



Trustees of Boise State University
Trustees of Idaho State University
Trustees of Lewis-Clark State College
Board of Regents of the University of Idaho
State Board for Career Technical Education

**STATE BOARD OF EDUCATION
December 5, 2017
Office of the State Board of Education
Len B. Jordan Building, 3rd Floor
Boise, Idaho**

A special meeting of the State Board of Education was held December 5, 2017 in the large conference room of the Office of the State Board of Education, Len B. Jordan Building, in Boise, Idaho. Board President Linda Clark presided and called the meeting to order at 11:00 am Mountain Time.

A roll call of members was taken.

Present:

Dr. Linda Clark, President
Debbie Critchfield, Vice President
Dr. David Hill, Secretary
Emma Atchley

Andrew Scoggin
Don Soltman
Richard Westerberg

Absent

Sherri Ybarra, State Superintendent

BUSINESS AFFAIRS AND HUMAN RESOURCES (BAHR)

1. Graduate Medical Education (GME) 10-year Plan and FY2019 Line Items

BOARD ACTION

M/S (Westerberg/Hill): To approve the ten-year strategic plan for Graduate Medical Education in Idaho, as provided in Attachment 1. The motion carried 7-0. Superintendent Ybarra was absent from voting.

AND

M/S (Westerberg/Atchley): To approve the updated FY2019 Line Item requests corresponding to the ten-year Graduate Medical Education plan, as provided in Attachment 2. The motion carried 7-0. Superintendent Ybarra was absent from voting.

Business Affairs and Human Resources (BAHR) Committee Chair, Mr. Richard Westerberg, introduced the item. He then asked the Board's Chief Financial Officer, Mr. Chet Herbst, to provide an overview of the Graduate Medical Education (GME) plan and proposed changes to the line item request.

Mr. Herbst shared with members of the Board the proposed 10-year Graduate Medical Education (GME) plan will help to address Idaho's critical healthcare needs and that failure to take timely and concrete action would have a negative impact on the overall growth and viability of the Gem State. He continues the location of where an individual conducts their post medical school training is the primary factor when determining where one establishes their medical practice and that Idaho ranks 49th in the nation for the number of physicians per 100,000 residents and that more than 27% of the current physician population in Idaho is aged 65 or older and nearing or eligible for retirement.

Mr. Herbst continues the 10-year GME plan would benefit communities throughout the state, primarily in rural areas and would increase the number of residency programs in Idaho from nine to 21, the number of Residents and Fellows training in Idaho from 141 to 356 and the number of graduates from the pipeline each year from 52 to 124. Mr. Herbst continues the line item request for FY2019 totaled \$5.239 million to be followed by smaller increases in successive years averaging \$1.63 million per year. He shares each of the 2,000 residents/fellows produced by the plan would generate an estimated 10 additional jobs, \$1.3 million in economic impact and \$50,000 in additional state and local taxes. Finally, the total economic impact for the state would be a minimum of \$1.3 billion.

At this time Board member Critchfield asked how decisions of where to expand the program were made to which Mr. Herbst responded participating units in the state were polled on their ability to proceed with the plan and from these responses a feasible, statewide plan was developed.

Mr. Herbst then shared with Board members a summary of the line item requests stating that based upon earlier drafts of the 10-year plan, the Board submitted FY2019 line item requests for Health Education Programs which included \$5.239 million in new funding to support various components of the plan. He continues that since submission of the first GME-related line item requests, a number of the components of the plan have been adjusted to reflect the latest timelines of participating organizations and fine-tuning to individual budget needs for FY2019. Additionally, two components of the overall plan, support of a standing GME Council and incorporation of the Internal Medical Residency element, have been included since the line items based on the earliest drafts of the plan were submitted.

Finally, Mr. Herbst states this is a critically needed program and one with wide support from Idaho's medical community, the Governor's Office, and the Department of Health and Welfare.

There were no additional questions or comments from the Board.

2. Idaho State University – Idaho College of Osteopathic Medicine (ICOM) Ground Lease

BOARD ACTION

M/S (Westerberg/Hill): To approve the request by Idaho State University to execute the amendment to the Ground Lease with the Idaho College of Osteopathic Medicine as presented in Attachment 1. The motion carried 7-0. Superintendent Ybarra was absent from voting.

Business Affairs and Human Resources (BAHR) Committee Chair, Mr. Richard Westerberg, introduced the item reminding Board members Idaho State University (ISU) and the Idaho College of Osteopathic Medicine (ICOM) entered into a Ground Lease on September 15, 2016 which included terms regarding mortgage financing and that ICOM will finance its operations, in part, with publicly-sold securities involving several lenders. He continues the current mortgage financing language contained in the Ground Lease is not adequate for the sale of public securities and, as a result, an amendment is necessary to ensure that financing can be secured. He then invited General Counsel for Idaho State University, Ms. Joanne Hirase-Stacey to provide an overview of the changes to Board members.

Ms. Hirase-Stacey shares with Board members that funding for the Idaho College of Osteopathic Medicine is a combination of private and public sources. She continues Rice University and the Burrell Foundation have provided private funds totaling approximately \$50 million and that ICOM is ready to market their bonds to secure the remainder of their financing, however, amendments to the ground lease are necessary in order for ICOM to go out to market.

She continues the first amendment to the Ground Lease is to Section 18 – Destruction of Leased Premises or Lessee Building. Currently this section states that if there is a casualty to the building and ICOM decides not to continue the lease, then ISU could request the building be demolished and the ground returned to the original condition. The proposed amendment would provide for the mortgage finance documents to take precedence over the ground lease however, Board staff has expressed concern this would leave ISU without recourse and responsible for the building demolition and clean-up and restoration. Ms. Hirase-Stacey then states that Section 32 – Disposition of Lessee Building Upon Lease Termination requires ISU to put in writing that ICOM be responsible for demolition of the building and returning the ground to its previous condition with 180 days using non-insurance money and that it is her opinion this protects ISU from the concerns put forth by Board staff.

The second amendment to the Ground Lease is to Section 19 – Eminent Domain. Ms. Hirase-Stacey shares changes to this section include minor changes to the language from lessee building to lessee property. She states ICOM will be including financing for certain pieces of equipment within the lease and the definition change will encompass the building and equipment financed through public bonds.

The final changes to the Ground Lease are to Section 30 – Mortgage Financing. Ms. Hirase-Stacey states the original ground lease was written in anticipation of a single lender, however, the project will now have several lenders, requiring a change to the current language to accommodate this fact. She continues the language is common to agreements of this type and that the Department of Public Works (DPW) has reviewed the language and found no concerns with the changes to this section as well as sections 18 and 19. Additionally, ISU has requested inclusion of language that if the project were to go in to foreclosure, the subsequent purchaser would be required to pay all of the base land costs that were unpaid by ICOM. Additionally, ISU would have the opportunity to hire a temporary operator for the building and any expenses incurred by ISU would be paid by the subsequent purchaser.

At this time Board member Clark asked how ICOM was able to begin construction of the building prior to going out for bonding to which Ms. Hirase-Stacey responded through the private funds made available by Rice University and the Burrell Foundation.

Board member Clark then shared her concerns with the lack of available parking on the site and asked if any arrangements have been made through the ground lease agreement to address this. Associate Dean for Clinical Research for Idaho State University Division of Health Sciences, Dr. Rex Force, acknowledged parking would become an issue should ICOM be at full occupancy and that currently ICOM is sharing parking with the site's other occupant, the West Ada School District. He continues ICOM has also been granted access to an additional parking lot adjacent to the property adding the parking needs for both ISU and ICOM are currently being met without adversely affecting the West Ada School District. He then states both ICOM and ISU are actively exploring a long term solution to the parking issues that will ultimately come about once ICOM and ISU are operating at full capacity.

There were not additional questions or comments from the Board.

OTHER BUSINESS

There being no further business, a motion to adjourn was entertained.

M/S (Scoggin/Critchfield): To adjourn the meeting at 11:27 am (MDT). The motion carried 7-0. Superintendent Ybarra was absent from voting.