the Resolution.

Build America Bonds means the interest subsidy bonds issuable by the University under Sections 54AA and 6431 of the Code and a qualified bond under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

Bookstore means the University's bookstore facilities located on the Moscow campus, in which books, supplies and merchandise are sold.

Bursar means the officer so designated by the University as chief financial officer of the University, currently the Vice President of Finance and Administration, including any acting Bursar designated by the University.

Business Day means, with respect to the Series 2013 Bonds, a day, other than Saturday or Sunday on which banks located in the State of Idaho or in the city where the principal corporate trust office of the Trustee is located are open for the purpose of conducting commercial banking business.

Cede & Co. shall mean Cede & Co., as nominee of DTC.

Code shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and the regulations promulgated thereunder.

Construction Fund shall mean the special account created by the Resolution, from which the Costs of Acquisition and Construction of a Project shall be paid.

Continuing Disclosure Agreement means the Continuing Disclosure Agreement between the Regents and the Trustee as Dissemination Agent with respect to the Series 2013 Bonds.

Cost(s) of Issuance shall mean printing, Rating Agency fees, legal fees, underwriting fees, fees and expenses of the Trustee, bond insurance premiums, if any, and all other fees, charges, and expenses with respect to or incurred in connection with the issuance, sale, and delivery of a series of Bonds.

Debt Service for any period shall mean, as of any date of calculation, an amount equal to the Principal Installment and interest accruing during such period on the Bonds, plus any Payment due under a Parity Payment Agreement. Such Debt Service on the Bonds shall be calculated on the assumption that no portion of the Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of the Principal Installment on the Bonds on the due date thereof. For any Series of Variable Rate Bonds bearing interest at a variable rate which cannot be ascertained for any particular Fiscal Year, it shall be assumed that such Series of Variable Rate Bonds will bear interest at a fixed rate equal to the higher of (i) the average of the variable rates applicable to such Series of Variable Rate Bonds during any twenty-four month period ending within thirty (30) days prior to the date of computation, or (ii) 110% of the Bond Buyer 25 Revenue Bond Index most recently published prior to the computation date but bearing interest at a fixed rate. There shall be excluded from "Debt Service" (i) interest on Bonds (whether Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest is available to pay such interest, and (ii) principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 57-504, Idaho Code, and such proceeds or the earnings thereon are required to be applied to pay such principal (subject to the possible use to pay the principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such principal.

Debt Service Account shall mean the account of that name created within the Bond Fund by the Resolution which acts as a reserve for certain Bonds, but not the 2013 Bonds.

Debt Service Reserve Account shall mean the account of that name created within the Bond Fund by the Resolution.

Direct Payments means the interest subsidy payments received by the University from the United States Treasury pursuant to Section 6431 of the Code or other similar programs with respect to Series 2010C Bonds issued under the Resolution.

DTC means The Depository Trust Company, New York, New York.

DTC Participants shall mean those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Educational Activities Revenues shall mean revenues generated incidentally to the conduct of instruction, research and public service activities, such as unrestricted revenues generated by the University's testing and training services, labs, sales of scientific materials, sales of miscellaneous services and products, and agriculture and forest products.

Escrow Agent means Wells Fargo Bank, N.A.

Escrow Agreement means the agreement between the University and the Escrow Agent, dated the date of delivery of the Series 2013 Bonds, providing for an Escrow Account for deposit of the Refunding Proceeds.

Estimated Pledged Revenues means, for any year, the estimated Pledged Revenues for such year, based upon estimates prepared by the Bursar and approved in accordance with procedures established by the Regents. In computing Estimated Pledged Revenues, Pledged Revenues may be adjusted as necessary to reflect any changed schedule of fees or other charges adopted and to become effective not later than the next succeeding Fiscal Year of the University and any estimated gain in enrollments of students subject to payment of fees in the academic year next succeeding the delivery of a series of bonds in connection with which an estimate is made. In estimating Operation and Maintenance Expenses, recognition shall be given to any other revenues which may be designated by the Regents and to any anticipated change in the Operation and Maintenance Expenses. Amounts reasonably anticipated to be paid from sources other than Pledged Revenues may be excluded from the estimated Operation and Maintenance Expenses.

Event of Default shall mean one or more of the events enumerated in the Resolution.

F&A Recovery Revenues shall mean the revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University.

Facility Fees shall mean such fees designated and set from time to time by the Regents or the University, imposed upon each full-time and part-time on-campus student in attendance at the University for facilities at the University. Currently such fees consist of the Student Building Fee, the Residential Campus Development Fee, the Recreation Center Fee, and the Activity Center Complex Fee.

Fiscal Year shall mean the annual accounting period of the University, beginning July 1 in a year and ending June 30 of the following year.

Fitch means Fitch Ratings, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Regents, with notice to the Trustee.

General Account Appropriated Funds shall mean general account appropriated funds of the State of Idaho which in accordance with governmental accounting standards and the University's audited financial statements are treated as non-operating revenues and accordingly such revenues are not included in the definition of Other Operating Revenues for purposes of generating Pledged Revenues under the Resolution, and in any event are excluded from Pledged Revenues.

General Revenue Bond System means the single revenue bond system created under the Resolution under which the Series 2013 Bonds are issued and Additional Bonds may be issued.

Generally Accepted Accounting Principles shall mean those accounting principles applicable in the preparation of financial statements of business corporations as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

Housing System shall mean the University's system of (i) on campus, student group housing facilities and related facilities, including family student housing; and (ii) the Residence Hall System.

Investment Income shall include investment earnings on all unrestricted University funds and accounts.

Investment Securities shall mean and include any securities authorized to be acquired by the Treasurer of the State of Idaho pursuant to Section 67-1210 and 67-1210A, Idaho Code, or any successor Code section specifying legal investments.

Issue Date means, with respect to any Series 2013 Bonds, the dates on which such Series 2013 Bonds are first delivered to the purchasers thereof.

Mandatory Redemption Amount(s) shall mean the mandatory deposits (i) established for the Series 1992A Bonds pursuant to the Resolution, or (ii) as to any Additional Bonds the amounts so designated in a Supplemental Resolution. The portion of any Mandatory Redemption Amount remaining after the deduction of any amounts credited pursuant to the Resolution (or the original amount of any such Mandatory Redemption Amount if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Mandatory Redemption Amount for the purpose of calculation of Mandatory Redemption Amounts due on a future date.

Maximum Annual Debt Service shall mean an amount equal to the greatest annual Debt Service with respect to the Bonds for the current or any future Bond Year.

Moody's means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Regents, with notice to the Trustee.

Net Proceeds, when used with reference to any series of Bonds, shall mean the aggregate principal amount of the series of Bonds, less the Costs of Issuance.

Non-Residential Food Service System means the University's system of providing food services for the University's students, faculty, staff, employees and invited guests at all University facilities on the Moscow campus, excluding board charges for food service in the University's Residence Hall System.

Opinion of Counsel means a written opinion of counsel satisfactory to the Regents and not objected to by the Trustee with respect to the Series 2013 Bonds.

Other Fees shall consist of the Graduate/Professional Fee, Law College Dedicated Fee, the Architecture School Dedicated Fee, Non-Resident Fee, the In Service Teacher Education Fee, and the Western Undergraduate Education Fee, general education fees for part-time and summer students which are currently designated by the Regents as the "Part-time Educational Fee" and "Summer School Fee" and such other fees as the University shall hereafter establish.

Other Operating Revenues shall mean revenues received by the University generated from miscellaneous sources, *i.e.*, fines and rent/lease revenues.

Outstanding, when used with reference to the Bonds, as of any particular date, shall mean the Bonds which have been issued, sold and delivered under the Resolution, except (i) the Bonds (or portion thereof) cancelled because of payment or redemption prior to their stated date of maturity, and (ii) the Bonds (or portion thereof) for the payment or redemption of which there has been separately set aside and held money for the payment thereof.

Parking System shall mean the on-campus parking system at the University campus in Moscow, Idaho.

Payment Date means, with respect to the Series 2013 Bonds, each April 1 and October 1, commencing October 1, 2013.

Pledged Revenues shall include (i) Tuition and Student Fees; (ii) Sales and Services Revenues; (iii) the F&A Recovery Revenues; (iv) Other Operating Revenues; (v) Investment Income; (vi) Direct Payments; (vii) proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, except as otherwise provided in the Resolution or a Supplemental Resolution; and (viii) such other revenues as the Regents shall designate as Pledged Revenues.

Notwithstanding the definition set forth above and, in particular, notwithstanding clause (viii) in no event shall Pledged Revenues include (i) General Account Appropriated Funds or (ii) Restricted Fund Revenues.

President shall mean the president of the Regents.

Pre-2005 Bonds shall mean all bonds issued under the Resolution and Supplemental Resolutions thereto prior to the issuance of the Series 2005A Bonds.

Principal Installment shall mean, as of any date of calculation and with respect to any series of Bonds then Outstanding, (A) the principal amount of Bonds of such series due on a certain future date for which no Mandatory Redemption Amounts have been established, or (B) the unsatisfied balance (determined as provided in the definition of Mandatory Redemption Amount in this section) of any Mandatory Redemption Amount due on a certain future date for Bonds of such series, plus the amount of the mandatory redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to such unsatisfied balance of such Mandatory Redemption Amount, or (C) if such future dates coincide as to different Bonds of such series, the sum of such principal amount of Bonds and of such unsatisfied balance of such Mandatory Redemption Amount due on such future date plus such applicable redemption premiums.

Private Person shall mean any natural person engaged in a trade or business, the United States of America or any agency thereof, or any trust, estate, partnership, association, company or corporation. A state or local governmental unit is not a private person.

Private Person Use shall mean the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a de minimis fee to cover custodial expenses.

Project shall mean any "project" as defined in the Act that is financed with the proceeds of Bonds or Additional Bonds issued under the Resolution.

Project Account shall mean an account established by the Trustee within the Construction Fund for a Project.

Rating Agency means Fitch, S&P, Moody's or any other nationally recognized rating agency, in each case then providing or maintaining a rating on the Series 2013 Bonds at the request of the Regents.

Rebate Fund means the fund by that name established by the Resolution.

Record Date shall mean the 15th day of the calendar month next preceding any interest payment date, as provided in the Resolution.

Recreation Center Fee means the recreation facility fee imposed upon full and part time students attending the University as assessed by the Regents.

Refunded Bonds means the Regents of the University of Idaho Student Fee Refunding and Revenue Bonds, Series 2003, as specified in the Terms Certificate.

Regents shall mean the Board of Regents of the University of Idaho.

Registered Owner or Owner(s) shall mean the person or persons in whose name or names the Bonds shall be registered in the Bond Register maintained by the Trustee in accordance with the terms of the Resolution.

Replacement Bonds shall mean the Bonds described as such in the Resolution, and any Additional Bonds issued as Replacement Bonds in accordance therewith.

Residence Hall System means the University's on-campus residence hall housing facilities, including the Wallace Residence Hall and Cafeteria Complex, the McConnell Residence Hall, the Gault-Upham Residence Hall and the Theophilus Tower Residence Hall, and food service and dining facilities and related and subordinate facilities.

Restricted Fund Revenues shall mean all revenues that the University is obligated to spend in accordance with restrictions imposed by external third parties, such as revenues from grants, contracts, gifts and scholarships.

Revenue Fund shall mean the Revenue Fund established by the Resolution.

S&P means Standard & Poor's Ratings Services, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody's) designated by the Regents, with notice to the Trustee.

Sales and Services Revenues shall include all revenues generated through operations of the Auxiliary Enterprises and the Educational Activities Revenues.

Secretary means the secretary of the Regents.

Securities Depository shall mean DTC, or any successor Securities Depository appointed pursuant to the Resolution.

Series 2005A Bonds means the $30,740,000 principal amount of General Revenue Refunding Bonds, Series 2005A.

Series 2007B Bonds means the $35,035,000 Adjustable Rate General Revenue Refunding Bonds, Series 2007B.

Series 2010A Bonds means the $3,975,000 principal amount of General Revenue Refunding Bonds, Series 2010A.

Series 2010B Bonds means the $10,150,000 principal amount of General Revenue Bonds, Series 2010B.

Series 2010C Bonds means the $13,145,000 principal amount of Taxable General Revenue Bonds, Series 2010C.

Series 2011 Bonds means the $58,930,000 principal amount of Series 2011 Bonds.

Series 2013A Bonds means the General Revenue and Refunding Bonds, Series 2013A, of the Regents authorized by the 2013 Supplemental Resolution.

Series 2013A Project means the financing and **[**refinancing] of various capital improvements.

Series 2013A Project Account means the account established under the 2013 Supplemental Resolution into which shall be deposited the Project Proceeds related to the Series 2013A Bonds.

Series 2013 Bondholder, Holder and Bondholder means the holder of any Series 2013 Bond.

Series 2013 Bonds means collectively, the Series 2013A Bonds and Taxable Series 2013B Bonds.

Series 2013B Project means the financing of an outdoor science center.

Series 2013B Project Account means the account established under the 2013 Supplemental Resolution into which shall be deposited the Project Proceeds relating to the Taxable Series 2013B Bonds.

Series 2013 Costs of Issuance shall mean the Costs of Issuance incurred in connection with the issuance, sale and delivery of the Series 2013 Bonds.

Series 2013 Costs of Issuance Fund shall mean the fund established pursuant to the 2013 Supplemental Resolution into which shall be deposited the portion of the proceeds of the Series 2013 Bonds necessary to pay the Series 2013 Costs of Issuance, as further provided in the 2013 Supplemental Resolution.

Series 2013 Project means the Series 2013A Project and the Series 2013B Project.

Student Building Fee means the Student Building Fee designated and set from time to time by the Regents, imposed upon each full-time and part-time on-campus student in attendance at the University.

Supplemental Resolution means any resolution amending or supplementing the terms of the Resolution in full force and effect which has been duly adopted and approved by the University under the Act; but only if and to the extent that such Supplemental Resolution is adopted in accordance with the provisions of the Resolution.

Tax-Exempt Bonds means the Series 2013A Bonds.

Taxable Bonds means the Taxable Series 2013B Bonds.

Taxable Series 2013B Bonds means the Taxable General Revenue Bonds, Series 2013B of the Regents authorized by the 2013 Supplemental Resolution.

Technology Fee shall include the Student Computing and Network Access Fee to support the University's technological operations, as assessed against full-time and part-time students at the University and as said fees now exist and may hereafter be revised by the Regents or the University.

Terms Certificate means one or more certificates of the Regents signed by the Bursar or authorized designee in substantially the form attached to the 2013 Supplemental Resolution, specifying certain terms of the Series 2013 Bonds.

Trustee shall mean Wells Fargo Bank, N.A., Boise, Idaho, which shall also act as bond registrar, authenticating agent, paying agent and transfer agent with respect to the Series 2013 Bonds, or its successors in functions, as now or hereafter designated.

Tuition and Student Fees shall consist of the Tuition Fee, the Activity Fees, the Facility Fees, the Technology Fee, and Other Fees.

Tuition Fee(s) shall mean the student tuition established by the Regents. Tuition fees are defined as the fees charged for any and all educational costs at University of Idaho. Tuition fees include, but are not limited to, costs associated with academic services; instruction; the construction, maintenance, and operation of buildings and facilities; student services; or institutional support.

2005 Amendments means amendments to the Resolution as described in the 2005A Supplemental Resolution.

2005A Supplemental Resolution means the Supplemental Resolution of the Regents adopted on January 24, 2005.

2007 Amendments means amendments to the Resolution as described in the 2007 Supplemental Resolution.

2007 Supplemental Resolution means the Supplemental Resolution of the Regents adopted on October 11, 2007, authorizing the Series 2007 Bonds and making the 2007 Amendments.

2010 Amendments means amendments to the Resolution as described in the 2010 Supplemental Resolution.

2010 Supplemental Resolution means the Supplemental Resolution of the Regents adopted on February 18, 2010, authorizing the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds and the Series 2011 Bonds.

2013 Amendments means amendments to the Resolution as described in the 2013 Supplemental Resolution.

2013 Supplemental Resolution means the Supplemental Resolution of the Regents adopted on April 18, 2013, adopting the Series 2013 Bonds.

Underwriter shall mean George K. Baum and Company, or its successor in function, as the original purchaser of the Series 2013 Bonds.

University shall mean the University of Idaho, at Moscow, Idaho, a body politic and corporate pursuant to the provisions of Article 9, Section 10, Idaho Constitution and Section 33-2801, Idaho Code.

Written Certificate of the University shall mean an instrument in writing signed on behalf of the University by a duly Authorized Officer thereof. Every Written Certificate of the University, and every certificate or opinion of counsel, consultants, accountants or engineers provided for in the Resolution shall include: (A) a statement that the person making such certificate, request, statement or opinion has read the pertinent provisions of the Resolution to which such certificate, request, statement or opinion relates; (B) a brief statement as to the nature and scope of the examination or investigation upon which the certificate, request, statement or opinion is based; (C) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (D) with respect to any statement relating to compliance with any provision hereof, a statement whether or not, in the opinion of such person, such provision has been complied with.

APPENDIX D

Summary of the Resolution

[To be conformed]

The following is a summary of certain provisions of the Resolution as supplemented and amended by Supplemental Resolutions, including the Supplemental Resolution adopted April 18, 2013 (the "**2013 Supplemental Resolution**"), and is not to be considered a full statement thereof. Reference is made to the Resolution and the 2013 Supplemental Resolution. The Resolution and all Supplemental Resolutions are on file at the University, c/o _____________, Bursar, Administration Building, Room 211, P.O. Box 443168, Moscow, Idaho 83844-3168; or at the office of the Trustee, Wells Fargo Bank, N.A., 877 Main Street, Third Floor, Boise, Idaho 83702. See also "THE SERIES 2013 BONDS" and "SECURITY FOR THE SERIES 2013 BONDS" in the body of the Official Statement.

GENERAL PROVISIONS RELATING TO THE BONDS

Authorization of Bonds

Bonds designated as "General Revenue Bonds" are authorized to be issued by the Regents under the Resolution. The maximum principal amount of the Bonds which may be issued is not limited; provided, however, that the Regents reserve the right to limit or restrict the aggregate principal amount of the Bonds which may at any time be issued or Outstanding under the Resolution. Bonds may be issued in such Series as from time to time shall be established and authorized by the Regents subject to the provisions of the Resolution. The Bonds may be issued in one or more Series pursuant to one or more Supplemental Resolutions. The designation of the Bonds shall include, in addition to the name "General Revenue Bonds," such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Regents may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs. Each Bond shall recite in substance that it is payable from and secured by the Pledged Revenues of the University pledged for the payment thereof.

Terms of Bonds

The principal of and interest on, and the redemption price of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Trustee or of any Paying Agent at the option of a Registered Owner. Payment of interest on any fully registered Bond shall be (i) made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof as of the close of business on the Record Date at his address as it appears on the registration books of the Trustee or at such other address as is furnished to the Trustee in writing by such Registered Owner, or (ii) with respect to units of $500,000 or more of Bonds, made by wire transfer to the Registered Owner as of the close of business on the Record Date next preceding the interest payment date if such Registered Owner shall provide written notice to the Trustee not less than fifteen (15) days prior to such interest payment date at such wire transfer address as such Registered Owner shall specify, except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on any interest payment date, such defaulted interest shall be paid to the Registered Owners in whose name any such Bond is registered at the close of business on the fifth Business Day next preceding the date of payment of such defaulted interest.

The Bonds of any Series may be issued only in fully registered form without coupons in Authorized Denominations.

Execution of Bonds

The Bonds shall be signed on behalf of the Regents by the manual or facsimile signature of its President, attested by the manual or facsimile signature of its Secretary, and countersigned by the manual or facsimile signature of the Bursar of the University, and the seal of the University shall be thereunto affixed by the Secretary of the Regents, which may be by a facsimile of the University's seal which is imprinted upon the Bonds.

Transfer or Exchange of Bonds

Any Bond shall be transferable by the Registered Owner thereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of such Bond at the principal corporate trust office of the Trustee for cancellation and issuance of a new Bond registered in the name of the transferee, in exchange therefor; provided, however, the Trustee shall not be required to transfer the Bonds within fifteen (15) calendar days of a principal or interest payment.

Lost, Stolen, Mutilated or Destroyed Bonds

In case any Bond shall be lost, stolen, mutilated or destroyed, the Trustee may authenticate and deliver a new Bond or Bonds of like date, denomination, interest rate, maturity, number, tenor and effect to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the University and the Trustee in connection therewith and upon his filing with the University and the Trustee evidence satisfactory to the University and the Trustee of his ownership thereof, and upon furnishing the University and the Trustee with indemnity satisfactory to the University and the Trustee.

Registration

In the Resolution, the University adopts a system of registration with respect to the Bonds as required by Title 57, chapter 9, Idaho Code, as amended.

Book-Entry-Only System

The Series 2013 Bonds shall initially be registered on the Bond Register in the name of Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2013 Bonds, except in the event the Trustee issues Replacement Bonds as provided in the Resolution.

Additional Bonds

The University reserves the right to issue Additional Bonds secured equally and ratably with all Bonds issued under the Resolution by a pledge of (i) Pledged Revenues and (ii) the funds established by the Resolution, upon the conditions set forth in Article VII of the Resolution and as described in the Official Statement.

Investment of Funds

Monies held by the University or the Trustee in funds or accounts under the Resolution shall be invested in Investment Securities.

PLEDGE OF REVENUES; ESTABLISHMENT OF FUNDS AND ACCOUNTS

Pledge of Pledged Revenues

In the Resolution, the University pledges for the payment of the Bonds, equally and ratably, the Pledged Revenues. The Pledged Revenues shall not, except as provided in the Resolution, be used for any other purpose while any of the Bonds issued under the Resolution, including the Series 2013 Bonds, remain Outstanding. Except as provided in the Resolution, this pledge shall constitute a first and exclusive lien on the Pledged Revenues for the payment of the Bonds in accordance with the terms of the Resolution.

Confirmation and Establishment of Funds

The following Funds are established under the Resolution:

A. Revenue Fund to be held by the University;

B. Construction Fund to be held by the University;

C. Bond Fund, consisting of a Debt Service Account and a Debt Service Reserve Account (only with respect to the Series 2005A Bonds), to be held by the Trustee;

D. Cost of Issuance Fund to be held by the University;

E. Rebate Fund to be held by the University.

The 2013 Supplemental Resolution also creates in the Construction Fund the "Series 2013A Project Account" (related to the Series 2013A Bonds) and the "Series 2013B Project Account" (related to the Taxable Series 2013B Bonds) and the "Series 2013 Costs of Issuance Account," all of which accounts are to be held by the University.

The Trustee may establish one or more separate and segregated subaccounts within the Debt Service Account or the Debt Service Reserve Account, if any, from time to time as shall be necessary.

Revenue Fund; Bond Fund; Flow of Funds

A. Required Deposits. The University shall deposit as received all Pledged Revenues into the Revenue Fund. The University shall deposit into the Debt Service Account in the Bond Fund the accrued interest, if any, received from the sale of a series of Bonds to the initial purchasers thereof. The University shall also deposit into the Debt Service Account the portion, if any, of the Net Proceeds designated as capitalized interest on a series of Bonds.

B. Permitted Deposits. At any time the University may deposit into the Revenue Fund or the Bond Fund such other funds and revenues that do not constitute Pledged Revenues, as the University may in its discretion determine.

C. Required Transfers. Moneys in the Revenue Fund shall be transferred to the Trustee for deposit in the Debt Service Account in the Bond Fund not later than five (5) days before any Payment Date, an amount equal to Debt Service coming due on such Payment Date. There may be credited against the foregoing transfer, however, any moneys deposited in the Debt Service Account which are available to pay Debt Service on the Bonds and which have not previously been taken as a credit against the required transfers. Moneys in the Revenue Fund shall secondarily be transferred to the Trustee for deposit in the Debt Service Reserve Account in the Bond Fund as soon as practicable after moneys are withdrawn from the Debt Service Reserve Account in accordance with the Resolution.

The Trustee shall pay out of the Debt Service Account to the Registered Owners of the Bonds entitled to such payment on or before each Payment Date the amount of Debt Service payable on such date.

D. Remaining Amounts. Amounts remaining in the Revenue Fund at any time in excess of the amounts necessary to make the payments required above may be applied by the University, free and clear of the lien of the Resolution, to the extent permitted by law, (i) to the redemption of Bonds in accordance with the Resolution or (ii) for any other lawful purpose of the University.

Construction Fund/Project Account

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution.

The University may establish within the Construction Fund separate Project Accounts and may establish one or more subaccounts in each Project Account. Income received from the investment of moneys in any Project Account in the Construction Fund shall be credited to such Project Account. Upon completion of any Project, the relevant Project Account shall be closed, and all remaining amounts in such Project Account shall be transferred to the Debt Service Account in the Bond Fund.

Before any payment is made from any Project Account in the Construction Fund, the University shall execute a Written Certificate showing with respect to each payment to be made the name of the person to whom payment is due and the amount to be paid and certifying that the obligation to be paid was incurred and is a proper charge against the Project Account in the Construction Fund and in a reasonable amount against the Project Account in the Construction Fund and has not been theretofore included in a prior Written Certificate, and that insofar as any such obligation was incurred for work, materials, equipment or supplies, such work was actually performed, or such materials, equipment or supplies were actually installed in furtherance of the acquisition of the Project or delivered at the site of the Project for that purpose or delivered for storage or fabrication or as a progress payment due on equipment being fabricated to order.

Before any payment is made from the Project Account in the Construction Fund for the payment of Costs of Issuance, the University shall execute its Written Certificate, signed by an Authorized Officer of the University, stating, in respect of each payment to be made, (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid, (c) the particular item of the Cost of Issuance to be paid, and (d) that the cost or obligation in this stated amount is a proper item of the Cost of Issuance and has not been paid.

Bond Fund – Debt Service Reserve Account

There is no Debt Service Reserve Account for the Series 2013 Bonds and the Series 2013 Bonds are not secured by amounts on deposit in the Debt Service Reserve Accounts established with respect to Pre-2005 Bonds and the Series 2005A Bonds. See "SECURITY FOR THE SERIES 2013 BONDS – No Debt Service Reserve Account for the Series 2013 Bonds" in the front portion of the Official Statement to which this **Appendix D** is attached.

A. The University may not substitute a Reserve Account Credit Enhancement for the funds on deposit in the Debt Service Reserve Account, without the prior written consent of all insurers of Outstanding Pre-2005 Bonds and the Series 2005A Bonds. Funds on deposit in the Debt Service Reserve Account shall be invested in Investment Securities having an average aggregate weighted term to maturity of not greater than five (5) years.

B. If on any Payment Date the amount in the Debt Service Account is less than the amount required to pay such Debt Service, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make said payments.

C. Any deficiency in the Debt Service Reserve Account created by a withdrawal as authorized by the preceding paragraph shall be replaced as soon as practicable by deposits of legally available moneys from the Revenue Fund, as provided in the Resolution, until the Debt Service Reserve Account is restored to the Reserve Account Requirement.

PAYMENT AGREEMENTS

The Resolution authorizes the Regents to enter into a Payment Agreement and to make a Payment Agreement Payment thereunder on a parity of lien with the payment of the Bonds if the Payment Agreement satisfies the requirements for Additional Bonds described in the Resolution (See "SECURITY FOR THE SERIES 2013 BONDS – Covenants – *Issuance of Additional Bonds*" in the front part of the Official Statement to which this **Appendix D** is attached for a description of requirements for issuance of Additional Bonds), taking into consideration regularly scheduled Payment Agreement Payments and Receipts (if any) under the Payment Agreement. The following shall be conditions precedent to the use of any Payment Agreement on a parity with the Bonds:

(i) The University shall obtain an opinion of Bond Counsel on the due authorization and execution of such Payment Agreement, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by the Resolution or the applicable provisions of any Supplemental Resolution and will not adversely affect the excludability for federal income tax purposes of the interest on any Outstanding Bonds.

(ii) Prior to entering into a Payment Agreement, the University shall adopt a resolution which shall:

A. set forth the manner in which the Payments and Receipts are to be calculated and a schedule of Payment Agreement Payment Dates;

B. establish general provisions for the rights of the parties to Payment Agreements; and

C. set forth such other matters as the University deems necessary or desirable in connection with the management of Payment Agreements as are not clearly inconsistent with the provisions of the Resolution.

The Payment Agreement may oblige the University to pay, on one or more scheduled and specified Payment Agreement Payment Dates, the Payments in exchange for the Payor's obligation to pay or to cause to be paid to the University, on scheduled and specified Payment Agreement Payment Dates, the Receipts. The University may also enter into Payment Agreements that are not reciprocated by the other party to the agreement.

If the University enters into a Parity Payment Agreement, Payments shall be made from the Debt Service Account and Annual Debt Service shall include any regularly scheduled University Payments adjusted by any regularly scheduled Receipts during a Fiscal Year. Receipts shall be paid directly into the Debt Service Account. Obligations to make unscheduled payments, such a termination payments, may not be entered into on a parity with the Bonds. To the extent that a Parity Payment Agreement has been designated as a hedge of the interest rate features of either Fixed Rate Bonds or Bonds bearing variable rates of interest, Annual Debt Service during the term of such Parity Payment Agreement shall be modified to reflect such Parity Payment Agreement.

Nothing in the Resolution precludes the University from entering into Payment Agreements with a claim on Pledged Revenues junior to that of the Bonds. Furthermore, nothing in the Resolution precludes the University from entering into obligations on a parity with the Bonds in connection with the use of Payment Agreements or similar instruments if the University obtains an opinion of Bond Counsel that the obligations of the University thereunder are consistent with the Resolution.

For purposes of the foregoing Payment Agreements provisions of the Resolution, the following terms have the following meanings:

"Payment" means any payment required to be made by or on behalf of the University under a Payment Agreement and which is determined according to a formula set forth in the Payment Agreement.

"Parity Payment Agreement" means a Payment Agreement under which the University's payment obligations are expressly stated to be secured by a pledge of and lien on Pledged Revenues on an equal and ratable basis with the Pledged Revenues required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on Outstanding Bonds.

"Payment Agreement" means a written agreement, for the purpose of managing or reducing the University's exposure to fluctuations or levels of interest rates, currencies or commodities or for other interest rate, investment, asset or liability management purposes, entered into on either a current or forward basis by the University and a Qualified Counterparty, all as authorized by any applicable laws of the State. Such agreement may or may not be characterized by a structure of reciprocity of payment.

"Payment Agreement Payment Date" means any date specified in the Payment Agreement on which a Payment or Receipt is due and payable under the Payment Agreement.

"Receipt" means any payment (designated as such by a resolution) to be made to, or for the benefit of, the University under a Payment Agreement by the Payor.

"Payor" means a Qualified Counterparty to a Payment Agreement that is obligated to make one or more payments thereunder.

"Qualified Counterparty" means a party (other than the University or a party related to the University) who is the other party to a Payment Agreement that has or whose obligations are unconditionally guaranteed by a party whose long term debt is rated "A" or higher by Moody's and S&P and who is otherwise qualified to act as the other party to a Payment Agreement under any applicable laws of the State of Idaho.

COVENANTS CONCERNING THE TRUSTEE

Wells Fargo Bank, N.A.,acts as Trustee under the Resolution and also acts as paying agent, bond registrar, authenticating agent, and transfer agent with respect to the Bonds. The Trustee makes no representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution, and the Trustee shall not incur any liability in respect thereof. The Trustee shall not be liable in connection with the performance of its duties under the Resolution except for its own negligence, misconduct or default.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by the Resolution and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee, after a successor Trustee has been duly appointed and has accepted the duties of Trustee in writing, may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the University and to insurers of any outstanding Bonds.

The Trustee may be removed at any time by the University or by insurers of outstanding Bonds, so long as the respective insurer of any Bonds is not in default under its respective policy. Any Trustee appointed in succession to the Trustee shall (1) be a bank or trust company or national banking association, duly authorized to exercise trust powers, and (2) have a reported capital and surplus of not less than $75,000,000.

MODIFICATION OR AMENDMENT OF RESOLUTION

The Resolution or any Supplemental Resolution and the rights and obligations of the University and of the Registered Owners of the Bonds may be modified or amended at any time by a Supplemental Resolution and pursuant to the affirmative vote at a meeting of Registered Owners, or with the written consent without a meeting, (1) of the Registered Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, (2) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Registered Owners of at least sixty percent (60%) in principal amount of the Bonds of each Series so affected and then Outstanding, and (3) in case the modification or amendment changes the terms of any Mandatory Redemption Amounts, of the Registered Owners of at least sixty percent (60%) in principal amount of the Bonds of the particular Series and maturity entitled to such Mandatory Redemption Amounts and then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Registered Owners of Bonds of such Series shall not be required and Bonds of such Series shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. No such modification of amendment shall (x) extend the fixed maturity of any Bond, or reduce the principal amount or redemption price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Registered Owner of each Bond so affected, or (y) reduce the aforesaid percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Resolution, without the consent of the Registered Owners of all of the Bonds then Outstanding, or (z) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Resolution or any Supplemental Resolution and the rights and obligations of the University and of the Registered Owners of the Bonds may also be modified or amended at any time by a Supplemental Resolution, without the consent of any Registered Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the University in the Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved in the Resolution to or conferred upon the University;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defective provision contained in the Resolution, or in regard to questions arising under the Resolution, as the University may deem necessary or desirable, and which shall not adversely affect the interests of the Trustee or the Registered Owners of the Bonds;

(3) to provide for the issuance of a Series of Bonds, and to provide the terms and conditions under which such Series of Bonds may be issued, subject to and in accordance with the provisions of Article VII of the Resolution;

(4) to provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 9 of Title 57, Idaho Code; and

(5) during the term of any credit enhancement agreements (including, without limitation, standby bond purchase agreements and letters of credit) permitted in Section 57-231, Idaho Code, to amend any provisions of the Resolution which is intended solely to be for the benefit of the issuer of the credit enhancement agreement.

Such Supplemental Resolution shall become effective as of the date of its adoption or such later date as shall be specified in such Supplemental Resolution.

Copies of any modification or amendment to the Resolution shall be sent to any Rating Agency maintaining a rating on the Bonds at least ten (10) days prior to the effective date thereof.

EVENTS OF DEFAULT AND REMEDIES OF REGISTERED OWNERS

Events of Default

If any one or more of the following Events of Default shall occur, it is an "event of default" under the Resolution:

(1) failure to make the due and punctual payment of any Principal Installment of a Bond when and as the same shall become due and payable, whether at maturity, by call for redemption, or declaration or otherwise;

(2) failure to make the due and punctual payment of any installment of interest on any Bond or any Mandatory Redemption Amount, when and as such interest installment or any Mandatory Redemption Amount shall become due and payable;

(3) failure by the University to perform or observe any other of the covenants, agreements, or conditions on its part in the Bond Resolution or in the Bonds contained, and such default shall continue for a period of thirty (30) days after written notice thereof to the University by the Trustee specifying such failure and requiring the same to remedied, which period of thirty (30) days may not be extended by more than thirty (30) additional days without the prior written consent of all insurers of outstanding Bonds issued under the Resolution;

(4) a judgment for the payment of money shall be rendered against the University, and any such judgment shall not be discharged within one hundred twenty (120) days of the entry thereof, or an appeal shall not be taken therefrom or from the order, decree of process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, or order, decree or process or the enforcement thereof;

(5) dissolution or liquidation of the University or the filing by the University of a voluntary petition in bankruptcy, or the commission by the University of any act of bankruptcy, or adjudication of the University as a bankrupt, or assignment by the University for the benefit of its creditors, or the entry by the University into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the University in any proceeding for its reorganization instituted under the provisions of the federal bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or which may hereafter be enacted;

(6) if an order or decree shall be entered, with the consent or acquiescence of the University, appointing a receiver or receivers of the Project, or any part thereof, or if such order or decree, having been entered without the consent and acquiescence of the University, shall not be vacated or discharged or stayed within ninety (90) days after the entry thereof; and

(7) any event of default specified in a Supplemental Resolution;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the Outstanding amount of the Bonds shall have already become due and payable, the Trustee (by thirty (30) days' written notice to the University), or the Registered Owners of not less than twenty five percent (25%) of the Bonds then Outstanding (by notice in writing to the University and the Trustee) may declare the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in the Bonds contained to the contrary notwithstanding.

Notwithstanding the foregoing, neither the Registered Owners of twenty-five percent (25%) of the Noninsured Bonds then Outstanding, nor the Owners of twenty-five percent (25%) of any series of Bonds then Outstanding, nor the Trustee, may declare any other series of Bonds immediately due and payable without the prior written consent of the relevant insurer of such series of Bonds.

<u>Rights and Remedies of Registered Owners</u>

A. No Registered Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to the Resolution, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless

(1) such Registered Owner has previously given written notice to the Trustee of a continuing Event of Default;

(2) the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee;

(3) such Registered Owners have offered to the Trustee reasonable indemnity against the costs, expenses, and liabilities to be incurred in compliance with such request;

(4) the Trustee for sixty (60) days after its receipt of such notice, request, and offer of indemnity has failed to institute any such proceedings; and

(5) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Registered Owners of a majority in principal amount of the Bonds; it being understood and intended that no one or more Registered Owner of Bond shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Resolution to affect, disturb, or prejudice the rights of any other Registered Owner of Bonds, or to obtain or to seek to obtain priority or preference over any other Registered Owner, or to enforce any right under the Resolution, except in the manner provided and for the equal and ratable benefit of all the Registered Owners of Bonds.

B. The Registered Owners of a majority in principal amount of the Outstanding Bonds shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that:

(1) such direction shall not be in conflict with any rule of law or the Resolution,

(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Registered Owners not taking part in such direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

DEFEASANCE

A. If the University shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of all Bonds the principal of or redemption price, if applicable, and interest due or to become due thereon, if applicable, at the times and in the manner stipulated therein and in the Resolution, or such Bonds shall have been deemed to have been paid as provided in the Supplemental Resolution authorizing a Series of Bonds, then the pledge of any Pledged Revenues, and other moneys, securities and funds pledged under the Resolution and all covenants, agreements and other obligations of the University to the Registered Owners, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the University to be prepared and filed with the University and, upon the request of the University, shall execute and deliver to the University all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the University all moneys or securities held by it pursuant to the Resolution which are not required for the payment of principal or redemption price, if applicable, on Bonds.

B. Bonds or interest installments the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this section. All Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the University shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail to the Registered Owners of such Bonds, notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities, as approved by insurers of any Outstanding Bonds, (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or redemption price, as applicable, and interest due and to become due, if applicable, on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, without adversely affecting the tax-exempt status of the interest on said Bonds taxable under the Code, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the University shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Registered Owners of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, as applicable, and interest due and to become due if applicable on said Bonds.

The 2007 Supplemental Resolution amended the defeasance provisions of the Resolution described in paragraph (B)(2) above to permit investment of escrowed funds in certain noncallable governmental obligations without consent of insurers of any Outstanding Bonds to such investment.

APPENDIX E

Depository Trust Company Information

The following information concerning DTC and DTC's book-entry-only system has been extracted from a schedule prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE," a source that the Regents, the University and the Underwriter believe to be reliable, but the Regents, the University and the Underwriter take no responsibility for the accuracy thereof. The contents of the DTC website referenced below are not incorporated in this Official Statement by such reference.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2013 Bonds. The Series 2013 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each of the Series 2013 Bonds, as set forth on the cover page hereof, each in the aggregate principal amount of each maturity of the Series 2013 Bonds and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of Series 2013 Bonds ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Series 2013 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2013 Bonds, except in the event that use of the book-entry system for a series of Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2013 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of a series of Series 2013 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts Series 2013 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

As long as the book-entry system is used for Series 2013 Bonds, the Trustee and the Regents will give any notices required to be given to Owners of Series 2013 Bonds only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant, or of any Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the action premised on such notice. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2013 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2013 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Series 2013 Bonds may wish to ascertain that the nominee holding the Series 2013 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them. Redemption notices shall be sent to DTC as long as it is securities depository for the Series 2013 Bonds. If less than all of the Series 2013 Bonds of a single maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed. Redemption notices shall be sent to DTC. If less than all of the Series 2013 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2013 Bonds unless authorized by a Direct Participant on accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Regents as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2013 Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Regents or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent or the Regents, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Regents or the Paying Agent; disbursement of such payments to Direct Participants shall be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to the Regents or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2013 Bonds are required to be printed and delivered.

The Regents may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2013 Bonds will be printed and delivered.

APPENDIX F

Opinion of Co-Bond Counsel for Series 2013 Bonds

University of Idaho
P.O. Box 443168
Moscow Idaho 83844-3168

RE: The Regents of the University of Idaho General Revenue and Refunding Bonds, Series 2013A and Taxable General Revenue Bonds, Series 2013B

We have acted as co-bond counsel to the Regents of the University of Idaho (the "Regents") in connection with the issuance by the Regents of their General Revenue and Refunding Bonds, Series 2013A (the "Series 2013A Bonds") and Taxable General Revenue Bonds, Series 2013B (the "Series 2013B Bonds," and together with the Series 2013A Bonds, the "Bonds"). The Bonds are being issued pursuant to (i) Title 57, Chapter 5 and Title 33, Chapter 38, Idaho Code, as amended and (ii) a Resolution, adopted by the Regents on November 22, 1991, as heretofore amended, supplemented, and restated, and as further supplemented and amended by a supplemental resolution of the Regents adopted on _______, 2013 (collectively, the "Resolution"). The Bonds are being issued (i) to provide funds to refund certain outstanding bonds issued by the Regents, (ii) to finance and refinance certain capital improvements of the University of Idaho (the "University"), and (iii) to pay costs of issuance associated with the Bonds. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

Our services as co-bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Bonds under the applicable laws of the State of Idaho and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing laws as follows:

1. The Resolution has been duly adopted by the Regents and constitutes a valid and binding obligation of the Regents enforceable upon the Regents.

2. The Resolution creates a valid lien on the amounts pledged thereunder for the security of the Bonds.

3. The Bonds are valid and binding limited obligations of the Regents, payable solely from the Pledged Revenues and other amounts pledged therefor under the Resolution.

4. Based on an analysis of currently existing laws, regulations, decisions and interpretations,

(a) interest on the Series 2013A Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2013A Bonds, assuming the accuracy of the certifications of the Regents and continuing compliance by the Regents with the requirements of the Internal Revenue Code of

1986. Interest on the Series 2013A Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however interest on the Series 2013A Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder;

(b) interest on the Series 2013B Bonds is <u>not</u> excludable from gross income for federal income tax purposes; and

(c) interest on the Series 2013A Bonds is exempt from State of Idaho personal income taxes; however, interest on the Series 2013B Bonds is not.

In rendering our opinion, we wish to advise you that:

(i) The rights of the Owners of the Bonds and the enforceability thereof and of the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(ii) We express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds; and

(iii) Except as set forth above, we express no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on the Bonds.

Respectfully submitted,

THE REGENTS OF THE UNIVERSITY OF IDAHO

Supplemental Resolution Authorizing the
Issuance and Sale of

up to $10,500,000
General Revenue and Refunding Bonds
Series 2013A,

and

up to $7,000,000
Taxable General Revenue Bonds
Series 2013B,

Adopted April 18, 2013

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ARTICLE VII
AMENDMENT TO RESOLUTION

ARTICLE VIII
MISCELLANEOUS

SUPPLEMENTAL RESOLUTION

A SUPPLEMENTAL RESOLUTION of the Regents of the University of Idaho authorizing the issuance and sale of (i) General Revenue and Refunding Bonds, Series 2013A, in the principal amount of up to $10,500,000 (the “Series 2013A Bonds”), and (ii) Taxable General Revenue Bonds, Series 2013B, in the principal amount of up to $7,000,000 (the “Series 2013B Bonds” and together with the Series 2013A Bonds, the “Series 2013 Bonds”), authorizing the execution and delivery of a Bond Purchase Agreement, Escrow Agreement, Continuing Disclosure Agreement, and other documents, and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2013 Bonds.

WHEREAS, the University of Idaho (the “University”) is a state institution of higher education and body politic and corporate organized and existing under and pursuant to the Constitution and laws of the State of Idaho; and

WHEREAS, the Regents of the University of Idaho (the “Regents”) are authorized, pursuant to the Educational Institutions Act of 1935, the same being Chapter 38, Title 33, Idaho Code (the “Act”), and the Constitution of the State of Idaho, to issue bonds for “projects” as defined in said Act; and

WHEREAS, the Regents are authorized pursuant to said Act and pursuant to Title 57, Chapter 5, Idaho Code, to issue refunding bonds and bonds for “projects” as defined in said Act; and

WHEREAS, on November 22, 1991, the Regents adopted a Resolution, which has been subsequently amended and supplemented (as so amended and supplemented, the “Resolution” or “Bond Resolution”) relating to the issuance and sale of facility revenue bonds, and providing among other things for the issuance of additional bonds for future projects or refunding purposes (the “Additional Bonds”), secured by Pledged Revenues (as defined in the Resolution); and

WHEREAS, the University is authorized under the provisions of Article VII of the Resolution to issue series of Additional Bonds upon compliance with the requirements of Section 7.2 of the Resolution; and

WHEREAS, on December 11, 2002, the Regents adopted a resolution supplementing the Resolution and providing for the issuance and sale of $17,585,000 in aggregate principal amount of Student Fee Refunding and Revenue Bonds, Series 2003 (the “Series 2003 Bonds”) as Additional Bonds thereunder; and

WHEREAS, the Regents have determined that certain of the Series 2003 Bonds as more fully described herein (collectively, the “Refunded Bonds”) can be refunded in accordance with the Act and the Resolution, and achieve savings and other objectives that the Regents find to be beneficial to the University in accordance with Title 57, chapter 5, Idaho Code; and

WHEREAS, the Regents have previously entered into a loan agreement with Wells Fargo Bank, N.A. dated August 26, 2010 (the "2010 Loan"), to provide funds for the acquisition and construction of a track and field complex (the "2010 Project") and have now determined that payment of the loan with proceeds of the Series 2013 Bonds would achieve savings and other objectives that the Regents find to be beneficial to the University; and

WHEREAS, the Regents have determined it is both necessary and economically feasible to acquire and construct various improvements for the campus, including reimbursement for expenses already incurred (collectively, the "Series 2013A Project") by the issuance of facility revenue bonds in the manner provided by the Act; and

WHEREAS, the Regents have determined it is both necessary and economically feasible for the University to acquire land for an outdoor science center in McCall, Idaho, and to provide funds for the same, including reimbursement for expenses already incurred (collectively, the "Series 2013B Project," and together with the Series 2013A Project, the "Series 2013 Project") by the issuance of facility revenue bonds in the manner provided by the Act; and

WHEREAS, the Regents have determined that the 2010 Project, the Series 2013A Project, and the Series 2013B Project can be financed as a "project" in accordance with the Act; and

WHEREAS, in order to refund the Refunded Bonds, pay off the 2010 Loan, and finance the Series 2013 Project, the Regents desire to issue the Series 2013 Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE REGENTS OF THE UNIVERSITY OF IDAHO AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

(a) Except as provided in subparagraph (b) of this Section, all defined terms contained in this Supplemental Resolution shall have the same meanings as set forth in the Resolution.

(b) As used in this Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following meanings:

"Approving Opinion" means an Opinion of Counsel to the effect that an action being taken is authorized by the applicable provisions of the Resolution and will not adversely affect the tax-exempt status of interest on the Series 2013A Bonds.

"Authorized Denomination" means $5,000 or any integral multiple thereof.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Regents and the Underwriter pursuant to which the Series 2013 Bonds are to be sold.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the Regents and the Trustee, as Dissemination Agent, with respect to the Series 2013 Bonds.

"Electronic Notice" means notice through telecopy, telegraph, telex, facsimile transmission, internet, e-mail or other electronic means of communication.

"Escrow Agent" means Wells Fargo Bank, N.A., or its successors in function, as now or hereafter designated, as escrow agent under the Escrow Agreement.

"Escrow Agreement" means the agreement between the University and the Escrow Agent, dated the date of delivery of the Series 2013 Bonds, providing for an Escrow Account for deposit of the Refunding Proceeds.

"Fitch" means Fitch Ratings, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Regents, with notice to the Trustee.

"Issue Date" means, with respect to any Series 2013 Bonds, the date on which such Series 2013 Bonds are first delivered to the purchasers thereof.

"Loan Payoff Proceeds" means the portion of the proceeds due the Regents from the Underwriter to purchase the Series 2013A Bonds pursuant to Section 3.3(b) of this Supplemental Resolution for purposes of paying off the 2010 Loan.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Regents, with notice to the Trustee.

"Nominee" means Cede & Co., as nominee of DTC, the initial Securities Depository for the Series 2013 Bonds, and any successor nominee of DTC and, if another Securities Depository replaces DTC as Securities Depository hereunder, any nominee of such substitute Securities Depository.

"Notice by Mail" or "notice" of any action or condition "by Mail" means a written notice meeting the requirements of this Supplemental Resolution mailed by first class mail, postage prepaid.

"Opinion of Counsel" means a written opinion of counsel satisfactory to the Regents and not objected to by the Trustee with respect to the Series 2013 Bonds.

"Parameters" means the maximum terms established hereby for the Series 2013 Bonds, within which the terms of the Series 2013 Bonds may be established in the Terms Certificate, such Parameters being set in Exhibit B attached hereto.

"Payment Date" means each April 1 and October 1, commencing on the date specified in the Terms Certificate.

"Preliminary Official Statement" means the Preliminary Official Statement of the Regents with respect to the Series 2013 Bonds.

"Principal Office" of the Trustee means the principal corporate trust office of the Trustee designated in writing to the University or such other office designated by the Trustee from time to time.

"Project Proceeds" means the portion of the proceeds due the Regents from the Underwriter to purchase the Series 2013 Bonds pursuant to Section 3.3(c) of this Supplemental Resolution for purposes of financing the Series 2013 Project.

"Rating Agency" means Fitch, S&P, Moody's or any other nationally recognized rating agency, in each case then providing or maintaining a rating on the Series 2013 Bonds at the request of the Regents.

"Refunded Bonds" means that portion of the Series 2003 Bonds as specified in the Terms Certificate.

"Refunding Proceeds" means the portion of the proceeds due the Regents from the Underwriter to purchase the Series 2013A Bonds pursuant to Section 3.3(a) of this Supplemental Resolution for purposes of refunding the Refunded Bonds.

"Resolution" means the Resolution adopted by the Regents on November 22, 1991, as previously amended and supplemented, including the Amendments as defined in the Supplemental Resolution dated January 24, 2005, the Supplemental Resolution dated October 11, 2007, and the Supplemental Resolution dated March 17, 2010, and as amended and supplemented by this Supplemental Resolution.

"S&P" means Standard & Poor's Ratings Services, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody's) designated by the Regents, with notice to the Trustee.

"Series 2013 Bondholder," "Holder" and "Bondholder" mean the holder of any Series 2013 Bond.

"Series 2013 Bonds" means the Series 2013A Bonds and the Series 2013B Bonds.

"Series 2013 Costs of Issuance" means the Costs of Issuance incurred in connection with the issuance, sale and delivery of the Series 2013 Bonds.

"Series 2013 Costs of Issuance Fund" means the fund established pursuant to Section 3.2(b) hereof into which shall be deposited the portion of the proceeds of the Series 2013 Bonds necessary to pay the Series 2013 Costs of Issuance, as further provided in Article III hereof.

"Series 2013 Project" means the Series 2013A Project and the Series 2013B Project.

"Series 2013A Bonds" means the General Revenue and Refunding Bonds, Series 2013A, of the Regents authorized by this Supplemental Resolution.

"Series 2013A Project" means the financing of various capital improvements.

"Series 2013A Project Account" means the account established under Section 3.2(a) hereof into which shall be deposited the Project Proceeds related to the Series 2013A Bonds.

"Series 2013B Bonds" means the Taxable General Revenue Bonds, Series 2013B, of the Regents authorized by this Supplemental Resolution.

"Series 2013B Project" means the financing of an outdoor science center.

"Series 2013B Project Account" means the Account established under Section 3.2(a) hereof into which shall be deposited the Project Proceeds related to the Series 2013B Bonds.

"Supplemental Resolution" means this Supplemental Resolution adopted by the Regents on April 18, 2013, authorizing the Series 2013 Bonds.

"Terms Certificate" means one or more certificates of the Regents signed by the Bursar, or authorized designee, in substantially the form of Exhibit C attached hereto, specifying certain terms of the Series 2013 Bonds.

"Tax Compliance Policies" means the tax compliance policies relating to tax-exempt governmental bonds hereby adopted by the Regents and attached hereto as Exhibit D.

"Underwriter" means George K. Baum & Company, or its successor in function, as the original purchaser of the Series 2013 Bonds.

"2010 Loan" means the Loan Agreement by and between the Regents and Wells Fargo Bank, N.A. dated August 26, 2010.

"2010 Project" means the acquisition and construction of a track and field complex financed in part with the 2010 Loan.

Section 1.2 Authority for Supplemental Resolution; References to University. This Supplemental Resolution is adopted pursuant to the provisions of the Act and the

Resolution. References herein to the "University" shall be deemed to refer to the Regents or other appropriate authority thereof pursuant to the Act and other applicable laws.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2013 BONDS

Section 2.1 Authorization of Series 2013 Bonds, Principal Amount, Designation and Series; Confirmation of Pledged Revenues. The Series 2013 Bonds are hereby authorized for issuance, to be sold at a price not less than par and subject to the Parameters, in order to provide sufficient funds for (i) the refunding of the Refunded Bonds and the 2010 Loan, (ii) the financing of the Series 2013 Project, and (iii) paying costs of issuance, and in accordance with and subject to the terms, conditions and limitations established in the Resolution, as previously amended and as amended by this Supplemental Resolution. The Series 2013 Bonds shall be issued only in fully registered form, without coupons. The Series 2013 Bonds are secured by the pledge of the Pledged Revenues under Section 5.1 of the Resolution equally and ratably with all Outstanding Bonds issued under the Resolution.

Section 2.2 Finding and Purpose. The Regents hereby find, determine and declare:

(a) pursuant to Section 33-3804(i) and Section 57-504, Idaho Code, the Refunded Bonds can be refunded with a debt service savings and to the benefit and advantage of the University and the principal amount of the Series 2013 Bonds issued for refunding purposes shall not exceed the principal amount of the Refunded Bonds;

(b) pursuant to Section 33-3805, Idaho Code, the 2010 Project and the Series 2013 Project are desirable and necessary for the proper operation of the University and are economically feasible;

(c) pursuant to Section 33-3805A, Idaho Code, the 2010 Project and the Series 2013 Project will not require state general account appropriated funds for construction, operation or maintenance;

(d) pursuant to Section 33-3806, Idaho Code, fees, rentals and other charges from those that are served by the 2010 Project and the Series 2013 Project shall be the same as those applicable to any existing project similar in nature and purpose, provided that there may be allowed reasonable differentials based on the condition, type, location and relative convenience of such other project, but the differentials shall be uniform as to all those similarly accommodated;

(e) pursuant to Section 33-3809, Idaho Code, this Supplemental Resolution does not contract a debt on behalf of, or in any way obligate the State of Idaho, or pledge, assign or encumber in any way, or permit the pledging, assigning or encumbering in any way of, appropriations made by the Legislature, or revenue derived from the investment of the proceeds of the sale, and from the rental of such lands as have been set aside by the Idaho Admission Bill approved July 3, 1890, or other legislative enactments of the United States, for the use and benefit of the respective state educational institutions;

(f) pursuant to Section 33-3810, Idaho Code, the Series 2013 Bonds shall be exclusively obligations of the University, payable only in accordance with the terms thereof and shall not be obligations general, special or otherwise of the State of Idaho; and

(g) the applicable requirements of Article VII of the Resolution relating to issuance of Additional Bonds will have been complied with upon the delivery of the Series 2013 Bonds.

Section 2.3 Issue Date. The respective Series 2013 Bonds shall be dated the date of original delivery of each such series.

Section 2.4 Series 2013 Bonds.

(a) The Series 2013A Bonds shall be limited to the respective aggregate principal amount specified in the Terms Certificate, but within the Parameters, and shall be designated "General Revenue and Refunding Bonds, Series 2013A" or such other designation as the Regents may determine upon the issuance of said Bonds. The Series 2013B Bonds shall be limited to the respective aggregate principal amount specified in the Terms Certificate, but within the Parameters, and shall be designated "Taxable General Revenue Bonds, Series 2013B" or such other designation as the Regents may determine upon the issuance of said Bonds. The Series 2013 Bonds may have serial or other maturities, may be initially sold at a premium, and may have separate bonds with different interest rates but the same maturity, all within the Parameters and as specified in the Terms Certificate.

The Series 2013 Bonds shall bear interest at the rates and mature on the dates and in the principal amounts in each year as specified in the Terms Certificate. The Series 2013 Bonds shall bear interest from the date of original delivery, payable on the dates as specified in the Terms Certificate. Interest on the Series 2013 Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

Section 2.5 Sale of Series 2013 Bonds.

(a) The Series 2013A Bonds authorized to be issued herein are hereby authorized for sale to the Underwriter in a principal amount (plus any original issue discount or premium) in compliance with the Parameters and as specified in the Terms Certificate. The Series 2013A Bonds may be sold with an Underwriter's discount or fee (but without a net reoffering discount) not exceeding the Parameters and as specified in the Terms Certificate, on the terms and conditions set forth in the Bond Purchase Agreement.

(b) The Series 2013B Bonds authorized to be issued herein are hereby authorized for sale to the Underwriter in a principal amount (plus any original issue discount or premium) in compliance with the Parameters and as specified in the Terms Certificate. The Series 2013B Bonds may be sold with an Underwriter's discount or fee (but without a net reoffering discount) not exceeding the Parameters and as specified in the Terms Certificate, on the terms and conditions set forth in the Bond Purchase Agreement.

(c) To evidence the acceptance of the Bond Purchase Agreement, the Bursar is hereby authorized to execute and deliver the Bond Purchase Agreement in substantially the form presented at this meeting and with such final rates and terms for the Series 2013A Bonds and Series 2013B Bonds as are within the Parameters.

(d) The Preliminary Official Statement of the Regents prepared in connection with the offering of the Series 2013 Bonds, in substantially the form presented at this meeting, with such changes, omissions, insertions and revisions as the Bursar shall approve, is hereby authorized for use by the Underwriter for distribution to prospective purchasers of the Series 2013 Bonds and other interested persons. The Bursar or authorized designee is hereby authorized to sign a certificate to "deem final" the Preliminary Official Statement pursuant to SEC Rule 15c2-12 in connection with the offering of the Series 2013 Bonds.

In order to comply with subsection (b)(5) of SEC Rule 15c2-12, the Underwriter shall provide in the Bond Purchase Agreement that it is a condition to delivery of the Series 2013 Bonds that the Regents and the Trustee shall have executed and delivered the related Continuing Disclosure Agreement. The Continuing Disclosure Agreement is proposed to be entered into between the Trustee and Regents and is hereby approved in all respects in substantially the form presented to the Regents with such changes, omissions, insertions and revisions as the Bursar shall approve, and the Bursar or authorized designee is hereby authorized to execute and deliver the Continuing Disclosure Agreement with respect to the Series 2013 Bonds.

The Bursar of the University and the President, Vice President, Vice President for Finance and Administration, and Secretary of the Regents, and any authorized designee of the same, are, and each of them is, hereby authorized to do or perform all such acts as may be necessary or advisable to comply with this Supplemental Resolution and/or the Bond Purchase Agreement and to carry the same into effect.

The final Official Statement of the Regents for the sale of the Series 2013 Bonds, in substantially the form of the Preliminary Official Statement presented at this meeting, with such changes, omissions, insertions and revisions as the Bursar shall approve, is hereby authorized, and the Bursar shall sign such final Official Statement and deliver such final Official Statement to the Underwriter for distribution to prospective purchasers of the Series 2013 Bonds and other interested persons, which signature shall evidence such approval.

Section 2.6 Delivery of Series 2013 Bonds. The Series 2013 Bonds shall be delivered to the Underwriter upon compliance with the provisions of the Resolution, at such times and places as provided in, and subject to, the provisions of the Bond Purchase Agreement.

Section 2.7 Form of Series 2013 Bonds. The form of the Series 2013 Bonds is attached to this Supplemental Resolution as Exhibit A and is incorporated herein by this reference.

Section 2.8 Book-Entry Only System.

(a) The Series 2013 Bonds shall initially be registered on the Bond Register in the name of Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2013 Bonds, except in the event the Trustee issues Replacement Bonds as provided below. It is anticipated that during the term of the Series 2013 Bonds, the Securities Depository will make book-entry transfers among the DTC Participants and receive and transmit payments of principal of and interest on the Series 2013 Bonds until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described below. So long as any of the Series 2013 Bonds are registered in the name of Cede & Co, as nominee of the DTC, all payments with respect to principal of, premium, if any, and interest on the Series 2013 Bonds and all notices with respect to the Series 2013 Bonds shall be made and given in the manner provided in the Representations Letter.

(b) If the Securities Depository determines to discontinue providing its services with respect to the Series 2013 Bonds and the University cannot obtain a qualified successor Securities Depository, or if the University determines not to use the Book-Entry System of the Securities Depository, the University shall execute and the Trustee shall authenticate and deliver one or more Series 2013 Bond certificates (the "Replacement Bonds") to the DTC Participants in principal amounts and maturities corresponding to the identifiable Beneficial Owners' interests in the Series 2013 Bonds, with such adjustments as the Trustee may find necessary or appropriate as to accrued interest and previous calls for redemption, if any. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Series 2013 Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds.

(c) With respect to Series 2013 Bonds registered in the name of Cede & Co. as nominee for the Securities Depository, neither the University nor the Trustee shall have any responsibility to any Beneficial Owner with respect to:

(i) the sending of transaction statements, or maintenance, supervision, or review of records of the Securities Depository;

(ii) the accuracy of the records of the Securities Depository or Cede & Co. with respect to any ownership interest in the Series 2013 Bonds;

(iii) the payment to any Beneficial Owner, or any person other than the Securities Depository, of any amount with respect to principal of, interest on, or redemption premium, if any, on the Series 2013 Bonds; or

(iv) any consent given or other action taken by the Securities Depository or Cede & Co. as owner of the Series 2013 Bonds.

(d) The University has executed and delivered to DTC the Representations Letter with respect to Bonds issued under the Resolution. Such Representations Letter is for the purpose of effectuating the initial Book-Entry System for the Series 2013 Bonds through DTC as Securities Depository and shall not be deemed to amend, supersede or supplement the terms of this Bond Resolution which are intended to be complete without reference to the Representations Letter. In the event of any conflict between the terms of the Representations Letter and the terms of this Supplemental Resolution, the terms of this Supplemental Resolution shall control. The Securities Depository may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 2.9 Successor Securities Depository. In the event the Securities Depository resigns, is unable to properly discharge its responsibilities or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation, the Trustee, with the written consent of the University, may appoint a successor Securities Depository, provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation. Upon the appointment of a successor Securities Depository, the Trustee shall cause the authentication and delivery of Series 2013 Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

Section 2.10 Submittal to Attorney General. There shall promptly be submitted to the Attorney General of the State of Idaho by the Secretary of the Regents a certified copy of this Supplemental Resolution, together with the proceedings had in its adoption, in order that the Attorney General may examine into and pass upon the validity of the Series 2013 Bonds and the regularity of such proceedings, in the manner and with the effect specified in chapter 38 of Title 33, Idaho Code, as amended.

Section 2.11 Further Authority. The Bursar or any authorized designee thereof and such other officers of the Regents or University as may be required, are hereby authorized and directed to execute all such certificates, documents and other instruments as may be necessary or advisable to provide for the issuance, sale, registration and delivery of the Series 2013 Bonds, including, without limitation, the Official Statement and the Terms Certificate.

Section 2.12 Tax Exemption of Bonds.

(a) The University's Vice President for Finance and Administration is hereby authorized and directed to execute such Tax Certificates as shall be necessary to establish that (i) the Series 2013A Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations, (ii) the Series 2013A Bonds are not and will not become "private activity bonds" within the meaning of Section 141 of the Code, (iii) all applicable requirements of Section 149 of the Code are and will be met, (iv) the covenants of the Regents contained in this Section 2.12 will be complied with and (v) interest on the Series 2013A Bonds is not and will not become includible in gross income for federal income tax purposes under the Code and applicable Regulations.

(b) The Regents and the University covenant and certify to and for the benefit of the Series 2013A Bondholders from time to time of the Series 2013A Bonds that:

(i) the University will at all times comply with the provisions of any Tax Certificates;

(ii) the University will at all times comply with the rebate requirements contained in Section 148(f) of the Code, including, without limitation, the entering into any necessary rebate calculation agreement to provide for the calculations of amounts required to be rebated to the United States, the keeping of records necessary to enable such calculations to be made and the timely payment to the United States, of all amounts, including any applicable penalties and interest, required to be rebated;

(iii) no use will be made of the proceeds of the issue and sale of the Series 2013A Bonds, or any funds or accounts of the University which may be deemed to be proceeds of the Series 2013A Bonds, pursuant to Section 148 of the Code and applicable Regulations, which use, if it had been reasonably expected on the date of issuance of the Series 2013A Bonds, would have caused the Series 2013A Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code;

(iv) the University will not use or permit the use of any of its facilities or properties in such manner that such use would cause the Series 2013A Bonds to be "private activity bonds" described in Section 141 of the Code;

(v) no bonds or other evidences of indebtedness of the University that are reasonably expected to be paid out of substantially the same source of funds as the Series 2013A Bonds have been or will be issued, sold or delivered within a period beginning 15 days prior to the sale of the Series 2013A Bonds and ending 15 days following the delivery of the Series 2013A Bonds, other than the Series 2013A Bonds; and

(vi) the University will not take any action that would cause interest on the Series 2013A Bonds to be or to become ineligible for the exclusion from gross income of the Series 2013A Bondholders of the Series 2013A Bonds as provided in Section 103 of the Code, nor will it omit to take or cause to be taken, in timely manner, any action, which omission would cause interest on the Series 2013A Bonds to be or to become ineligible for the exclusion from gross income of the Series 2013A Bondholders of the Series 2013A Bonds as provided in Section 103 of the Code.

Pursuant to these covenants, the Regents and the University obligate themselves to comply throughout the term of the issue of the Series 2013A Bonds with the requirements of Section 103 of the Code and the Regulations proposed or promulgated thereunder.

Section 2.13 Tax Compliance Policies. The Regents hereby adopt the Tax Compliance Policies attached to this Resolution as Exhibit D.

ARTICLE III

CREATION OF ACCOUNTS; APPLICATION OF SERIES 2013 BOND PROCEEDS

Section 3.1 Pledge of Pledged Revenues. Subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Pledged Revenues have been and are hereby irrevocably pledged as described in Section 5.3 of the Resolution first, to the payment of the principal of, premium, if any, and interest on all Bonds Outstanding under the Resolution (including the Series 2013 Bonds), second, to the replenishment of any Debt Service Reserve Account as may be required by Section 5.5 of the Resolution, and thereafter for the purposes specified in Section 5.3D of the Resolution.

Section 3.2 Creation of Funds and Accounts. In connection with the issuance of the Series 2013 Bonds, the University hereby establishes the following funds and accounts:

(a) Within the Construction Fund, the Series 2013A Project Account (related to the Series 2013A Bonds) and Series 2013B Project Account (related to the Series 2013B Bonds) to be held by the University; and

(b) the Series 2013 Costs of Issuance Fund, to be held by the University.

Section 3.3 Application of Proceeds of Series 2013 Bonds. Proceeds of the sale of the Series 2013 Bonds shall be applied as follows:

(a) The Refunding Proceeds, in the amount specified in the Terms Certificate, shall be transferred to the Escrow Agent for investment as contemplated by the Escrow Agreement (as hereinafter approved) and in accordance with the provisions of Section 57-504 Idaho Code (except for any amount to be retained as cash), and the obligations in which such proceeds are so invested and any remaining cash shall be deposited in trust by the Escrow Agent as required by the Escrow Agent;

(b) The Loan Payoff Proceeds, in the amount specified in the Terms Certificate, shall be transferred to Wells Fargo Bank, N.A. to pay off the 2010 Loan;

(c) The Project Proceeds, in the amount specified in the Terms Certificate, shall be deposited to the Series 2013A Project Account and Series 2013B Project Account as applicable, held by the University. Upon completion of the Series 2013 Project and payment of all costs related thereto, any remaining proceeds in the Series 2013A Project Account and Series 2013B Project Account shall be transferred by the University to the Trustee for deposit in the Debt Service Account in the Bond Fund for payment of the Series 2013A Bonds and the Series 2013B Bonds, respectively; and

(d) The amount necessary to pay the Series 2013 Costs of Issuance, in the amount specified in the Terms Certificate, shall be deposited to the Series 2013 Costs of Issuance Fund held by the University. Any balance remaining in the Series 2013

Costs of Issuance Fund, after payment of the Series 2013 Costs of Issuance, shall be deposited pro rata to the Series 2013A and Series 2013B Project Accounts.

Section 3.4 Investment of Moneys. Any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Supplemental Resolution (other than the Bond Purchase Fund) shall be invested pursuant to the terms of the Resolution.

Section 3.5 Repayment to the Regents. When there are no longer any Series 2013 Bonds Outstanding under the Resolution, and all fees, charges and expenses of the Trustee, and the Regents have been paid or provided for, and all other amounts payable hereunder have been paid, the Trustee shall pay to the University any amounts remaining in any fund established and held hereunder for the Series 2013 Bonds.

ARTICLE IV

PLAN OF REFUNDING

Section 4.1 Defeasance of Refunded Bonds. In accordance with the provisions of the Resolution, it is hereby found and determined that pursuant to the Escrow Agreement, moneys and Defeasance Securities permitted under the Act and under the Resolution, the principal and interest on which, when due, will provide moneys which shall be sufficient to pay, when due, the principal or redemption price or prepayment amount, if applicable, as provided therein, and interest due and to become due on the Refunded Bonds on and prior to the applicable redemption or prepayment dates or maturity thereof will have been deposited with the Escrow Agent, and that upon compliance with the provisions of the Resolution, as provided for in the Escrow Agreement, all Refunded Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the Resolution. After all the Refunded Bonds shall have become due and payable upon maturity or pursuant to call for redemption, any investments remaining in the Escrow Account shall be liquidated and any proceeds of liquidation over and above the amount necessary to be retained for the payment of Refunded Bonds not yet presented for payment, including interest due and payable, shall be paid over to the Trustee for deposit into the Bond Fund. As contemplated by Section 12.1 of the Resolution, none of the Refunded Bonds are payable from amounts drawn under credit enhancement as provided in Section 57-231 of the Idaho Code.

Section 4.2 Redemption of Refunded Bonds. The Refunded Bonds shall be irrevocably called for redemption pursuant to the Escrow Agreement, and notice of redemption shall be given as provided in the Escrow Agreement.

Section 4.3 Approval of Escrow Agreement; Deposits Into Escrow Account. The Escrow Agreement, in substantially the form presented at this meeting, with such changes, omissions, insertions and revisions as the Bursar shall approve, is hereby authorized, and the Bursar shall sign such Escrow Agreement, which signature shall evidence such approval. The Bursar is hereby authorized to do or perform all such acts as may be necessary or advisable to comply with the Escrow Agreement and to carry the same into effect.

ARTICLE V

REDEMPTION OF SERIES 2013 BONDS

Section 5.1 Redemption of Series 2013 Bonds.

(a) *Optional Redemption*. The Series 2013 Bonds shall be subject to optional redemption as described in the Terms Certificate.

(b) *Mandatory Sinking Fund Redemption*. The Series 2013 Bonds shall be subject to mandatory sinking fund redemption as described in the Terms Certificate.

Section 5.2 Selection of Series 2013 Bonds for Redemption. The principal amount of one or more series of the Series 2013 Bonds to be redeemed shall be as specified by the University. If less than all of the Series 2013 Bonds of a series and maturity are called for redemption, the Trustee shall select the Series 2013 Bonds or any given portion thereof of such series and maturity to be redeemed by lot in such manner as it may determine. For the purpose of any such selection the Trustee shall assign a separate number for each minimum Authorized Denomination of each Series 2013 Bond of such Series and maturity of a denomination of more than such minimum; provided, that following any such selection, the portion of such Series 2013 Bond to remain Outstanding shall be in an Authorized Denomination. The Trustee shall promptly notify the University in writing of the numbers of the Series 2013 Bonds or portions thereof so selected for redemption. Notwithstanding the foregoing, if less than all of the Series 2013 Bonds of a series and maturity are to be redeemed at any time while the Series 2013 Bonds of such series and maturity are Book-Entry Bonds, selection of the Series 2013 Bonds to be redeemed shall be made in accordance with customary practices of DTC or any other applicable Securities Depository, as the case may be.

Section 5.3 Notice of Redemption.

(a) Unless waived by any Holder of the Series 2013 Bonds, the Trustee, for and on behalf of the University, shall give notice of the redemption of any Series 2013 Bond pursuant to the terms of the Resolution, including the following: by first class mail, postage prepaid, not less than thirty-five (35) days nor more than sixty (60) days prior to the redemption date (i) to the registered owner of such Series 2013 Bond at the address shown on the Bond Register on the date such notice is mailed and (ii) to one or more national information service that disseminate notices of redemption of obligations such as the Series 2013 Bonds. Each notice of redemption shall state the date of such notice, the Issue Date, the redemption date, the redemption price, the place of redemption (including the name and appropriate address or addresses of the Trustee) and, if less than all of the Series 2013 Bonds are to be redeemed, the distinctive certificate numbers of the Series 2013 Bonds to be redeemed and, in the case of Series 2013 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that the interest on the Series 2013 Bonds designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Series 2013 Bonds the principal amount thereof to be redeemed, interest accrued thereon, if any, to the redemption date and the premium, if any, thereon (such premium to be specified) and shall require that such Series 2013 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Failure to mail the notices required by this paragraph to any Holder of any Series 2013 Bonds designated for redemption, or any defect in any notice so mailed and shall not affect the validity of the proceedings for redemption of any other Series 2013 Bonds.

(b) With respect to any notice of redemption of Series 2013 Bonds by the University, unless at the time of giving such notice the Trustee shall hold moneys sufficient to pay the principal of, premium, if any, and interest to the redemption date on the Series 2013 Bonds to be redeemed, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of funds sufficient to pay the principal of, and premium, if any, and interest on, such Series 2013 Bonds to be redeemed, and that if such funds shall not have been so received said notice shall be of no force and effect, Series 2013 Bonds shall not be subject to redemption on such date and the Series 2013 Bonds shall not be required to be redeemed on such date. In the event that such notice of redemption contains such a condition and such funds are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such funds were not so received.

Section 5.4 Partial Redemption of Series 2013 Bonds. Upon surrender of any Series 2013 Bond redeemed in part only, the Trustee shall exchange the Series 2013 Bond redeemed for a new Series 2013 Bond of like tenor and in an Authorized Denomination without charge to the Holder in the principal amount of the portion of the Series 2013 Bond not redeemed. In the event of any partial redemption of a Series 2013 Bond which is registered in the name of the Nominee, DTC may elect to make a notation on the Series 2013 Bond certificate which reflects the date and amount of the reduction in principal amount of said Series 2013 Bond in lieu of surrendering the Series 2013 Bond certificate to the Trustee for exchange. The Regents, the Trustee and the University shall be fully released and discharged from all liability upon, and to the extent of, payment of the redemption price for any partial redemption and upon the taking of all other actions required hereunder in connection with such redemption.

Section 5.5 Effect of Redemption. Notice of redemption having been duly given as aforesaid, and funds for payment of the redemption price being held by the Trustee, the Series 2013 Bonds so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Series 2013 Bonds so called for redemption shall cease to accrue, said Series 2013 Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and the Holders of said Series 2013 Bonds shall have no rights in respect thereof except to receive payment (but only from the funds provided in connection with such redemption) of the redemption price thereof (including interest, if any, accrued to the redemption date), without interest accruing on any funds held after the redemption date to pay such redemption price.

All Series 2013 Bonds fully redeemed pursuant to the provisions of this Article V shall upon surrender thereof be cancelled by the Trustee, who shall deliver a certificate evidencing such cancellation to the University. The Trustee shall destroy such Series 2013 Bonds.

ARTICLE VII

AMENDMENT TO RESOLUTION

Section 7.1 Amendment to Definitions.

(a) The defined term "Other Fees/Tuition" as used in the Resolution (including all supplements thereto) is amended to be "Other Fees" each place it is used and the definition of "Other Fees/Tuition" in the Resolution is hereby renamed "Other Fees" and amended as follows:

> "Other Fees" shall consist of the graduate/professional fee, law college dedicated fee, architecture school dedicated fee, non-resident fees, in service teacher education fee, and the western undergraduate education fee, general education fees for part-time and summer students which are currently designated by the Regents as the "Part-time Educational Fee" and "Summer School Fee" and such other fees as the University shall hereafter establish.

(b) The defined term "Matriculation Fee" as used in the Resolution (including all supplements thereto) is amended to be "Tuition Fee" each place it is used and the definition of "Matriculation Fee" in the Resolution is hereby renamed "Tuition Fee" and amended as follows:

> "Tuition Fee(s)" shall mean the student tuition established by the Regents. Tuition Fees are defined as the fees charged for any and all educational costs at the University. Tuition Fees include, but are not limited to, costs associated with academic services; instruction; the construction, maintenance, and operation of buildings and facilities; student services; or institutional support.

(c) The defined term "Student Fees" as used in the Resolution (including all supplements thereto) is hereby amended and restated as follows:

> "Student Fees" shall consist of Tuition Fees, Activity Fees, Facility Fees, the Technology Fee, and Other Fees.

Section 7.2 Amended and Restated Resolution. The University is hereby authorized to incorporate the amendments and other provisions of this Supplemental Resolution into the Resolution as an amendment and restatement of the same.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Governing Law. By the acceptance of the Series 2013 Bonds, the Holders of the Series 2013 Bonds shall be deemed to agree that the rights of the Holders of the Series 2013 Bonds shall be governed by the laws of the State of Idaho.

Section 8.2 Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Supplemental Resolution on the part of the University (or of the Trustee or of any paying agent) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Supplemental Resolution or of the Series 2013 Bonds; but the Holders of the Series 2013 Bonds shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 8.3 Beneficiaries. This Supplemental Resolution shall be deemed to be a contract between the Regents, the Trustee, and the Holders of the Series 2013 Bonds.

Section 8.4 Savings Clause. Except as amended by this Supplemental Resolution, the Resolution shall remain in full force and effect.

Section 8.5 Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 8.6 Perfection of Security Interest.

(a) The Resolution creates a valid and binding pledge and assignment of security interest in all of the Pledged Revenues under the Resolution as security for payment of the Series 2013 Bonds, enforceable by the Trustee in accordance with the terms thereof.

(b) Under the laws of the State of Idaho, such pledge and assignment and security interest is automatically perfected by Section 57-234 Idaho Code, as amended, and is and shall have priority as against all parties having claims of any kind in tort, contact, or otherwise hereafter imposed on the Pledged Revenues.

[The next page is the signature page.]

ADOPTED AND APPROVED this 18th day of April, 2013.

THE REGENTS OF THE UNIVERSITY OF IDAHO

[SEAL]

By:___________________________________
President

By:___________________________________
Bursar

ATTEST:

By:___________________________________
Secretary

EXHIBIT A

FORM OF SERIES 2013 [A][B] BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

R-__________ $_______________

UNITED STATES OF AMERICA
STATE OF IDAHO
UNIVERSITY OF IDAHO
[TAXABLE] GENERAL REVENUE [AND REFUNDING] BONDS
SERIES 2013 [A][B]

Interest Rate	Maturity Date	Dated Date	CUSIP

Registered Owner: CEDE & CO.

Principal Amount: ___________________ DOLLARS***********************

KNOW ALL MEN BY THESE PRESENTS that the University of Idaho, a body politic and corporate and an institution of higher education of the State of Idaho (the "University"), for value received, hereby promises to pay, from the Bond Fund hereinafter defined, to the registered owner identified above, or registered assigns, on the maturity date specified above, the principal sum indicated above, and to pay interest thereon from the Bond Fund from the dated date hereof, or the most recent date to which interest has been paid or duly provided for, at the rate per annum specified above, payable on each Payment Date, until the date of maturity or prior redemption of this Bond.

This Bond is an obligation of the University payable solely in accordance with the terms hereof and is not an obligation, general, special, or otherwise of the State of Idaho, does not constitute a debt, legal, moral, or otherwise, of the State of Idaho, and is not enforceable against the State, nor shall payment hereof be enforceable out of any funds of the University other than the revenues, fees, and charges pledged thereto in the Resolution (defined herein). Pursuant to the Resolution, certain revenues have been pledged and will be set aside into the Bond Fund (as defined in the Resolution) to provide for the prompt payment of the principal of, interest on, and redemption price of the Bonds of which this Bond is a part. For a more particular description of the Bond Fund, the revenues to be deposited therein, and the nature and extent of the security afforded thereby, reference is made to the provisions of the Resolution.

The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America to the registered owner hereof whose name and address shall appear on the registration books of the University (the "Bond Register") maintained by the Corporate Trust Department of Wells Fargo Bank, N. A. (the "Trustee"). Interest shall be paid to the registered owner whose name appears on the Bond Register on the fifteenth day of the calendar month next preceding the interest payment date, at the address appearing on the Bond Register, and shall be paid by check or draft of the Trustee mailed to such registered owner on the due date at the address appearing on the Bond Register, or at such other address as may be furnished in writing by such registered owner to the Trustee. Principal shall be paid to the registered owner upon presentation and surrender of this Bond at the principal corporate trust office of the Trustee, on or after the date of maturity or prior redemption.

This Bond is one of a duly authorized issue of Bonds of like date, tenor, and effect, except for variations required to state numbers, denominations, rates of interest, and dates of maturity, aggregating $__________ in principal amount. The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Idaho, particularly Chapter 38, Title 33, Idaho Code, and proceedings duly adopted and authorized by the Regents on behalf of the University, more particularly the Resolution adopted by the Regents on November 22, 1991, as previously amended, supplemented, and restated from time to time, including with respect to the Bonds by a Supplemental Resolution adopted by the Regents on April 18, 2013, authorizing the issuance of the Bonds (collectively, the "Resolution"). All capitalized terms used but not herein defined shall have the meanings ascribed to them in the Resolution. The Series 2013 Bonds are not secured by the Debt Service Reserve Account previously created under the Resolution.

This Bond is one of the [Taxable] General Revenue [and Refunding] Bonds, Series 2013 [A][B], of the University (the "Series 2013[A][B] Bonds") issued under the provisions of Chapter 38, Title 33, Idaho Code, for the purpose of providing funds with which to (i) [refund certain outstanding bonds of the University (the "Refunded Bonds") and [pay off a loan of the University], and] [finance certain improvements to the University (the "Series 2013 Project")] and (ii) pay issuance expenses properly incident thereto. In addition to the Series 2013[A][B] Bonds, the University is also issuing its [Taxable] General Revenue [and Refunding] Bonds, Series 2013 [A][B] (the "Series 2013[A][B] Bonds" and together with the Series 2013 [A][B] Bonds, the "Series 2013 Bonds"). The principal of, interest on, and redemption price of the Series 2013 Bonds are payable from revenues and funds of the University pledged therefor and certain other fees and revenues, as more particularly set forth in the Resolution.

The Series 2013 Bonds are issuable as fully registered bonds without coupons in Authorized Denominations of $5,000 or any integral multiple in excess thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Resolution, Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Series 2013 Bonds of other Authorized Denominations.

This Series 2013 Bond is transferable by the Holder hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Series 2013 Bond. Upon such transfer a new fully registered Bond or Bonds of like tenor in Authorized Denominations, for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

Each Bond shall bear interest from the Payment Date to which interest has been paid as of the date on which it is authenticated or, if it is authenticated on or before the Record Date for the first Payment Date, from the Issue Date; provided, however, that if, at the time of authentication of any Bond, interest is in default on Outstanding Bonds, such Bond shall bear interest from the Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds. Both the principal of and premium, if any, on the Series 2013 Bonds shall be payable upon surrender thereof at the Principal Office of the Trustee.

Interest on the Series 2013 Bonds will be paid on each Payment Date provided that if any Payment Date is not a Business Day, such interest shall be paid as provided above on the next succeeding Business Day with the same effect as if made on the day such payment was due. Interest on the Series 2013 Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Interest on the Series 2013 Bonds shall bear interest from and including the Issue Date until payment of the principal or redemption price thereof has been made or provided for on the due date thereof, whether at maturity, upon redemption or otherwise.

The Series 2013 Bonds are subject to redemption, [including mandatory sinking fund redemption], with notice, in whole, or in part, in Authorized Denominations, prior to their maturity date, as described in the Resolution.

The Series 2013 Bonds are initially issued in the form of a separate single certificated fully registered Bond for each maturity and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC").

Unless this Bond is presented by an Authorized Officer of DTC to the University or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an Authorized Officer of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an Authorized Officer of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Upon any partial redemption of this Bond, Cede & Co., in its discretion, may request the Trustee to authenticate a new Series 2013 Bond or shall make an appropriate notation on this Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Trustee prior to payment.

The Series 2013 Bonds shall not be transferable or exchangeable except as set forth in the Resolution.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing upon presentation and surrender of this Bond at the principal corporate trust office of the Trustee. Upon such transfer, a new Bond, of the same denomination, maturity, and interest rate will be issued to the transferee in exchange therefor.

Reference is hereby made to the Resolution for the covenants and declarations of the University and other terms and conditions under which this Bond and the Series 2013 Bonds of this issue have been issued. The covenants contained herein and in the Resolution may be discharged by making provisions at any time for the payment of the principal of and interest on this Bond in the manner provided in the Resolution.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been manually signed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions, and things required by the Constitution and statutes of the State of Idaho to exist, to have happened, been done, and performed precedent to and in the issuance of this Bond have happened, been done, and performed, and that the issuance of this Bond and the Series 2013 Bonds of this issue does not violate any Constitutional, statutory, or other limitation upon the amount of bonded indebtedness that the University may incur.

IN WITNESS WHEREOF, the Board of Regents of the University of Idaho (the "Regents"), has caused this Bond to be executed by the manual or facsimile signature of the President of the Regents and of the Bursar of the University and attested by the manual or facsimile signature of the Secretary of the Regents, and a facsimile or original of the official seal of the University to be imprinted hereon, as of the dated date set forth above.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By:______________________________
President

COUNTERSIGNED:

(SEAL)

By:______________________________
Bursar

ATTEST:

By:______________________________
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the [Taxable] General Revenue [and Refunding] Bonds, Series 2013 [A][B], of the University of Idaho, described in the within-mentioned Resolution.

WELLS FARGO BANK, N.A., as Trustee

By:______________________________
Authorized Signature

Date of Authentication: ________________________

VALIDATION CERTIFICATE

I hereby certify that I have examined a certified copy of the record of proceedings taken preliminary to and in the issuance of the within bond; that such proceedings and such bond conform to and show lawful authority for the issuance thereof in accordance with the provisions of Title 57, Chapter 5 and Title 33, Chapter 38, Idaho Code, as amended. Such bond has been issued in accordance with the Constitution and laws of the State of Idaho and shall in any suit, action or proceeding involving its validity be conclusively deemed to be fully authorized by Title 57, Chapter 5 and Title 33, Chapter 38, Idaho Code, and to have been issued, sold, executed, and delivered in conformity with the Constitution and laws of the State of Idaho and to be valid and binding and enforceable in accordance with its terms, and such bond is incontestable for any cause.

By:________________________________
Attorney General

ASSIGNMENT

FOR VALUE RECEIVED, ____, the undersigned sells, assigns and transfers unto:

____

(Social Security or Other Identifying Number of Assignee)

____

(Please Print or Typewrite Name and Address of Assignee)

the within Bond and hereby irrevocably constitutes and appoints _________________________ of _________________________ to transfer the said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:_____________________________________

Signature:______________________

NOTICE: The signature on this assignment must correspond with the name(s) of the Registered owner as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

____

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company and must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

PARAMETERS

SERIES 2013A BONDS AND SERIES 2013B BONDS:

The Purchase Price for the Series 2013A Bonds and Series 2013B Bonds, collectively, shall not be less than the aggregate par amount thereof.

SERIES 2013A BONDS:

Principal amount not to exceed $10,500,000.

Interest Rate not to exceed 5.5% per annum.

Underwriter's Discount or fee not to exceed 0.425% of the principal amount of the Bonds plus any reoffering premium, as more fully described in the Bond Purchase Agreement.

Final Maturity not to exceed 25 years from date of issuance.

SERIES 2013B BONDS:

Principal amount not to exceed $7,000,000.

Interest Rate not to exceed 6.5% per annum.

Underwriter's Discount or fee not to exceed 0.425% of the principal amount of the Bonds plus any reoffering premium, as more fully described in the Bond Purchase Agreement.

Final Maturity not to exceed 25 years from date of issuance.

EXHIBIT C

TERMS CERTIFICATE

In connection with a Supplemental Resolution of the Regents (the "Regents") of the University of Idaho adopted on April 18, 2013 (the "2013 Supplemental Resolution") authorizing the issuance and sale of the Regent's General Revenue and Refunding Bonds, Series 2013A (the "Series 2013A Bonds") and Taxable General Revenue Bonds, Series 2013B (the "Series 2013B Bonds" and together with the Series 2013A Bonds, the "Series 2013 Bonds"), the undersigned hereby executes and delivers this Terms Certificate (as such term is defined in the 2013 Supplemental Resolution) specifying certain terms of the Series 2013 Bonds:

Series 2013A Bonds:

a. Principal amount: $__________

b. Dated Date: ___________, 2013

c. Date of Delivery: ___________, 2013

d. Closing Date:___________, 2013, or such other date agreed upon by the Underwriters and the University

e. Underwriter's discount or fee of $_________ ($4.25 per $1,000 of par amount plus any reoffering premium, as more fully described in Bond Purchase Agreement)

f. Purchase Price: ___________

g. Initial Payment Date, Maturity Date(s) and Interest Rate(s):

h. Optional Redemption: The Series 2013A Bonds are [not] subject to optional redemption [as follows:

The Series 2013A Bonds maturing on or before April 1, 20___, shall not be subject to optional call or redemption prior to their stated dates of maturity. On any day on or after [April 1, 20___], at the election of the University, the Series 2013A Bonds maturing after [April 1, 20___], shall be subject to redemption, in whole or in part, in maturities selected by the University and within each maturity as selected by lot by the Trustee, at par, plus accrued interest to the redemption date.]

i. Mandatory Sinking Fund Redemption Schedule (See Attached Schedule A-1 as attached hereto)

j. Sources and Uses of Series 2013A Bond proceeds:

k. Refunded Bonds: [Series 2003 Bonds] [and 2010 Loan]

l. Redemption/Refunding/Defeasance instructions and authorization of an escrow agreement:

Series 2013B Bonds:

a. Principal amount: $__________

b. Dated Date: ___________, 2013

c. Date of Delivery: ___________, 2013

d. Closing Date: ___________, 2013, or such other date agreed upon by the Underwriter and the University

e. Underwriter's discount or fee of $_________ ($4.25 per $1,000 of par amount plus any reoffering premium, as more fully described in Bond Purchase Agreement)

f. Purchase Price: ___________

g. Initial Payment Date, Maturity Date(s), and Interest Rate(s):

h. Optional Redemption: The Series 2013B Bonds are [not] subject to optional redemption [as follows:

[Optional Redemption of Series 2013B Bonds. The Series 2013B Bonds maturing on or before April 1, 20___, shall not be subject to optional call or redemption prior to their stated dates of maturity. On any day on or after [April 1, 20___], at the election of the University, the Series 2013B Bonds maturing after [April 1, 20___], shall be subject to redemption, in whole or in part, in maturities selected by the University and within each maturity as selected by lot by the Trustee, plus accrued interest to the redemption date.]

i. Mandatory Sinking Fund Redemption Schedule (See Attached Schedule A-1 as attached hereto)

j. Sources and Uses of Series 2013B Bond proceeds:

Executed and delivered this _________, 2013 on behalf of the Regents pursuant to the 2013 Supplemental Resolution.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By:________________________________
Bursar

Schedule A-1

[The Series 2013A Bonds and Series 2013B Bonds are subject to mandatory sinking fund redemption as described below.]

[Series 2013A Bonds. The Series 2013A Bonds maturing on April 1, ____, shall be subject to mandatory redemption and retirement prior to maturity, in part, by lot in such manner as the Trustee shall determine, on April 1 in the years ____ through ____, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from Mandatory Redemption Amounts (which are hereby established) in the amounts set forth below:

Series 2013A Bonds

Mandatory Redemption Date (April 1)	Mandatory Redemption Amount
	$

* Principal remaining at maturity

Upon redemption of any Series 2013A Bonds other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts, if any, for the Series 2013A Bonds in such order of mandatory sinking fund date as shall be directed by the University.

[Series 2013B Bonds. The Series 2013B Bonds maturing on April 1, ____, shall be subject to mandatory redemption and retirement prior to maturity, in part, by lot in such manner as the Trustee shall determine, on April 1 in the years ____ through ____, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from Mandatory Redemption Amounts (which are hereby established) in the amounts set forth below:

Series 2013B Bonds

Mandatory Redemption Date (April 1)	Mandatory Redemption Amount
	$

* Principal remaining at maturity

Upon redemption of any Series 2013B Bonds other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts, if any, for the Series 2013B Bonds in such order of mandatory sinking fund date as shall be directed by the University.]

EXHIBIT D

TAX COMPLIANCE POLICIES

BOND PURCHASE AGREEMENT

__________ __, 2013

The Regents of the University of Idaho
University of Idaho
Administration Building, Room 211
851 Campus Drive
Moscow, Idaho 83844-3168

THE REGENTS OF THE UNIVERSITY OF IDAHO
consisting of

$__________	**$__________**
General Revenue and Refunding Bonds	**Taxable General Revenue Bonds**
Series 2013A	**Series 2013B**

Ladies and Gentlemen:

The undersigned, George K. Baum & Company (the "**Underwriter**"), offers to enter into this Bond Purchase Agreement (this "**Bond Purchase Agreement**") with the Regents of the University of Idaho (the "**Regents**") which, upon your acceptance of this offer, will be binding upon you and upon the Underwriter. ***Terms used herein that are not otherwise defined herein shall have the same meanings assigned to them in the Resolution (as hereinafter defined).***

This offer is made subject to your acceptance of this Bond Purchase Agreement on or before 5:00 p.m. Pacific Time, on ___________ __, 2013, and, if not so accepted by the Regents, will be subject to withdrawal by the Underwriter upon notice delivered to the Regents at its address set forth above, at any time prior to the acceptance hereof by the Regents. This offer is also subject to the provisions included in this Bond Purchase Agreement.

1. Purchase and Sale of the Series 2013 Bonds. Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Underwriter hereby agrees to purchase from the Regents, and the Regents hereby agree to sell and deliver to the Underwriter, all (but not less than all) of the Regents' (a) General Revenue and Refunding Bonds, Series 2013A (the "**Series 2013A Bonds**"), at an aggregate purchase price of $__________ (the "**Series 2013A Purchase Price**"), representing (i) the $____________ aggregate principal amount of the Series 2013A Bonds, plus (ii) net original issue premium of $___________, minus (iii) an Underwriter's discount of $___________; and (b) Taxable General Revenue Bonds, Series 2013B (the "**Series 2013B Bonds**" and, together with the Series 2013A Bonds, the "**Series 2013 Bonds**") at an aggregate purchase price of $___________ (the "**Series 2013B Purchase Price**" and, together with the 2013A Purchase Price, the "**Purchase Price**"), representing (i) the $____________ aggregate principal amount of the Series 2013B Bonds, plus (ii) net original issue premium of $____________, minus (iii) an Underwriter's discount of $___________. Payment of the Purchase Price for the Series 2013 Bonds shall be made through wire transfer of immediately available federal funds to the Trustee for the account of the Regents at or prior to the Closing (as defined herein), and, upon satisfaction of the conditions for the issuance and sale of the Series 2013

Bonds set forth herein, the Series 2013 Bonds shall be released for delivery no later than the Closing (as defined herein).

The University acknowledges and agrees that (a) the purchase and sale of the Series 2013 Bonds pursuant to this Bond Purchase Agreement is an arm's length commercial transaction between the University and the Underwriter; (b) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agency or a fiduciary of the University; (c) the Underwriter has not assumed (individually or collectively) a fiduciary responsibility in favor of the University with respect to the offering of the Series 2013 Bonds or the process leading hereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the University on other matters) or any other obligation to the University except the obligations expressly set forth in this Bond Purchase Agreement; and (d) the University has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Series 2013 Bonds.

The Series 2013 Bonds will be issued in accordance with the provisions of the Educational Institutions Act, constituting chapter 38, Title 33, Idaho Code and Chapter 5, Title 57, Idaho Code (the "**Act**"), the Constitution of the State of Idaho (the "**State**"), and pursuant to a Supplemental Resolution with respect to the Series 2013 Bonds adopted by the Regents on ________ __, 2013 (the "**2013 Supplemental Resolution**") supplementing that certain Resolution adopted by the Regents on November 22, 1991 (as subsequently amended and supplemented, the "**Original Resolution**" and, together with the 2013 Supplemental Resolution, referred to herein as the "**Resolution**"). Each Series of the Series 2013 Bonds shall mature on April in each of the years and amounts, and bear interest at the rates, all as set forth on Schedule 1 hereto and subject to further terms as are reflected in the Official Statement (as hereinafter defined).

The Regents will apply the proceeds of the Series 2013 Bonds to refund the outstanding Student Fee Refunding and Revenue Bonds, Series 2003 issued by the Regents (the "**Refunded Bonds**"), to finance certain capital improvements at the Moscow campus of the University of Idaho (the "**University**"), to finance the acquisition of land in McCall, Idaho, to repay a bank loan the proceeds of which were used to finance certain capital improvements to the University's facilities, and to pay costs of issuance associated with the Series 2013 Bonds.

2. Authority of the Underwriter. The Underwriter hereby represents and warrants that it has full corporate power and authority to execute and deliver this Bond Purchase Agreement and to perform all acts on its part herein required.

3. Public Offering of the Series 2013 Bonds. The Underwriter agrees to make a bona fide public offering of the Series 2013 Bonds at not in excess of the initial public offering price therefor as set forth on the inside cover page of the final Official Statement, as defined below. In connection with the public offering of the Series 2013 Bonds, the Regents shall cause the preparation of the Official Statement, with completion of information relating to the interest rate, selling compensation, aggregate principal amount, delivery date, ratings and other terms of the Series 2013 Bonds depending on such matters as acceptable to the Regents and the Underwriter to reflect such terms as contemplated by this Bond Purchase Agreement and with such other additions, deletions and revisions as shall be acceptable to the Regents and the Underwriter. Copies of the Official Statement, signed by authorized representatives of the Regents will be delivered to the Underwriter within seven (7) business days of the date of this Bond Purchase Agreement, in sufficient quantity as may be reasonably requested by the Underwriter in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board (the "**MSRB**"). The Regents hereby authorize the use by the Underwriter of the Official Statement in connection with the offering of the Series 2013 Bonds to the public.

The Underwriter reserves the right (a) to over-allot or effect transactions that stabilize or maintain the market price of the Series 2013 Bonds at a level above that which might otherwise prevail in the open market, and (b) to discontinue such stabilizing, if commenced, at any time. A public offering shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Series 2013 Bonds are sold.

Following the Closing Date, the Underwriter shall submit electronically a copy of the Official Statement to the MSRB at its Electronic Municipal Market Access system in accordance with the rules of the MSRB.

The Regents agree that if, through the 25th day after the Closing Date, the Regents become aware of the occurrence of an event that might cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, to notify the Underwriter, and, if in the opinion of the Underwriter such event requires the preparation and distribution of a supplement or an amendment to the Official Statement, the Regents, at their expense, at the request of the Underwriter, shall cause such a supplement or an amendment, satisfactory to the Underwriter, to be prepared and delivered to the Underwriter in such quantities as the Underwriter may reasonably request.

4. <u>Representations, Warranties and Agreements by the Regents</u>. In order to induce the Underwriter to enter into this Bond Purchase Agreement, and in consideration of the foregoing and of the execution and delivery of this Bond Purchase Agreement by the Underwriter, the Regents represent and warrant to and covenant with the Underwriter that, as of the date hereof and on and as of the date of the Closing:

(a) The Regents are a body politic and corporate organized and existing under and pursuant to the Constitution and laws of the State, have full legal right, power and authority pursuant to the Constitution, the Act and the Resolution to consummate all transactions contemplated by (i) this Bond Purchase Agreement, the Resolution, the Escrow Agreement dated as of _________ __, 2013 (the "**2013A Escrow Agreement**") between the Regents and Wells Fargo Bank, N.A., as the escrow agent (the "**Escrow Agent**"), the Continuing Disclosure Agreement dated as of ___________ __, 2013 between the Regents and the Trustee, as dissemination agent (collectively, the "**Regents' Documents**"), the Series 2013 Bonds and any and all other agreements and instruments relating to the issuance and sale of the Series 2013 Bonds; and (ii) the Preliminary Official Statement relating to the Series 2013 Bonds, including all appendices thereto, dated _________ __, 2013 (the "**Preliminary Official Statement**") and the final Official Statement, including all appendices thereto, dated as of the date hereof (the final Official Statement, including all appendices, supplements and amendments thereto, collectively is referred to as the "**Official Statement**"); to enter into the Regents' Documents; to issue the Series 2013 Bonds; to approve the Official Statement; to carry out all of its obligations thereunder and to comply with the terms and conditions hereof and thereof applicable to the Regents.

(b) The Regents have duly adopted the Resolution and have duly authorized all necessary action to be taken by them for: (i) the issuance and sale of the Series 2013 Bonds upon the terms and conditions set forth herein, in the Official Statement, and in the Resolution; (ii) the approval and execution, as relevant, of each Regents' Document and the Series 2013 Bonds; and (iii) the execution, delivery or receipt of and performance of the Regents' obligations under each Regents' Document and the Series 2013 Bonds, and any and all such other agreements and documents as may be required to be executed, delivered or received by the Regents in order to carry out, effectuate and consummate the transactions contemplated herein and therein.

(c) The Regents have previously provided the Underwriter with the Preliminary Official Statement, and as of its date, the Preliminary Official Statement has been "deemed final" by the Regents for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**").

(d) The Regents have never failed to comply in all material respects with any continuing disclosure undertaking with regard to the Rule to provide annual reports or notices of material events specified in the Rule.

(e) The Regents have duly approved and authorized the execution, delivery and distribution of the Official Statement.

(f) The information contained in the Official Statement with respect to forward-looking statements and in the sections thereof titled "INTRODUCTION – The Regents and the University of Idaho" and "– Purpose of the Series 2013 Bonds," "SECURITY FOR THE SERIES 2013 BONDS," "PLAN OF FINANCE – Series 2013A Refunding Project," "– Series 2013A Project," "– Series 2013B Project," and "– Pay off of 2010 Loan," "HISTORICAL PLEDGED REVENUES," "THE UNIVERSITY," "SOURCES OF FUNDING FOR THE UNIVERSITY," "UNIVERSITY GOVERNANCE AND ADMINISTRATION," "CONTINUING DISCLOSURE" and "LITIGATION" and in Appendices A and B (collectively, all such sections and appendices are herein referred to as the "**Relevant Portions**") is, and at the Closing will be, true and correct in all material respects and does not, and at the Closing will not, contain any untrue or misleading statement of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) At the time of the Regents' acceptance hereof and (unless an event occurs of the nature described in the last paragraph of Section 3 hereof) at all times subsequent thereto during the period up to and including twenty-five (25) days after the Closing Date, the information contained in the Relevant Portions of the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) If the information contained in the Relevant Portions of the Official Statement is supplemented or amended pursuant to the last paragraph of Section 3 hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days after the Closing Date, the information contained in the foregoing sections of the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Neither the execution and delivery of any Regents' Document, the Series 2013 Bonds, nor the consummation of the transactions contemplated herein or therein or the compliance with the provisions hereof or thereof, will conflict with, or constitute on the part of the Regents a violation of, or a breach of or default under, (i) any indenture, mortgage, commitment, note or other agreement or instrument to which the Regents is a party or by which it is bound, or (ii) any existing law, statute, rule, regulation (other than any state blue sky law) or resolution or judgment, order or decree of any court or governmental agency or body having jurisdiction over the Regents or any of its activities or properties. All consents, approvals, certificates of need, authorizations and orders of governmental or regulatory authorities (other than any state blue sky authorities) which are required for the execution and delivery of, consummation of the transactions contemplated by, and compliance with the provisions of, the Regents' Documents and the Series 2013 Bonds by the Regents have been obtained or will be obtained when required.

(j) Except as is specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Regents, threatened against or affecting (i) the financial condition of the Regents, the University, the Series 2013A Refunding Project, the Series 2013A Project, the Series 2013B Project, the application of the Pledged Revenues to payment of the Series 2013A Bonds or the operation by the Regents or the University of its properties, or (ii) the corporate existence of the Regents, the offices held by the members of the Regents and officers of the University and their respective rights or powers, their legal existence, or the actions taken or contemplated to be taken by them, or (iii) the transactions contemplated in the Regents' Documents or the Series 2013 Bonds, or (iv) the validity or enforceability in accordance with their respective terms of the Series 2013 Bonds, any Regents' Document or any material agreement or instrument by which the Regents, the University or their respective properties is or may be bound, and, to the knowledge of the Regents, is there any basis therefor wherein an unfavorable decision, ruling or finding would materially adversely affect any of the foregoing described in clauses (i) through (iv).

(k) The Regents will not take or omit to take any action which will in any way cause or result in the proceeds of the sale of the Series 2013 Bonds being applied in a manner other than as provided in the Resolution and the 2013A Escrow Agreement or as described in the Official Statement.

(l) The Regents have not been at any time in default as to principal or interest with respect to any obligation issued by or guaranteed by the Regents or with respect to which the Regents are an obligor.

(m) The audited financial statements of the University for the periods ended June 30, 2012 and June 30, 2011 are a fair presentation of the financial position of the University, the results of the University's operations and the University's changes in its net assets for the periods specified as of the dates indicated.

(n) Except as described in the Preliminary Official Statement, since June 30, 2012, there has been no material adverse change in the condition, financial or otherwise, of the University from that set forth in the audited financial statements as of and for the period ended that date; and except as described in the Preliminary Official Statement, the University, since June 30, 2012, has not incurred any material liabilities, directly or indirectly, except in the ordinary course of the University's operations.

(o) Between the date of this Agreement and the date of the Closing, except as contemplated by the Official Statement, the Regents will not incur and will not cause the University to incur any material liabilities, direct or contingent, or enter into any material transaction, in either case other than in the ordinary course of business.

(p) As of the date of this Bond Purchase Agreement, no event of default has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an event of default under any instrument to which the

Regents or the University is a party and which is material to the business or operations of the Regents or the University.

(q) The Regents agree to furnish or cause to be furnished such information, execute or cause to be executed such instruments and take such other action in cooperation with Underwriter's Counsel as it may reasonably request (i) in any endeavor to qualify the Series 2013 Bonds for offering and sale under the securities or "Blue Sky" laws or regulations of such jurisdictions of the United States of America as the Underwriter may request, (ii) for the application for exemption from such qualification, (iii) for the determination of the Series 2013 Bonds' eligibility for investment under the laws of such jurisdictions as the Underwriter designates and (iv) to provide for the continuance of such qualifications or exemptions in effect for so long as required for distribution or marketing of the Series 2013 Bonds, but not to exceed six (6) months after the date of Closing; provided, however, that the Regents shall not be required to qualify to do business in any jurisdiction where it is not now so qualified, or to take any such action which would subject it to general service of process in any jurisdiction where it is not now so subject.

(r) The Regents will comply and will use its best efforts to insure compliance with the applicable representations, warranties, covenants and obligations of the Regents contained in this Bond Purchase Agreement.

(s) Any certificate signed by any officer of the Regents or the University and delivered to the Underwriter shall be deemed a representation and warranty by the Regents to the Underwriter as to the truth of the statements therein contained

5. Closing. At 9 a.m., Pacific Time, on _________ __, 2013, or at such other time and/or date as shall have been mutually agreed upon by the Regents and the Underwriter (the "**Closing Date**"), the Regents will deliver, or cause to be delivered, to the Underwriter through the facilities of DTC the Series 2013 Bonds in definitive form duly executed by the Regents and authenticated by the Wells Fargo Bank, N.A., as Trustee in accordance with the Resolution, by delivering one fully registered Bond for each maturity of a Series of the Series 2013 Bonds in the principal amount of the related maturity of each Series of the Series 2013 Bonds, registered in the name of Cede &Co., as nominee of DTC, to the Trustee as custodian for DTC; and the Underwriter will accept such delivery of the Series 2013 Bonds and pay the Purchase Price of the Series 2013 Bonds to the Trustee for the account of the Regents by wire transfer or other direct transfer of immediately available funds payable to the order of the Trustee.

The activities relating to the final execution and delivery of the Series 2013 Bonds and the final execution and delivery of the Regents' Documents and the certificates, opinions and other instruments as described in Section 7 of this Bond Purchase Agreement shall occur at the offices of Skinner Fawcett LLP, Boise, Idaho or at such other location which shall be mutually agreed upon by the Regents and the Underwriter. The payment of the Purchase Price for the Series 2013 Bonds and simultaneous delivery of the Series 2013 Bonds to the Underwriter is herein referred to as the "**Closing**."

The Series 2013 Bonds will be made available for inspection by the Underwriter, at such place in Boise, Idaho as the Underwriter and the Trustee shall agree, not less than 24 hours prior to the Closing. The definitive Series 2013 Bonds shall bear proper CUSIP numbers (provided, however, that neither the printing of the wrong CUSIP number on any Series 2013 Bond nor the failure to print a CUSIP number thereon shall constitute cause to refuse to accept delivery of any Series 2013 Bond).

6. Termination. The Underwriter shall have the right to terminate its obligations hereunder by notice given to the Regents prior to delivery of and payment for the Series 2013 Bonds, if at any time prior to such time:

(a) Legislation not yet introduced in Congress shall be enacted or actively considered for enactment by the Congress, or recommended by the President of the United States of America to the Congress for passage, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States of America or the United States Tax Court shall be rendered, or a ruling, regulation (proposed, temporary or final) or Official Statement by or on behalf of the Treasury Department of the United States of America, the Internal Revenue Service or other agency or department of the United States of America shall be made or proposed to be made which has the purpose or effect, directly or indirectly, of imposing federal income taxes upon interest on the Series 2013A Bonds under the Internal Revenue Code of 1986, as amended (the "**Code**"); or

(b) Any other action or event shall have transpired which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith or contemplated by the Official Statement, and, in the reasonable judgment of the Underwriter, materially adversely affects the market for the Series 2013 Bonds or the sale, at the contemplated offering prices (or yields), by the Regents, of the Series 2013 Bonds; or

(c) Legislation shall be enacted, or actively considered for enactment by the Congress, with an effective date on or prior to the date of Closing, or a decision by a court of the United States of America shall be rendered, or a ruling or regulation by the Securities and Exchange Commission (the "**SEC**") or other governmental agency having jurisdiction over the subject matter shall be made, the effect of which is that (i) the Series 2013 Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or (ii) the Resolution is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) A stop order, ruling or regulation by the SEC shall be issued or made, the effect of which is that the issuance, offering or sale of the Series 2013 Bonds, as contemplated herein or in the Official Statement, is in violation of any provision of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) There shall exist any fact or there shall occur any event which, in the reasonable judgment of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either such event the Regents refuse to permit the Official Statement to be supplemented to correct or supply such statement or information, or the Official Statement as so corrected or supplemented is such as, in the judgment of the Underwriter, would materially adversely affect the market for the Series 2013 Bonds or the sale, at the contemplated offering prices (or yields), by the Regents of the Series 2013 Bonds; or

(f) There shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriter, impractical or inadvisable to proceed with the offering or delivery of the Series 2013 Bonds as contemplated by the final Official Statement (exclusive of any amendment or supplement thereto); or

(g) Trading in the Regents' outstanding securities shall have been suspended by the Securities and Exchange Commission or trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such Exchange; or

(h) A banking moratorium shall have been declared either by federal or New York State authorities; or

(i) There occurs any material adverse change in the affairs, operation or financial condition of the University, except as set forth or contemplated in the Official Statement, the effect of which is, in the reasonable judgment of the Underwriter, to materially adversely affect the market for the Series 2013 Bonds or the sale, at the contemplated prices (or yields) by the Regents of the Series 2013 Bonds; or

(j) The Official Statement is not executed, approved and delivered in accordance with the terms hereof; or

(k) In the reasonable judgment of the Underwriter, the market price of the Series 2013 Bonds, or the market price generally of obligations of the general character of the Series 2013 Bonds, would be adversely affected because: (i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (ii) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Series 2013 Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters; or

(l) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2013 Bonds or in any way contesting or affecting any authority for or the validity of the Series 2013 Bonds, the Regents' Documents, or the existence or powers of the Regents or any of the transactions described herein or in the Official Statement; or

(m) Any underlying rating on the Series 2013 Bonds or other Bonds of the Regents which are secured by a pledge of the Pledged Revenues on a parity with the pledge of the Series 2013 Bonds thereon is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency.

7. Conditions to Purchase. The Underwriter has executed and delivered this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the Regents contained herein. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Regents contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing and will be confirmed by certificates of the appropriate Regents' or University official or officials, dated the Closing Date, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects at the Closing; and the Regents shall be in compliance with each of the warranties, agreements and covenants made by them in this Bond Purchase Agreement.

(b) At the Closing, the following conditions shall have been satisfied:

(1) the Series 2013 Bonds shall be executed by the Regents, authenticated by the Trustee and delivered to the Underwriter for purchase as described in Section 5 hereof;

(2) all actions which, in the opinion of Bond Counsel and the Underwriter, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect;

(3) the Regents shall perform or shall have performed all of their obligations required under or specified in this Bond Purchase Agreement and the Official Statement to be performed at or prior to the Closing;

(4) all necessary resolutions and other official action of the Regents relating to the Regents' Documents and the issuance and sale of the Series 2013 Bonds, and all necessary resolutions and other official action of the Regents relating to all other agreements or documents to be executed and delivered by the Regents in connection with the issuance and sale of the Series 2013 Bonds shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect, except with the consent of the Underwriter;

(5) each of the Regents' Documents and the Series 2013 Bonds shall have been fully executed by the relevant parties and shall be in full force and effect;

(6) the Official Statement, executed by the Regents and in form and substance acceptable to the Underwriter, shall have been delivered to the Underwriter; and

(7) evidence satisfactory to the Underwriter of filing a report with the State Treasurer pursuant to Idaho Code Section 67-1222 shall have been delivered to the Underwriter.

(c) At or prior to the Closing, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Regents and the Underwriter:

(1) Certified copies of the 2013 Supplemental Resolution and all resolutions of the Regents relating to the Series 2013 Bonds and approving the execution and delivery of each Regents' Document and the Official Statement;

(2) Copies of the Series 2013 Bonds;

(3) Executed copies of the 2013A Escrow Agreement, the Continuing Disclosure Agreement, a Tax Certificate relating to the Series 2013A Bonds delivered by the Regents, and the Representations Letter;

(4) The Official Statement executed on behalf of the Regents by their duly authorized officer;

(5) The approving opinions of Co-Bond Counsel, dated the Closing Date, in substantially the form set forth in Appendices F and G to the Official Statement;

(6) A supplemental opinion of Co-Bond Counsel, dated the Closing Date, in substantially the form set forth in **Exhibit A** hereto;

(7) An opinion of Underwriter's Counsel, dated the Closing Date, in substantially the form acceptable to the Underwriter;

(8) A certificate of the Attorney General of the State, dated the Closing Date, relating to validity of the Series 2013 Bonds;

(9) An opinion of Counsel to the Regents and the University addressed to the Underwriter, the Regents, and Co-Bond Counsel, dated the Closing Date, in form and substance satisfactory to the Underwriter, to the effect that (i) the University is an institution of higher education and a body politic of the State, duly and validly created and existing pursuant to the laws of the State with, and the Regents have, full legal right, power and authority to issue the Series 2013 Bonds, to adopt the Resolution, to pledge the Pledged Revenues, to enter into the Regents' Documents, and to consummate the transactions contemplated by the Resolution and the Regents' Documents, (ii) the Resolution was duly adopted by the Regents, (iii) the adoption of the Resolution by the Regents and the execution and delivery of the Regents' Documents and the performance by the Regents or the University of the transactions contemplated thereby will not conflict with or constitute a breach of, or default under, any provision of the applicable law, rule, regulation, ordinance, judgment, order or decree to which the Regents or the University is subject, or any commitment, note, agreement or other instrument to which the University or Regents is a party or by which it or any of their respective property is bound; (iv) the Relevant Portions of the Official Statement are true and correct in all material respects and do not omit to state a material fact; (v) except as disclosed in the Official Statement, there is no action, suit, proceeding, official inquiry or investigation, at law or in equity, pending, or to the knowledge of such Counsel, threatened (and there is no basis for such action, suit, proceeding, official inquiry or investigation) which (1) questions the existence or powers of the Regents or the University or any of their respective officers; (2) seeks to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2013 Bonds or the authorization, execution and delivery of the Resolution or any Regent Document or validity of the proceedings taken by the Regents in connection with the issuance of the Series 2013 Bonds; or (3) challenges the powers of the Regents or the University to pledge and collect Pledged Revenues and other funds and accounts pledged to the payment of the Series 2013 Bonds under the Resolution;

(10) Letters from Moody's and S&P to the effect that both Series of the Series 2013 Bonds have received ratings of "Aa3" from Moody's and "A+" from S&P, both of which ratings shall be in effect at Closing;

(11) A certificate of the Regents, dated the Closing Date, in substantially the form acceptable to the Co-Bond Counsel and the Underwriter;

(12) A certificate of the Trustee and the Escrow Agent, dated the Closing Date, to the effect that the Trustee and the Escrow Agent (i) are duly organized and validly existing under the laws of the United States of America, with full corporate trust powers, (ii) have full right, power and authority to enter into and perform the obligations under the Resolution and the 2013A Escrow Agreement, respectively and (iii) have validly accepted their respective obligations under the Resolution and the 2013A Escrow Agreement, which obligations are legally valid and binding obligations of the Trustee and the Escrow Agent, respectively;

(13) A certificate of the Regents, dated the Closing Date, required by Sections 7.2 (2) and 7.2(4) of the Original Resolution;

(14) A Consultant's Report required by Section 7.2(3) of the Original Resolution; and

(15) Such additional legal opinions, certificates, proceedings, instruments and other documents as Co-Bond Counsel may reasonably request to evidence compliance by the Regents with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations of the Underwriter, the Regents herein contained and the due performance or satisfaction by each of them at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by each of them.

If the Regents shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to place and accept delivery of the Series 2013 Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Regents shall be under further obligation hereunder; except that the Regents' obligations to pay fees and expenses, as provided in Section 9 hereof, shall continue in full force and effect. The Underwriter shall have the right to waive any of the conditions to its obligations contained in this Bond Purchase Agreement.

8. Survival of Representations, Warranties and Agreements. All representations, warranties and agreements of the Regents and the Underwriter shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Regents and shall survive the Closing. The obligations of the Regents and the Underwriter under Section 9 hereof shall survive the Closing and any termination of this Bond Purchase Agreement by the Underwriter pursuant to the terms hereof.

9. Fees and Expenses. The Regents will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, mailing or delivery of the Series 2013 Bonds, costs of printing of the Series 2013 Bonds, the Preliminary Official Statement, the final Official Statement and any amendment or supplement to the Official Statement, fees and disbursements of Co-Bond Counsel and Underwriter's Counsel, fees and expenses of the accountants of and counsel to the Regents, any fees charged by rating agencies for the ratings of the Series 2013 Bonds, and any fees and expenses of the Trustee, the Escrow Agent and the paying agent for the Refunded Bonds.

10. Blue Sky Qualification. The Regents covenant with the Underwriter that the Regents will cooperate, at the expense of the Regents, with the Underwriter in qualifying the Series 2013 Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States of America as the Underwriter may request; provided, however, that the Regents shall not be required to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in

any jurisdiction in which it is not so qualified or to subject itself to taxation in any jurisdiction in which it is not otherwise subject to taxation. The Regents consent to the use by the Underwriter in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions of the documents relating to the Series 2013 Bonds, subject to the right of the Regents to withdraw such consent for cause by written notice to the Underwriter.

11. Notices. Any notice or other communication to be given to the Regents under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above and to the attention of President and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to George K. Baum & Company, 1400 Wewatta Street, Suite 800, Denver, Colorado 80202, Attention: Lee White, Executive Vice President and Manager.

12. Benefit. This Bond Purchase Agreement is made solely for the benefit of the Regents and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Series 2013 Bonds, shall acquire or have any right hereunder or by virtue hereof. This Bond Purchase Agreement shall be binding upon the successor and assigns, if any, of the Regents and the Underwriter.

13. Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State, without giving effect to its principles of conflicts of laws.

[Signature Page Follows]

14. Effective Date. This Bond Purchase Agreement shall become effective upon your acceptance hereof and may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Very truly yours,

GEORGE K. BAUM & COMPANY

By: ____________________________________
Lee White, Executive Vice President

Accepted and agreed to as of
the date first above written:

THE REGENTS OF THE UNIVERSITY OF IDAHO

By: ____________________________________
Ronald E. Smith, Vice President for
Finance and Administration and Bursar

Time of Execution: ___________________

SCHEDULE 1

MATURITIES, PRINCIPAL AMOUNTS,
INTEREST RATES AND YIELDS

$__________

THE REGENTS OF THE UNIVERSITY OF IDAHO
General Revenue and Refunding Bonds, Series 2013A

Maturity Date (April 1)	Principal Amount	Interest Rate	Yield
	$		%

$___________

THE REGENTS OF THE UNIVERSITY OF IDAHO
Taxable General Revenue Bonds, Series 2013B

EXHIBIT A

Supplemental Opinion of Co-Bond Counsel

[To be provided]

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CONTINUING DISCLOSURE AGREEMENT

Between

THE REGENTS OF THE UNIVERSITY OF IDAHO

and

WELLS FARGO BANK, N.A.
as Trustee and Dissemination Agent

Dated as of ___________ __, 2013

Relating to

THE REGENTS OF THE UNIVERSITY OF IDAHO

$____________	**$_____________**
General Revenue and Refunding Bonds	**Taxable General Revenue Bonds**
Series 2013A	**Series 2013B**

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "**Agreement**") dated as of __________ __, 2013, is entered into by and between THE REGENTS OF THE UNIVERSITY OF IDAHO (the "**Regents**"), a body politic and corporate organized and existing under and pursuant to the Constitution and laws of the State of Idaho (the "**University**"), and WELLS FARGO BANK, National Association, (the "**Trustee**" and as more particularly defined below, the "**Dissemination Agent**") in connection with the issuance by the Regents of its $___________ General Revenue and Refunding Bonds, Series 2013A and its $_________ Taxable General Revenue Bonds, Series 2013B (collectively, the "**Bonds**"). The Bonds are being issued pursuant to a Supplemental Resolution adopted by the Regents on April __, 2013 (the "**2013 Supplemental Resolution**") supplementing that certain Resolution adopted by the Regents on November 22, 1991 (as subsequently amended and supplemented and together with the 2013 Supplemental Resolution, referred to herein as the "**Resolution**").

The Regents covenant and agree as follows:

SECTION 1. Purpose of the Agreement. This Agreement is being executed and delivered by the Regents for the benefit of the Bondowners and in order to allow the Participating Underwriters (as defined by Rule 15c2-12) to comply with Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Annual Financial Information**" means the financial information or operating data with respect to the University and the Pledged Revenues, delivered at least annually pursuant to Section 3 hereof, of the type set forth in the Official Statement, including but not limited to, such Pledged Revenues and debt service coverage information of the type set forth under the caption "HISTORICAL PLEDGED REVENUES," provided that such information shall be provided only on an actual basis, financial information and operating data set forth under the captions "SECURITY FOR THE SERIES 2013 BONDS – Student Fees," "– Sales and Services Revenues," "– Facilities and Administrative Recovery Revenues," "– Other Operating Revenues" and "– Investment Income," "THE UNIVERSITY – Housing and Student Union Facilities," "– Employee Retirement Plan; Post Retirement Health Benefits" and "– Insurance," "SOURCES OF FUNDING FOR THE UNIVERSITY – State Appropriations," "– Financial Assistance" and "– Schedule of Outstanding Indebtedness," the table titled "Five-Year Historical Enrollment Summary" under the caption "THE UNIVERSITY – Student Body," and the table in Appendix B titled "Tuition and Student Fees Academic Year 2012-2013."

"**Audited Financial Statements**" means the annual financial statements for the University, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

"**Bondowner**" or "**owner of the Bonds**" means the registered owner of the Bonds, and so long as the Bonds are subject to the book-entry system, any Beneficial Owner as such term is defined in the Resolution.

"**Dissemination Agent**" means Wells Fargo Bank, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Regents and which has filed with the Trustee under the Resolution a written acceptance of such designation.

"**Events**" means any of the events listed in Section 4(a) and 4(b) of this Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) system of the MSRB, currently located at http://emma.msrb.org.

"**Official Statement**" means the final Official Statement dated _______ __, 2013 delivered in connection with the issue and sale of the Bonds.

"**Rule 15c2-12**" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Information.

(a) Commencing with the Fiscal Year ended June 30, 2013, and annually while the Bonds remain outstanding, the Regents shall provide to the Dissemination Agent Annual Financial Information and Audited Financial Statements.

(b) Such Annual Financial Information shall be provided by the Regents not later than 180 days after the end of each Fiscal Year. The Audited Financial Statements will be provided when available but in no event later than 180 days after the end of each Fiscal Year.

(c) The Regents may provide Annual Financial Information and Audited Financial Statements with respect to the University and the Pledged Revenues by specific cross-reference to other documents which have been submitted by the Dissemination Agent to the MSRB or filed with the Securities and Exchange Commission. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The Regents shall clearly identify each such other document so incorporated by cross-reference.

(d) The Dissemination Agent shall provide Annual Financial Information and Audited Financial Statements to the MSRB on or before the tenth day after the Dissemination Agent receives such Annual Financial Information and Audited Financial Statements from the Regents. The Regents shall include with each submission of Annual Financial Information to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that the Annual Financial Information is the Annual Financial Information required by this Agreement and that it complies with the applicable requirements of this Agreement.

SECTION 4. Reporting of Events.

(a) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Regents shall provide or cause to be provided to the MSRB notice of any of the following Events with respect to the Bonds:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(6) Defeasances;

(7) Rating changes;

(8) Tender offers; and

(9) Bankruptcy, insolvency, receivership, or similar event of the Obligated Person.

For the purposes of the event identified in paragraph (4)(a)(9) hereof, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Regents shall provide or cause to be provided to the MSRB notice of any of the following Events with respect to the Bonds, <u>if material</u>:

(1) Non-payment related defaults;

(2) Modification to the rights of the beneficial owners of the Bonds;

(3) Bond calls;

(4) Release, substitution or sale of property securing repayment of the Bonds;

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(6) Appointment of a successor or additional trustee or a change in the name of a trustee.

Whenever the Regents obtain knowledge of the occurrence of an Event specified in paragraph 4(b), the Regents shall as soon as possible determine if such Event would constitute material information for owners of Bonds.

(c) If the Regents determine that knowledge of the occurrence of an Event listed in Section 4(b) would be material, the Regents shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 4(d) hereof.

(d) If the Dissemination Agent has been instructed by the Regents to report the occurrence of an Event listed in Section 4(a) or Section 4(b), the Dissemination Agent shall in a timely manner not in excess of ten (10) business days after the occurrence of an Event file a notice of such occurrence with the MSRB with a copy to the Regents.

(e) The Dissemination Agent, if the Dissemination Agent is also the Trustee, shall promptly advise the Regents whenever, in the course of performing its duties as Trustee under the Resolution, it identifies an occurrence of an Event which could require the Regents to provide a notice pursuant to this Section 4; provided that the failure of the Dissemination Agent so to advise the Regents of such occurrence shall not constitute a breach by the Dissemination Agent, in its capacity as Trustee, of any of its duties and responsibilities hereunder or under the Resolution.

(f) At any time the Bonds are outstanding, the Dissemination Agent shall, without further direction or instruction from the Regents, provide in a timely manner to the MSRB notice of any failure by the Regents to provide Annual Financial Information and Audited Financial Statements (in substantially the form attached as Exhibit A to this Agreement) as specified in Section 3 hereof.

SECTION 5. Filing. The filing of Annual Financial Information, Audited Financial Statements, notices of Events or any other notice required by this Agreement shall be effected by sending the filing or notice to the MSRB, in such designated electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

SECTION 6. Concerning the Dissemination Agent.

(a) The Dissemination Agent shall not have any obligation to examine or review the Annual Financial Information and Audited Financial Statements and neither shall it have a duty to verify the accuracy or completeness of the Annual Financial Information and Audited Financial Statements.

(b) Solely for the purpose of (i) defining the standards of care and performance, including indemnification, applicable to the Dissemination Agent in the performance of its obligations under this Agreement, (ii) the manner of execution by the Dissemination Agent of those obligations, and (iii) matters of removal, resignation, succession of the Dissemination Agent under this Agreement, Article VIII of the Resolution is hereby made applicable to this Agreement as if this Agreement was (solely for this purpose) contained in the Resolution; provided that the Dissemination Agent shall have only such duties under this Agreement as are specifically set forth in this Agreement. Except as provided in Section 4(e) hereof, the Dissemination Agent shall have no duty to investigate or monitor compliance by the Regents with the terms of this Agreement. The Disseminating Agent shall have no obligation to examine or review the Annual Financial Information, Audited Financial Statements and notices of Events provided to it pursuant to the terms of this Agreement, and shall have no liability or responsibility for the form of, or the accurateness or completeness of, the Annual Financial Information, Audited Financial Statements and notices of Events disseminated by the Dissemination Agent hereunder.

Notwithstanding the provisions of Section 6 above, the Regents hereby agree to the extent permitted by law to hold harmless and to indemnify the Dissemination Agent, its employees, officers, directors, agents and attorneys from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorneys' fees and expenses, whether incurred before trial, at trial, or on appeal, or in any bankruptcy or arbitration proceedings), which may be incurred by the Dissemination Agent by reason of or in connection with the disclosure of information in accordance with this Agreement, except to the extent such claims, damages, losses, liabilities, costs or expenses result directly from the negligence or willful misconduct of the Dissemination Agent in the performance of its duties under this Agreement. In no event shall Disclosure Agent be liable for special, indirect, or consequential losses or damages of any kind whatsoever (including but not limited to lost profits) even if Disclosure Agent has previously been advised of such losses and damages. This Section shall survive the termination of the Agreement, payment of the Bonds, and the removal or resignation of the Dissemination Agent.

SECTION 7. Term. This Agreement shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earliest of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Resolution; (b) the date that the Regents shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Agreement are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination may be made in any manner deemed appropriate by the Regents, including by an opinion of any attorney or firm of attorneys experienced in federal securities laws selected by the Regents. The Regents shall provide a notice of any such termination with the Dissemination Agent who shall file such notice with the MSRB.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Regents may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is consistent with Rule 15c2-12. Written notice of any such amendment or waiver shall be provided by the Regents to the Dissemination Agent who shall file it with the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Regents from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Agreement; provided that the Regents shall not be required to do so. If the Regents choose to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the Regents shall have no obligation under this Agreement to update such information or include it in any future annual filing or notice of occurrence of an Event.

SECTION 10. Default and Enforcement. If the Regents fail to comply with any provision of this Agreement, any Bondowner may take action to seek specific performance by court order to compel the Regents to comply with its undertaking in this Agreement; provided that any Bondowner seeking to require the Regents to so comply shall first provide at least 30 days' prior written notice to the Regents of the Regents' failure (giving reasonable details of such failure), following which notice the Regents shall have 30 days to comply and, provided further, that only the owners of no less than a majority in aggregate principal amount of the Bonds may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the Regents in accordance with this Agreement, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of jurisdiction in the State of Idaho. A DEFAULT UNDER THIS AGREEMENT SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE RESOLUTION OR THE BONDS, AND THE SOLE REMEDY UNDER THIS AGREEMENT IN THE EVENT OF ANY FAILURE OF THE REGENTS TO COMPLY WITH THIS AGREEMENT SHALL BE AN ACTION TO COMPEL PERFORMANCE.

SECTION 11. Beneficiaries. The Agreement shall inure solely to the benefit of the Regents, the Participating Underwriters and owners from time to time of the Bonds, and shall create no rights in any other person or entity.

[Signature page follows]

THE REGENTS OF THE UNIVERSITY OF IDAHO

By:_____________________________________
Ronald E. Smith, Vice President
for Finance and Administration and Bursar

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee and Dissemination Agent

By:_____________________________________
Name:___________________________________
Title:____________________________________

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION AND/OR AUDITED FINANCIAL STATEMENTS

Name of Authority: The Regents of the University of Idaho

Name of Bond Issue: The Regents of the University of Idaho General Revenue and Refunding Bonds, Series 2013A, and The Regents of the University of Idaho Taxable General Revenue Bonds, Series 2013B

Name of Borrower: UNIVERSITY OF IDAHO

Date of Issuance: April __, 2013

NOTICE IS HEREBY GIVEN that the Borrower has not provided Annual Financial Information and/or Audited Financial Statements with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of _______ __, 2013, adopted by the Regents of the University of Idaho. The Borrower anticipates that the Annual Financial Information and/or Audited Financial Statements will be filed by [Date].

Dated: _______ __, 20__

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:______________________________
Authorized Signatory

cc: Borrower

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SF DRAFT 3/12/13

ESCROW AGREEMENT

Dated as of May 7, 2013

Between

THE REGENTS OF THE UNIVERSITY OF IDAHO

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

ESCROW AGREEMENT

This ESCROW AGREEMENT, dated as of May 7, 2013, between the REGENTS OF THE UNIVERSITY OF IDAHO (the "Issuer"), a state institution of higher education and body politic and corporate under the laws of the State of Idaho and Wells Fargo Bank, National Association (in its capacity as escrow agent hereunder, the "Escrow Agent"), a national banking association organized and existing under the laws of the United States of America;

W I T N E S S E T H

WHEREAS, the Issuer has heretofore issued its Student Fee Refunding and Revenue Bonds, Series 2003 (the "2003 Bonds" or "Prior Obligations"); and,

WHEREAS, the Issuer has determined to cause the refunding of the Prior Obligations with maturity dates, principal amounts, and interest rates as set forth in Exhibit "A" attached hereto.

WHEREAS, in order to accomplish the refunding, the Issuer has authorized the execution and delivery of the Issuer's General Revenue Refunding Bonds, Series 2013A (the "Bonds") in the aggregate principal amount of $______________ pursuant to the provisions of Issuer's General Bond Resolution adopted on November 22, 1991, and Supplemental Resolution adopted on April 18, 2013 and related Terms Certificate (collectively, the "Resolution");

WHEREAS, the Issuer and the Escrow Agent are entering into this Escrow Agreement in order to provide for the refunding and defeasance of certain of the Prior Obligations; and

NOW, THEREFORE, to secure all Prior Obligations referenced in Exhibit "A", the payment of the principal thereof and interest thereon, the Issuer does hereby sell, assign, transfer, set over and pledge unto the Escrow Agent its successors in the trust and its assigns forever, all of the right, title and interest of the Issuer in and to all amounts in the funds established hereunder,

TO HAVE AND TO HOLD the same and any other revenues, property, contracts or contract rights, accounts receivable, chattel paper, investments, general intangibles or other rights and the proceeds thereof, which may, by delivery, assignment or otherwise, be subject to the lien and security created by this Escrow Agreement.

IN ESCROW AND TRUST, NEVERTHELESS, for the equal and ratable benefit and security of all present and future holders of such Prior Obligations, without preference, priority or distinction as to such Prior Obligations.

SECTION 1. Creation of Escrow Fund. There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated the University of Idaho Series

2013A Refunding Escrow Fund (the "Escrow Fund") to be held by the Escrow Agent as a trust fund for the benefit of the owners of said Prior Obligations. The Escrow Fund shall be held by the Escrow Agent separate and apart from other funds of the Issuer and of the Escrow Agent.

SECTION 2. Receipt of Funds. The Escrow Agent hereby acknowledges receipt of the sum of $____________ from the proceeds of the Bonds.

SECTION 3. Application of Proceeds of Bonds.

(a) Upon receipt by the Escrow Agent of the amount of the proceeds of the Bonds as set forth in Section 2 hereof the Escrow Agent shall immediately deposit said amount in the Escrow Fund.

The Escrow Agent shall apply $____________ of the amount to be deposited in the Escrow Fund pursuant to this Section 3 to the purchase of non callable United States Treasury Obligations, as described in Exhibit "B" hereto (the "Government Obligations") with $___________ remaining to be held in cash. The Escrow Agent acknowledges receipt of book entry credit for the Government Obligations from an office of the Federal Reserve Bank.

Any portion of the amounts received from the Government Obligations not needed at the time of receipt to make the payments of interest and principal and premium to the holders of the Prior Obligations shall remain uninvested in the Escrow Fund until applied for such purpose. For the purposes of the immediately preceding sentence "uninvested" shall mean (i) cash, if in an amount of less than $5,000, or (ii) the purchase of additional Government Obligations provided, however, that such additional Government Obligations shall be in an amount at least equal to their purchase price and shall mature on or before the dates and in the amounts needed to pay principal and interest on the said Prior Obligations. The Escrow Agent shall at no time invest any amounts held in the Escrow Fund in any unit trust or mutual fund, nor shall the Escrow Agent enter into any agreement or contract for the investment of cash balances held in the Escrow Fund provided that, at the written direction of the Issuer, the Escrow Agent may enter into one or more of said investments if the Escrow Agent has received the written opinions of Moody's Investors Service and Standard & Poor’s that the rating on the Prior Obligations will not be lowered or withdrawn as a result of such investment.

SECTION 4. Issuance Costs. All costs and expenses related to the issuance of the Bonds shall be paid from the proceeds of the Bonds or other legally available sources of the Issuer.

SECTION 5. Application of Escrow. The Escrow Agent agrees that the amounts deposited in the Escrow Fund pursuant to Section 3 hereof and the interest income to be earned thereon and any other moneys and investments deposited in the Escrow Fund will be held in trust for the holders of the said Prior Obligations described on Exhibit "A". The Escrow Agent shall cause to be applied any cash held in the Escrow Fund and the principal of, and interest earned, on the Government Obligations (a) to the redemption on October 1, 2013 of all said 2003 Bonds set forth in Exhibit "A", and payment of all interest due thereon until October 1, 2013.

SECTION 6. Investment of Escrow Funds.

(a) Except as provided in Section 3 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Government Obligations.

(b) The Issuer hereby covenants that no part of the moneys or funds held at any time in the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause the Bonds or the Prior Obligations or the obligations to which they relate to be "arbitrage bonds" as defined in subsections (a) and (b) of Section 148 of the Internal Revenue Code of 1986, as amended, and to be subject to treatment under subsection 103(b)(2) of the Internal Revenue Code of 1986 as obligations not described in subsection 103(a)(1).

(c) At the written request of the Issuer and upon compliance with the conditions hereinafter stated, the Escrow Agent shall have the power to sell, transfer or otherwise dispose of or request the redemption of the Government Obligations acquired hereunder and to substitute therefor non callable United States Treasury Obligations meeting the requirements of this subsection (the "Substitute Government Obligations"). At the written direction of the Issuer, the Escrow Agent shall purchase such Substitute Government Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Government Obligations, together with any other funds available for such purpose. Any such transaction may be effected only if (i) an independent certified public accountant shall certify or have certified that after such transaction (A) the principal amount of and interest on the Government Obligations to be held in the Escrow Fund, after giving effect to such transaction (including the Substitute Government Obligations to be acquired), will, together with any other cash to be held in the Escrow Fund, after giving effect to such transaction, be sufficient to pay without regard to further investment, as the same become due at maturity or earlier redemption, all principal of and premium, if any, and interest on the Prior Obligations that have not been paid previously, and (B) the amounts and dates of the anticipated payments from the Escrow Fund to the registered owners of the Prior Obligations will not be diminished or postponed thereby; and (ii) an opinion of counsel nationally recognized on the subject of municipal bonds shall be delivered to the Escrow Agent, which opinion shall be to the effect that such transaction will not result in the interest on the Prior Obligations or the Bonds becoming subject to federal income taxes then in effect.

The Escrow Agent shall not be responsible or liable for any diminution of the funds held in the Escrow Fund that may result from any actions taken pursuant to this Agreement, particularly, including any losses on any investment required to be liquidated prior to maturity in order to make a payment or distribution. The Escrow

Agent may purchase from or sell to itself or an affiliate, as principal for the Escrow Agent.

The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency grants the Issuer the right to receive brokerage confirmations of securities transactions, the Issuer waives receipt of such confirmations. The Escrow Agent shall furnish to the Issuer the report referenced in Section 10(a) which includes detail of all investment transactions made by the Escrow Agent.

SECTION 7. Notice to Bond Holders and Redemption. The Escrow Agent acknowledges receipt of a certified copy of the Resolution, in which the refunding of the said Prior Obligations is approved, and the Issuer hereby irrevocably directs the redemption and notices of the refunding of the Prior Obligations as described herein. The Escrow Agent further agrees for each of the Prior Obligations set forth in Exhibits "A" hereto, to cause a notice of the refunding of the Prior Obligations, in the applicable form attached hereto in Exhibit "C" to be mailed as soon as possible by certified mail, postage prepaid, to all registered owners of the Prior Obligations, to each insurer of the Prior Obligations, to Moody's Investment Service, New York, New York, and to Standard and Poor's, New York, New York and by certified or registered mail or overnight delivery service, to all registered securities depositories and to national information services that disseminate redemption notices.

The Escrow Agent will cause a notice of redemption, in substantially the form as provided in Exhibit "D" attached hereto, of the 2003 Bonds set forth in Exhibit "A" hereto to be mailed by the Trustee to all registered owners of the said 2003 Bonds and the insurer for the 2003 Bonds at least thirty-five (35) days and not more than sixty (60) days prior to October 1, 2013. A similar notice shall be sent by certified or registered mail simultaneously and preferably not less than thirty-five (35) days prior to the said redemption date, or as soon thereafter as possible, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the said Prior Obligations (such depositories including Depository Trust Company of New York, New York and other similar holders) and to one or more national information services that disseminate notices of redemption of obligations such as the Prior Obligations (such as MUNIFACTS). On October 1, 2013, the Escrow Agent shall cause to be redeemed from monies in the Escrow Fund all 2003 Bonds set forth in Exhibit "A".

SECTION 8. Disposition of Remaining Amounts, If Any. On or after October 1, 2013, after payment of the principal of, and interest on, all the Prior Obligations set forth in Exhibit "A" has been made, all remaining moneys and securities in the Escrow Fund shall be transferred by the Escrow Agent to the Issuer, and to such other person or applied to such other purpose as may be approved in a written opinion of nationally recognized bond counsel satisfactory to the Issuer to the effect that such other application of such amounts will not cause the Bonds to become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986. Upon the taking of all the actions as described herein by the Escrow Agent and the consummation of the redemptions contemplated by this Agreement, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Prior Obligations or to any other person or persons in connection with this Agreement.

SECTION 9. Lien and Irrevocable Pledge; Perfection of Security. The Escrow Fund created hereby is irrevocably pledged to the payment of the Prior Obligations and the holders of the Prior Obligations shall have an express lien on and security interest in all amounts deposited in the Escrow Fund, including all amounts representing principal and all amounts representing interest on the Government Obligations in the Escrow Fund, until used and applied in accordance herewith. The Issuer agrees that financing statements may be filed with respect to this Escrow Agreement in such manner and in such places as may be required by law to fully protect the security of the holders of the Prior Obligations and the right, title and interest of the Escrow Agent, to all amounts deposited in the Escrow Fund and the principal and interest with respect to the Government Obligations, and shall take or cause to be taken all action necessary to preserve the aforesaid security so long as any of the Prior Obligations remain unpaid.

SECTION 10. Indemnification; Escrow Agent Compensation and Liability; Resignation.

(a) The Escrow Agent shall be compensated for its reasonable fees, expenses and disbursements, including legal fees, as more particularly set out in Exhibit "E" attached hereto. This constitutes a right to receive compensation notwithstanding, the Escrow Agent acknowledges that it has no claim for any such payment under the Resolution, and that it has no lien on the moneys in the Escrow Fund for any such payment. On October 15, 2013, the Escrow Agent shall submit to the Issuer a report covering all money it shall have received and all payments it shall have made or caused to be made hereunder.

If the Escrow Agent renders any service hereunder not provided for in this Agreement, or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Escrow Agent shall be compensated reasonably by the Issuer for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties and expenses, including out-of-pocket and incidental expenses and legal fees and expenses occasioned thereby.

(b) The Escrow Agent may act in reliance upon any signature believed by it to be genuine, and may assume that any person purporting to give any notice or receipt or advice or make any statements in connection with the provisions hereof has been duly authorized to do so.

(c) The Escrow Agent may act relative hereto in reliance upon advice of nationally recognized bond counsel in reference to any matter connected herewith, and shall not be liable for any mistake of fact or error of judgment, or for any acts or omissions of any kind, unless caused by its negligence or willful misconduct.

None of the provisions contained in this Escrow Agreement shall require the Escrow

Agent to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Prior Obligations shall be limited to the proceeds of the Government Obligations and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund, for the failure of the Government Obligations to provide amounts sufficient to pay the Prior Obligations, or any failure of the obligors of the Government Obligations to make timely payment thereon. The Escrow Agent makes no representations as to the value, condition or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

The Escrow Agent's liabilities and obligations in connection with this Escrow Agreement are confined to those specifically described herein

The recitals herein and in the proceedings authorizing the Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

(d) The Escrow Agent may resign and be discharged of its duties hereunder provided that: (i) it has given thirty (30) days written notice to the Issuer of such resignation; (ii) the Issuer has appointed a successor to the Escrow Agent hereunder; (iii) the Escrow Agent and the Issuer have received an instrument of acceptance executed by the successor to the Escrow Agent and (iv) the Escrow Agent has delivered to its successor hereunder all of the escrowed documents, Government Obligations, moneys and investments held by the Escrow Agent in the Escrow Fund. Such resignation shall take effect only upon the occurrence of all of the events listed in clauses (i) through (iv) above. Upon receipt by the Issuer of the written notice described in clause (i) above, the Issuer shall use its best efforts to obtain a successor to the Escrow Agent hereunder as soon as possible.

If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within 60 days after a vacancy shall have occurred, the owner of any Prior Obligation or the Escrow Agent may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Should the Escrow Agent consolidate, merge with, transfer or sell substantially all of its corporate trust business to any bank or banks, trust company or other banking institution, such consolidation, merger, transfer or sale shall in no way affect the rights of the parties hereto, or the owners of any of the Prior Obligations, and such succeeding corporation shall be the Escrow Agent under this Agreement, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Agreement to the contrary notwithstanding.

(e) To the extent permitted by law, the Issuer covenants and agrees to indemnify and save the Escrow Agent harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Agreement, excluding any losses or expenses which are due to the Escrow Agent's negligence or willful misconduct. The obligations of the Issuer under this Section 10 shall survive the resignation or removal of the Escrow Agent under this Agreement and the payment of the Prior Obligations and discharge under this Agreement.

(f) THE ESCROW AGENT SHALL NOT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (I) DAMAGES, LOSSES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES, LOSSES OR EXPENSES WHICH HAVE BEEN FINALLY ADJUDICATED TO HAVE DIRECTLY RESULTED FROM THE ESCROW AGENT'S NEGLIGENCE OR WILLFUL MISCONDUCT, OR (II) SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR LOSSES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

SECTION 11. Governing Law, Counterparts, Termination. This Escrow Agreement may be executed in several counterparts as part of one and the same instrument and shall be governed by the laws of the State of Idaho. This Escrow Agreement shall terminate when the principal of, and premium and interest on, all the said Prior Obligations has been paid.

SECTION 12. Amendments or Supplements. This Escrow Agreement shall not be repealed, revoked, rescinded, altered, amended or supplemented in whole or in part without the written consent of 100% of the then holders of the said unpaid Prior Obligations and the Bond Insurers for the Prior Obligations, and the written consent of the Escrow Agent; provided, however, that this Escrow Agreement may be amended with the consent of the Issuer and the Escrow Agent with written notice to Trustee for the Prior Obligations to correct, cure or supplement any ambiguous or defective provision in a manner not inconsistent with the security of the holders of the said Prior Obligations, upon delivery of an opinion of nationally recognized bond counsel satisfactory to the Issuer that such amendment will not adversely affect the exemption from federal income tax of the interest on either the Prior Obligations or the Bonds. The Escrow Agent shall give notice (including draft copies of such amendments) to the bond insurers of the Prior Obligations, Moody's Investors Service, Standard & Poor's or any other rating service then rating the Bonds or the Prior Obligations, as the case may be, of any amendment proposed pursuant to this Section if the Bonds or the Prior Obligations have been assigned a rating by either such agency.

SECTION 13. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement. In such event, the Escrow Agent shall give notice thereof to Moody's Investors Service and Standard and Poor's.

SECTION 14. Successors and Assigns and Bond Insurers are Third Party Beneficiaries. All of the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the Issuer or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not. The bond insurers for the Prior Obligations shall be deemed third party beneficiaries of this Escrow Agreement.

SECTION 15. Headings. Any headings preceding the text of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

SECTION 16. Notices. Any notices or communications to or among the Escrow Agent, the Issuer or the Trustee of Prior Obligations may be given as follows:

To the Issuer:

University of Idaho
Finance and Administration
Administration Building, Room 213
Moscow, Idaho 83844-3166
Attention: Vice President for Finance
and Administration
Telephone: (208) 885-6530 Fax: (208) 885-8931.

To the Escrow Agent:

Wells Fargo Bank, National Association
1700 Lincoln Street, 10th Floor
MAC C7300-107
Denver, Colorado 80203
Attn: Corporate Trust Department
Telephone: (303) 863-5235 Fax: (303) 863-5645

with a copy to:

Wells Fargo Bank, National Association
1300 SW 5th Ave.
MAC P6101-114
Portland, OR 97201
Attn: Corporate Trust Department
Telephone: (503) 886-1367 Fax: (503) 886-3300

To the Trustee of Prior Obligations:

Wells Fargo Bank, National Association
1700 Lincoln Street, 10th Floor
MAC C7300-107
Denver, Colorado 80203
Attn: Corporate Trust Department
Telephone: (303) 863-5235 Fax: (303) 863-5645

with a copy to:

Wells Fargo Bank, National Association
1300 SW 5th Ave.
MAC P6101-114
Portland, OR 97201
Attn: Corporate Trust Department
Telephone: (503) 886-1367 Fax: (503) 886-3300

Addresses for Bond Insurers shall be those on file with the Escrow Agent which is also Trustee for the Prior Obligations. Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By: ____________________________________
Bursar

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Escrow Agent

By: ____________________________________
AUTHORIZED OFFICER

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EXHIBIT "A"

Schedule of the Regents of the University of Idaho
Student Fee Refunding and Revenue Bonds, Series 2003

Maturity Date (April 1)	Par Amount	Initial Term Interest Rate	CUSIP
2014	$1,080,000	5.000%	914318 YS3
2022*	$4,465,000	4.750%	914318 YT1

*Term Bond, final maturity

NOTE: The above 2003 Bonds are in denominations of $5,000 each, or integral multiples thereof, and are not callable prior to April 1, 2013. The 2003 Bonds shall be redeemed at the redemption price of par plus accrued interest to the redemption date.

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EXHIBIT "B"

The Government Obligations set forth below shall be purchased pursuant to Section 3 of this Escrow Agreement.

SLGS Certificates	Investment Rate (SLGS)*	Issue Date	Maturity Date	Date of Series 2003 Redemption	Type of Security	Total Costs
$__________	___%	May, 7, 2013	October 1, 2013	October 1, 2013	___________	_____________

* 2-Month SLGS rate as of May 7, 2013[?]

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EXHIBIT "C"

FORM OF NOTICE OF REFUNDING

Regents of the University of Idaho
Student Fee Refunding and Revenue Bonds, Series 2003

NOTICE IS HEREBY GIVEN that, for the payment of the interest and principal of the above-designated Bonds, (the "Bonds") as are more fully described on Schedule "1" attached hereto, funds have been deposited in escrow with Wells Fargo Bank, National Association, which, except to the extent maintained in cash, have been invested in direct obligations of the United States of America. The projected principal payments to be received from such investments and the projected interest income therefrom have been calculated to be sufficient to pay the interest on all said Bonds through October 1, 2013, and to redeem on October 1, 2013, the Bonds which mature on April 1, 2014 and thereafter at the redemption price of 100% of the par amount thereof plus accrued interest to the date of redemption.

DATED this __________ day of May, 2013.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: ___________________________________
Authorized Officer

(The remainder of this page left blank intentionally.)

SCHEDULE "1"
TO NOTICE OF REDEMPTION

Regents of the University of Idaho
Student Fee Refunding and Revenue Bonds, Series 2003

Maturity Date (April 1)	Par Amount	Initial Term Interest Rate	CUSIP
2014	$1,080,000	5.000%	914318 YS3
2022*	$4,465,000	4.750%	914318 YT1

*Term Bond, final maturity

NOTE: The above 2003 Bonds are in denominations of $5,000 each, or integral multiples thereof, and are not callable prior to April 1, 2013 (for 2003 Bonds maturing on April 1, 2014 and thereafter). The 2003 Bonds shall be redeemed at the redemption price of par plus accrued interest to the redemption date.

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EXHIBIT "D"

NOTICE OF REDEMPTION
To the Owners of

Regents of the University of Idaho
Student Fee Refunding and Revenue Bonds, Series 2003

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the resolution adopted by the Regents of the University (the "Issuer") on November 22, 1991 as amended and supplemented by a supplemental resolution of the Issuer dated April 18, 2013 (collectively, the "Resolution"), authorizing the issuance of the Issuer's below described bonds (the "Bonds"). All of the following Bonds will be redeemed as provided in the Resolution on October 1, 2013 (the "Redemption Date"), at a redemption price equal to 100% of the par amount thereof plus accrued interest to the Redemption Date:

Maturity Date (April 1)	Par Amount	Interest Rate	CUSIP
2014	$1,080,000	5.000%	914318 YS3
2022*	$4,465,000	4.750%	914318 YT1

*Term Bond, final maturity

Interest on the Bonds to be redeemed shall cease to accrue from and after the Redemption Date.

Redemption of the Bonds is conditional upon receipt by the undersigned Paying Agent on or before the Redemption Date of the full amount of said redemption price. Upon presentation and surrender of the Bonds to be redeemed and receipt by Paying Agent of the full redemption price, the redemption price is due and payable and payment of the redemption price will be made.

Payment of the redemption price on the Bonds to be redeemed will be made upon presentation and on surrender of the Bonds on or before the Redemption Date at the office of WELLS FARGO BANK, NATIONAL ASSOCIATION, at the following addresses, based on the method of presentation:

Registered/Certified Mail:
Wells Fargo Bank, N.A.
Corporate Trust Operations
P.O. Box 1517
Minneapolis, MN 55480-1517

Air Courier:
Wells Fargo Bank, N.A.
Corporate Trust Operations
N9303-121
6th & Marquette Avenue
Minneapolis, MN 55479

In person:
Wells Fargo Bank, N.A.
Northstar East Building
608 2nd Ave. So., 12th Fl.
Minneapolis, MN

BY ORDER OF THE REGENTS OF THE UNIVERSITY OF IDAHO

____

By: WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee, Paying Agent and Registrar for the Bonds

EXHIBIT "E"

FEE SCHEDULE

University of Idaho

REFUNDING ESCROW

ESCROW AGENT FEE

ADMINISTRATIVE FEE (one time) payable at closing..$1,000.00

Plus out-of-pocket expenses, including but not limited to publication and other expenses of the notice and proceedings for redemption of Bonds, billed at the time such costs are incurred.

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Ballard Spahr LLP

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201 South Main Street
Salt Lake City, UT 84111-2221
TEL 801.531.3000
FAX 801.531.3001
www.ballardspahr.com

SKINNER FAWCETT LLP
LAW OFFICES

515 SOUTH 6TH STREET
P.O. BOX 700
BOISE, ID 83701-0700
TELEPHONE (208) 345-2663
FAX (208) 345-2668

ATTACHMENT 8

May __, 2013

University of Idaho
P.O. Box 443168
Moscow Idaho 83844-3168

RE: The Regents of the University of Idaho General Revenue and Refunding Bonds, Series 2013A and Taxable General Revenue Bonds, Series 2013B

We have acted as co-bond counsel to the Regents of the University of Idaho (the "Regents") in connection with the issuance by the Regents of their General Revenue and Refunding Bonds, Series 2013A (the "Series 2013A Bonds") and Taxable General Revenue Bonds, Series 2013B (the "Series 2013B Bonds," and together with the Series 2013A Bonds, the "Bonds"). The Bonds are being issued pursuant to (i) Title 57, Chapter 5 and Title 33, Chapter 38, Idaho Code, as amended and (ii) a Resolution, adopted by the Regents on November 22, 1991, as heretofore amended, supplemented, and restated, and as further supplemented and amended by a supplemental resolution of the Regents adopted on _______, 2013 (collectively, the "Resolution"). The Bonds are being issued (i) to provide funds to refund certain outstanding bonds issued by the Regents, (ii) to finance and refinance certain capital improvements of the University of Idaho (the "University"), and (iii) to pay costs of issuance associated with the Bonds. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

Our services as co-bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Bonds under the applicable laws of the State of Idaho and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing laws as follows:

The Resolution has been duly adopted by the Regents and constitutes a valid and binding obligation of the Regents enforceable upon the Regents.

The Resolution creates a valid lien on the amounts pledged thereunder for the security of the Bonds.

The Bonds are valid and binding limited obligations of the Regents, payable solely from the Pledged Revenues and other amounts pledged therefor under the Resolution.

Based on an analysis of currently existing laws, regulations, decisions and interpretations,

> interest on the Series 2013A Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2013A Bonds, assuming the accuracy of the certifications of the Regents and continuing compliance by the Regents with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2013A Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however interest on the Series 2013A Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder;
>
> interest on the Series 2013B Bonds is <u>not</u> excludable from gross income for federal income tax purposes; and
>
> interest on the Series 2013A Bonds is exempt from State of Idaho personal income taxes; however, interest on the Series 2013B Bonds is not.
>
> In rendering our opinion, we wish to advise you that:
>
> (i) The rights of the Owners of the Bonds and the enforceability thereof and of the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;
>
> (ii) We express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds; and

ATTACHMENT 8

(iii) Except as set forth above, we express no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on the Bonds.

Respectfully submitted,

SKINNER FAWCETT LLP

BALLARD SPAHR LLP

ATTACHMENT 8

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UNIVERSITY OF IDAHO

Attachment: Exterior Capital Improvement details

SUBJECT

Description of proposed 2013A bond three exterior campus capital improvement projects on the Moscow campus.

BACKGROUND/ DISCUSSION

The University desires to plan, design, and construct three campus exterior improvements at the Moscow campus. Each of the improvements are discussed below, and taken individually, each is below the cost threshold required for board authorization.

Campus Entry Signage

In 1999, the University established entry monuments at the intersection of Sweet Avenue and Highway 95, anticipating features of similar scale and permanence would be established at other major campus entries over time. The University finalized a campus signage master plan in 2010. This plan established a standard for signage on the main campus, as well as at remote locations throughout the state. The plan included details for all sign types, including concepts for other major campus entry signage.

In 2011, through a land swap, the University took ownership of the last of the railroad right of way adjacent to the campus, securing all the land fronting Highway 8 along the main campus's northern edge. Other campus improvements in this area in recent years include the new entry established at Stadium Drive, and the restoration of Paradise Creek to its historic channel.

This combination of events, and the fact that many first time and campus event visitors use the three major campus entries along Highway 8, highlights the need to provide incremental improvements to this historically barren and unattractive campus edge.

The University explored the feasibility for campus entry signage at Stadium Drive in 2010, with project costs estimated at $225,000. A project to upgrade all three entries on Highway 8 (i.e., Line Street, Stadium Drive, and Perimeter Drive) is currently estimated at $800,000. The project will include construction of brick-clad entry monuments with signage and the extension of campus amenities such as landscaping, irrigation, hardscape, lighting, and associated pedestrian scale enhancements, from the 'old' campus edge to the new.

General Campus Signage

In accordance with the signage master plan, the University has been installing new campus signage on a phased, incremental approach since 2010. Signage placed to date includes vehicular wayfinding, some exterior building signs on the main campus, and a limited number of building and location signs at various statewide sites. These signs are generally metal with vinyl lettering, mounted on a small concrete footing. Additional work remaining to be completed on the main campus includes more building identification signage, pedestrian wayfinding, campus directory maps, and parking lot signage. The additional work is estimated to cost $400,000.

Pedestrian Crossings

The University published an update to its Transportation Plan in 2011, following a multi-year internal effort engaging a wide cross-section of campus and community stakeholders. The plan identified a series of capital projects necessary to improve campus infrastructure, addressing automobile, bicycle, motorcycle, public transit, and pedestrian needs. High priority projects emerging from that process included improvements to two key pedestrian crossings of public streets passing through campus.

Sixth Street is a major east-west auto and bike transportation corridor through the City of Moscow and the University. This street bisects the main north-south pedestrian corridor of campus linking academic programs to the undergraduate housing and student recreation complex. The University undertook a feasibility study to explore means by which the heavy conflict between pedestrian and motorized traffic at this location can be improved.

A similar condition exists on Deakin Street, where north-south auto traffic conflicts with substantial east-west pedestrian crossings between the Student Union Building and the VandalStore, home to a recently constructed Starbucks outlet.

In both cases, recommended traffic calming measures emerging from the study included a raised table for the auto traffic, lane narrowing, lighting, signage, and colored hardscape. Improvements in these locations will require modification of drainage and stormwater services and may include campus pedestrian scale improvements in the form of plantings and exterior furniture. Improvements at each project location are estimated at $300,000, for a total project cost of $600,000.

In total, the Entry Monument, Campus Signage, and Pedestrian Crossing projects are expected to cost $1,800,000.

A rough timeline for the anticipated design and construction process follows:

April 2013	Regents authorize Series 2013A indebtedness for the three projects; Initiate design for each project
Fall 2013	Install campus signage Complete design for Pedestrian Crossings and Entry Monument Signage

Spring 2013	Begin construction for Pedestrian and Monument projects
Summer 2014	Complete construction

These projects directly support the University's strategic plan and its education, research, and outreach goals, and are fully consistent with the University's Long Range Campus Development Plan (LRCDP), the Campus Signage Master Plan, and the Campus Transportation Plan. There are necessary for the proper operation of the institution and economically feasible within the Series 2013A bond.

IMPACT

Anticipated Project

Funding		**Estimate Budget**	
State	$ 0	Construction	$ 1,500,000
Federal (Grant):	$ 0	A/E & Consultant Fees	$ 150,000
Other (UI/Bond)	$ 1,800,000	Contingency	$ 150,000
Private	$ 0		
Total	$ 1,800,000	Total	$ 1,800,000

The overall projected impact is $1,800.000.

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LEWIS-CLARK STATE COLLEGE

SUBJECT

Lewis-Clark State College (LCSC) requests Board approval to refinance the current interim financing for Clearwater Hall (residence facility)

REFERENCE

October 2004	LCSC informed Board of shortage of residence hall space for Lewiston campus.
December 2004	Board asked for needs analysis and competitive RFP.
January 2005	Board asked LCSC to explore possibility of having private firm(s) build new residence halls, and/or advantages of self-financing without a lease.
March 2005	Board approved sale of tax-exempt bonds to fund the construction of a residence hall; however, at Board request, LCSC postponed action until private firms had time to develop proposals.
October 2005	After LCSC was contacted by two firms (each proposing to fund and build a residence hall) the Board approved the sale of lots to provide land for private development of (College Place) residence hall.
June 2006	Board approved management agreement for the first of two privately-developed residence halls (College Place) located adjacent to Campus.
November 2006	Board approved management agreement for the second of two-privately built residence halls (Clearwater Hall) located in downtown Lewiston.
April 2008	Board authorized LCSC to make offer to purchase the residential portion of Clearwater Hall for the higher of \$3.8M or appraised value.
December 2008	Board authorized LCSC to purchase the entire facility (upstairs residential space, first-floor “commercial” space, furniture/fixtures/equipment, and land for \$4.5M, subject to subsequent Board approval of financing.
February 2009	Board authorized LCSC to obtain interim financing for \$4.5M from Wells Fargo for the purchase of the Clearwater Hall residential facility in Lewiston, Idaho.
June 2010	Board authorized LCSC to refinance the existing Wells Fargo note and consolidate two smaller notes, extending the due date to June 30, 2014.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/DISCUSSION

Lewis-Clark State College (LCSC) is seeking approval to refinance the existing note associated with the purchase of the Clearwater Hall residential facility. Approved by the Board in June, 2010, this financing was executed as a promissory note issued on June 23, 2010. The note carries a fixed rate of 3.51% and matures on June 30, 2014.

LCSC has received a proposal from Wells Fargo Bank N.A. to refinance this debt. With a current balance of approximately $3,100,000, the refinancing would carry a rate of 2.28%, fixed for a term of 60 months. Payments of principal and interest would be based upon a 10 year amortization, and total loan costs would be $1,000 plus document and legal expenses. Executed as a promissory note, this refinancing would extend the current financing agreement at a more favorable interest rate and would carry no prepayment penalties. The note would be secured by facility rental revenue.

Financial statement covenants of borrower for the refinancing would remain relatively unchanged, including:

- Unrestricted net liquid assets equal to or greater than $8,000,000
- Ratio of Total Liabilities to Net Worth – not greater than 1 to 1
- Debt coverage not less than 1.25 to 1

IMPACT

The proposed refinancing will allow LCSC to lower its interest rate while extending the due date of the current note until 2018, thus avoiding a balloon payment due in June, 2014. Total interest savings over 5 years will be approximately $178,000.

ATTACHMENTS

Attachment 1: Board Authorizing Resolution	Page 5
Attachment 2: Wells Fargo Commitment Letter	Page 9
Attachment 3: New Note Amortization Schedule	Page 11
Attachment 4: Amended and Restated Loan Agreement	(To be provided)
Attachment 5: Promissory Note	(To be provided)

STAFF COMMENTS AND RECOMMENDATIONS

The proposed refinancing would provide more favorable interest rates than the current note carries and extend the due date for an additional four years beyond the current June 30, 2014 due date, with no prepayment penalty.

The loan agreement contains certain financial covenants, and the College has confirmed with staff that it currently satisfies these financial benchmarks as shown in **bold** below and is positioned to continue to do so during the term of the loan.

- Unrestricted Net Liquid Assets > 8,000,000

  $21,892,093 per 6/30/12 Balance Sheet

- Total Liabilities/Net Assets < 1:1

  13,514,128/66,988,919 = **.20:1**

- Debt Coverage ratio >1.25:1.0

Net Income	5,405,757 (net increase in assets per letter)
Depreciation	2,426,169
Interest Exp.	291,284
	8,123,210
Debt Maturities	950,294 (as of 6/30/12)
Ratio:	**8.55:1.0**

This request to refinance presents an opportunity for the College to restructure existing debt at a favorable rate and term. Staff recommends approval.

BOARD ACTION

I move to approve the request by Lewis-Clark State College to refinance the current promissory note financing for the Clearwater Hall residence facility through a new note from Wells Fargo Bank, N.A., for an amount not to exceed $3,100,000 at 2.28% interest for a period of 5 years, to approve the Board Authorizing Resolution, and to authorize the College's Vice President for Finance & Administration to execute all necessary documents pertaining to the transaction.

Motion by ______________ Seconded by ____________ Carried Yes ___No___

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AUTHORIZING RESOLUTION

A RESOLUTION OF THE STATE BOARD OF EDUCATION ACTING AS THE BOARD OF TRUSTEES OF LEWIS-CLARK STATE COLLEGE, AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LOAN AGREEMENT AND A PROMISSORY NOTE WITH WELLS FARGO BANK, NATIONAL ASSOCIATION AND RELATED DOCUMENTS WITH RESPECT TO THE REFINANCING OF THE ACQUISITION OF A FACILITY FOR STUDENT RESIDENTIAL HOUSING; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, THE STATE BOARD EDUCATION ACTING AS BOARD OF TRUSTEES OF LEWIS-CLARK STATE COLLEGE (the “College”), a body politic and corporate and institution of higher education duly organized, existing and authorized by the Constitution and laws of the State of Idaho, is authorized to borrow money and issue notes or bonds to finance and refinance the acquisition of facilities for student residential housing and other College programs in Lewiston, Idaho through promissory notes (the “Project”); and

WHEREAS, the College desires to refinance a certain prior promissory note for the Project through an Amended and Restated Loan Agreement (the “Agreement”) and Promissory Note (the “Note”) in the amount of up to $3,100,000 and at a projected rate of interest of 2.28% as described in the Commitment Letter from Wells Fargo Bank, National Association (the “Bank”), evidencing a loan commitment for the Project;

WHEREAS, in order to refinance the Project, the College proposes to enter into an Agreement, Note and related documents with the Bank (the “Financing Documents”), the form of which have been presented to the Board of Trustees at this meeting; and

WHEREAS, the Board of Trustees of the College deems it for the benefit of the College and for the efficient and effective administration thereof to enter into the Financing Documents on the terms and conditions therein provided;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE BOARD OF TRUSTEES OF LEWIS-CLARK STATE COLLEGE as follows:

Section 1. Approval of Documents.

The form, terms and provisions of the Financing Documents are hereby approved in substantially the forms presented at this meeting; and the Bursar of the College is hereby authorized and directed to execute the Financing Documents and to deliver the Financing Documents to the respective parties thereto.

Section 2. Other Actions Authorized.

The officers and employees of the College shall take all action necessary or reasonably required by the parties to the Agreement and all related documents to carry out, give effect to and consummate the transactions contemplated thereby and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Agreement.

Section 3. Severability.

If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 4. Repealer.

All bylaws, orders and resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 5. Effective Date.

This Resolution shall be effective immediately upon its approval and adoption.

ADOPTED AND APPROVED by the BOARD OF TRUSTEES LEWIS-CLARK STATE COLLEGE this 18th day of April, 2013.

THE BOARD OF TRUSTEES OF LEWIS-CLARK STATE COLLEGE

By:_____________________________

Printed Name:___________________

Title: President, State Board of Education and Board of Trustees of Lewis-Clark State College

By: _______________________________________
Name: Chet Herbst
Title: Bursar

ATTEST:

By:__________________________________

Printed Name:_________________________
Title: Secretary of the Board

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WELLS FARGO

Business Banking Center
MAC P1906-011
221 South Main Street
Moscow, ID 83843
208 883-5625
208 883-1017 Fax

March 14, 2013

Jeff Phelps
Controller
Lewis-Clark State College
500 8th Avenue
Lewiston, ID 83501

RE: LETTER OF INTEREST – $3,100,000 TERM LOAN

Dear Jeff:

Wells Fargo is pleased to inform you that based on our discussions; we are willing to issue this Letter of Interest subject to the following terms and conditions:

1)	**BORROWER:**	Lewis-Clark State College
2)	**PURPOSE:**	Renewal of Promissory Noted dated 6-23-2010 finance the reimbursement or payment of Borrower's purchase of real property, equipment and other capital expenditures for student housing program.
3)	**COMMITMENT:**	$3,100,000
4)	**TERM/MATURITY:**	Maturity – 5 years, Amortization 10 years
5)	**INTEREST RATE:**	Bank Qualified Tax-Exempt 2.28%

The interest rate is subject to change until entering into an agreement. The rate would be ¼% higher <u>without automatic payment.</u>

6)	**PAYMENTS:**	Monthly principal and interest payments.
7)	**COLLATERAL:**	Pledge of Borrower's Net Fees relating to the housing facilities being financed.
8)	**FEE STRUCTURE:**	$1,000.00
9)	**OTHER TERMS:**	Tax Status/Legal Opinion – Execution of satisfactory documentation and all other legal documents usual and customary for a transaction of this type. Borrower agrees to cooperate with Wells Fargo Bank, N.A. in providing evidence as deemed necessary or desirable by Wells Fargo Bank, N.A. to substantiate the tax-exempt status, including a legal counsel opinion. Opinion would also address authority to borrow and authorized signer(s). Borrower agrees to pay all fees, including but not limited to, legal fees and closing fees. Approval from the State Board of Education. Borrower would sign a Borrowing Resolution and other documents requested by Wells Fargo Bank, N.A.

Prepayment penalty: No prepayment penalty.

Audited financial statements to be provided annually within 180 days after fiscal year end.

The ratio of total liabilities to net assets shall not exceed 1 to 1 as measured annually based on the annual audited financial statements.

Maintain Unrestricted Net Liquid Assets identified in the Statement of Net Assets in the Borrower's annual audited financial statements of $8,000,000.00 minimum.

Maintain a Debt Coverage Ratio of not less than 1.25 to 1.0 measured annually based on the annual audited financial statements. Debt Coverage Ratio is defined as the sum of net increase in assets (net income) plus depreciation expense, amortization expense, and interest expense divided by the sum of current maturities of long-term debt plus interest expense.

This letter should not be construed as a commitment by the Bank to lend money, but rather a basis for further discussion. Loan approval is subject to receiving a formal loan application and bank review and financial analysis of the request.

We sincerely appreciate the opportunity to provide you with these terms for your consideration. Please feel free to call me at 883-5630 should you have any questions or concerns relative to anything stated in this letter.

Sincerely,

John

John P. McCabe
Vice President

LEWIS-CLARK STATE COLLEGE
WELLS FARGO NOTE AMORTIZATION SCHEDULE (Approx)

TERM IN MONTHS:	60
ANNUAL INTEREST RATE:	2.28%
PAYMENT:	28,914.57

PAYMENT	INTEREST	PRINCIPAL	BALANCE
Refinanced Beginning Balance (Approx)			3,100,000.00
1	5,890.00	23,024.57	3,076,975.43
2	5,846.25	23,068.32	3,053,907.11
3	5,802.42	23,112.15	3,030,794.97
4	5,758.51	23,156.06	3,007,638.91
5	5,714.51	23,200.06	2,984,438.85
6	5,670.43	23,244.14	2,961,194.72
7	5,626.27	23,288.30	2,937,906.41
8	5,582.02	23,332.55	2,914,573.87
9	5,537.69	23,376.88	2,891,196.99
10	5,493.27	23,421.30	2,867,775.69
11	5,448.77	23,465.80	2,844,309.90
12	5,404.19	23,510.38	2,820,799.51
13	5,359.52	23,555.05	2,797,244.46
14	5,314.76	23,599.81	2,773,644.66
15	5,269.92	23,644.65	2,750,000.01
16	5,225.00	23,689.57	2,726,310.44
17	5,179.99	23,734.58	2,702,575.86
18	5,134.89	23,779.68	2,678,796.19
19	5,089.71	23,824.86	2,654,971.33
20	5,044.45	23,870.12	2,631,101.21
21	4,999.09	23,915.48	2,607,185.73
22	4,953.65	23,960.92	2,583,224.81
23	4,908.13	24,006.44	2,559,218.37
24	4,862.51	24,052.06	2,535,166.31
25	4,816.82	24,097.75	2,511,068.56
26	4,771.03	24,143.54	2,486,925.02
27	4,725.16	24,189.41	2,462,735.61
28	4,679.20	24,235.37	2,438,500.23
29	4,633.15	24,281.42	2,414,218.81
30	4,587.02	24,327.55	2,389,891.26
31	4,540.79	24,373.78	2,365,517.48
32	4,494.48	24,420.09	2,341,097.40
33	4,448.09	24,466.48	2,316,630.91
34	4,401.60	24,512.97	2,292,117.94
35	4,355.02	24,559.55	2,267,558.39

LEWIS-CLARK STATE COLLEGE
WELLS FARGO NOTE AMORTIZATION SCHEDULE (Approx)

TERM IN MONTHS:	60
ANNUAL INTEREST RATE:	2.28%
PAYMENT:	28,914.57

PAYMENT	INTEREST	PRINCIPAL	BALANCE
36	4,308.36	24,606.21	2,242,952.19
37	4,261.61	24,652.96	2,218,299.22
38	4,214.77	24,699.80	2,193,599.42
39	4,167.84	24,746.73	2,168,852.69
40	4,120.82	24,793.75	2,144,058.94
41	4,073.71	24,840.86	2,119,218.08
42	4,026.51	24,888.06	2,094,330.03
43	3,979.23	24,935.34	2,069,394.69
44	3,931.85	24,982.72	2,044,411.97
45	3,884.38	25,030.19	2,019,381.78
46	3,836.83	25,077.74	1,994,304.03
47	3,789.18	25,125.39	1,969,178.64
48	3,741.44	25,173.13	1,944,005.51
49	3,693.61	25,220.96	1,918,784.55
50	3,645.69	25,268.88	1,893,515.67
51	3,597.68	25,316.89	1,868,198.78
52	3,549.58	25,364.99	1,842,833.79
53	3,501.38	25,413.19	1,817,420.60
54	3,453.10	25,461.47	1,791,959.13
55	3,404.72	25,509.85	1,766,449.28
56	3,356.25	25,558.32	1,740,890.97
57	3,307.69	25,606.88	1,715,284.09
58	3,259.04	25,655.53	1,689,628.56
59	3,210.29	25,704.28	1,663,924.29
60	3,161.46	1,663,924.29	-