

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
DECEMBER 5, 2017**

---

<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>1</b>	Graduate Medical Education Ten Year Plan and FY2019 Line Item Request Amendment	Motion to Approve
<hr/>		
<b>2</b>	<b>IDAHO STATE UNIVERSITY</b> Idaho College of Osteopathic Medicine Ground Lease Amendment	Motion to Approve

---

THIS PAGE INTENTIONALLY LEFT BLANK

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
DECEMBER 5, 2017**

---

**SUBJECT**

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

**REFERENCE**

January 2009	Idaho State Board of Education (Board) approved recommendations from the report of the Board's Medical Education Committee (MEC) and forwarded report to the Governor and Legislature
April 2009	Board approved implementation of ten recommendations from the MEC report
August 2012	Board received update and discussed status of implementation of the MEC's recommendations
December 2016	Board accepted the findings and recommendations of its MEC and forwarded the report to the Governor
August 2017	Board approved FY2019 line item request for Health Education Programs which included \$5.239 million in additional funding to launch a 10-year, comprehensive GME plan

**APPLICABLE STATUTE, RULE, OR POLICY**

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

**BACKGROUND/DISCUSSION**

At the December 2017 Board meeting, the Board accepted findings and recommendation of it's Medical Education Study Committee and forwarded the recommendations to the Governor for consideration. For the 2017 Legislature the Governor proposed funding for medical education initiatives derived from the Board's December 2016 MEC report for the FY2018 budget. In response to the Governor's budget initiative, the Legislature appropriated \$2.425 million for FY2018 to expand GME residency training and authorized the Board to hire a GME coordinator to develop a 10-year GME plan.

Dr. Ted Epperly (CEO, Family Medical Residency of Idaho) assumed duties as the Board's GME Coordinator on July 1, 2017. He has worked closely with Board Staff, the Governor's Office, medical centers/programs throughout Idaho, and other key stakeholders in Idaho's medical community to carry forward the GME initiatives launched by the Governor and Legislature in FY2018, and he has coordinated the development a comprehensive 10-year plan to sustain and expand GME and associated medical services in Idaho. After much work by medical providers and administrators throughout the state, the draft 10-year plan, provided at Attachment 1, is ready for the Board's review and approval

Based on earlier drafts of the 10-year plan, the Board submitted FY2019 line item requests for Health Education Programs which included \$5,239,000 in new funding

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**DECEMBER 5, 2017**

---

to support the various components of the plan, identifying the resources that would be required for implementation of the first year of the 10-year plan, if the plan were to be subsequently accepted by the Board, Governor, and Legislature. Since the 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. While the \$5.239 million “bottom line” for the FY2019 GME plan request has not changed, there have been realignments of several components as scope and/or implementation dates have been adjusted. Two components of the overall plan (support of a standing GME Council and incorporation of the Internal Medicine Residency element) have been included since the line items based on the earliest drafts of the plan were submitted. The Division of Financial Management (DFM) and Legislative Services Office (LSO) have been kept in the loop as the plan and budgeting documents have been refined, in anticipation that the Board will be ready to review and approved the updated Line Item requests provided in Attachment 2.

The draft 10-year plan has received strong support from the medical community throughout Idaho. The Idaho Medical Association is consolidating letters of support from statewide stakeholders, and, subject to Board approval of the plan, will assist in educating lawmakers on the critical need for the GME initiatives within the plan.

**IMPACT**

Upon implementation, the proposed plan would enable Idaho to make marked, positive progress from its current ranking as 49<sup>th</sup> among U.S. states in terms of physicians per capita and medical residents per capita (as shown in Attachment 3). It will enable the state to accommodate the recent expansion of undergraduate medical education pipelines. It would sustain support for residency programs throughout Idaho and would enable current and new residency programs to significantly expand production of physicians, with a focus on underserved rural areas. The plan would increase the number of residency programs in Idaho from (the current) nine to 21, serving all areas of the state. The number of Residents and Fellows training in Idaho per year would increase from 141 to 356, and the number of graduates from the pipeline would increase from 52 to 124 per year (a 237% increase). Seventeen new residency positions will be created in the first year of the plan (FY2019).

Implementation of the plan would require an additional \$5.239 million in FY2019, with smaller annual increases over the succeeding nine years of the plan as additional programs are added to the pipeline. The average annual budget request increases over the 10-year plan is \$1.63 million per year. The projected return on investment is significant. Each of the 2,000 residents/fellows produced by the plan will generate an estimated 10 additional jobs, \$1.3 million in economic impact, and \$50,000 in additional state and local taxes. The total economic impact for the state

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
DECEMBER 5, 2017**

---

(assuming “worst case” of only 50% retention rate of physicians remaining within Idaho) is \$1.3 billion.

**ATTACHMENTS**

Attachment 1 – Proposed GME 10-year plan	Page 5
Attachment 2 – Workgroup Grid	Page 55
Attachment 3 – Idaho national ranking for physicians per capita	Page 83

**STAFF COMMENTS AND RECOMMENDATIONS**

The proposed 10-year GME plan will help Idaho address the state’s critical healthcare needs. Failure to take timely, concrete action would have a negative impact on the overall growth and viability of the Gem State. The proposed plan would put Idaho on a positive trajectory to support the well-being of its citizens.

An executive overview of the 10-year plan and its key components will be provided by Board Staff and the GME Coordinator. Staff recommends approval of the proposed 10-year plan and the associated updated Line Item requests.

**BOARD ACTION**

I move to approve the ten-year strategic plan for Graduate Medical Education in Idaho, as provided in Attachment 1.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

AND

I move to approve the updated FY2019 Line Item requests corresponding to the ten-year Graduate Medical Education plan, as provided in Attachment 2.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

THIS PAGE INTENTIONALLY LEFT BLANK

DRAFT 9.0 NOVEMBER 30, 2017

# Graduate Medical Education in Idaho:

## A Ten Year Strategic Plan

---

Ted Epperly, MD  
Idaho SBOE GME Coordinator

## Table of Contents

<b>Executive Summary</b>	Page 4
<b>Introduction</b>	Page 6
<b>Background</b>	Page 8
<b>Purpose</b>	Page 9
<b>Goals</b>	Page 10
<b>Current GME in Idaho</b>	Page 10
<b>Figure 1: Program &amp; Fellowship Locations (2017)</b>	Page 11
<b>Table 1: Residency and Fellowship Programs in Idaho</b>	Page 12
<b>GME Expansion Plan in Idaho</b>	Page 12
<b>1. Family Medicine Residency of Idaho</b>	Page 12
<b>Table 2: FMRI Ten Year Strategic Graduate Medical Education (GME) Growth Plan</b>	Page 13
<b>2. Idaho State University Family Medicine Residency</b>	Page 14
<b>Table 3: ISU Ten Year Strategic Graduate Medical Education Growth Plan</b>	Page 15
<b>3. Kootenai Health Family Medicine Residency</b>	Page 15
<b>Table 4: Kootenai Health Family Medicine Coeur d' Alene Residency Ten Year Strategic Graduate Medical Education Growth Plan</b>	Page 15
<b>4. University of Washington (UW) Internal Medicine and Preliminary Medicine Residency</b>	Page 16
<b>Table 5: UW – IM/Preliminary/Chief Residents Ten Year Strategic Graduate Medical Education Growth Plan</b>	Page 16
<b>5. UW Psychiatry</b>	Page 17
<b>Table 6: UW Psychiatry Ten Year Strategic Graduate Medical Education Growth Plan</b>	Page 17
<b>6. Bingham Internal Medicine Residency</b>	Page 17
<b>Table 7: Bingham Internal Medicine Ten Year Strategic Graduate Medical Education Growth Plan</b>	Page 18



<b>7. Eastern Idaho Regional Medical Center</b>	<u>Page 18</u>
<b>Table 8:</b> Eastern Idaho Regional Medical Center Ten Year Strategic Graduate Medical Education Growth Plan	<u>Page 18</u>
<b>8. University of Utah/ISU Psychiatry Program</b>	<u>Page 20</u>
<b>Table 9:</b> University of Utah/ISU Ten Year Strategic Graduate Medical Education Growth Plan	<u>Page 20</u>
<b>Summary of GME Residency Full Time Equivalent Growth</b>	<u>Page 20</u>
<b>Figure 2:</b> Program and Fellowship Locations (2027)	<u>Page 21</u>
<b>Table 10:</b> Ten Year Strategic Graduate Medical Education Growth Plan for Idaho	<u>Page 22</u>
<b>Table 11:</b> Current and New Program Growth	<u>Page 23</u>
<b>Timeline</b>	<u>Page 24</u>
<b>Table 12:</b> Ten Year Timeline of <u>NEW</u> Graduate Medical Education Program Resident / Fellow Full Time Equivalent Development and Expansion	<u>Page 24</u>
<b>Sustainability</b>	<u>Page 25</u>
<b>Criteria for Consideration for GME Program Selection for Idaho State Funding</b>	<u>Page 26</u>
<b>Synchronization with Under Graduate Medical Education</b>	<u>Page 27</u>
<b>Table 13:</b> Number of Medical Students in Medical Schools with Close Connections to Idaho	<u>Page 27</u>
<b>Budget</b>	<u>Page 27</u>
<b>Figure 3:</b> Resident Funding per Year by Institution	<u>Page 29</u>
<b>Table 14:</b> FMRI Growth and State Budget Request	<u>Page 30</u>
<b>Table 15:</b> ISU FMR Growth and State Budget Request	<u>Page 31</u>
<b>Table 16:</b> KHFMR Growth and State Budget Request	<u>Page 31</u>
<b>Table 17:</b> UW Internal Medicine/Preliminary Year/Chief Residents Budget Request	<u>Page 32</u>
<b>Table 18:</b> UW Psychiatry Budget Request	<u>Page 32</u>
<b>Table 19:</b> Bingham Internal Medicine Budget Request	<u>Page 32</u>

<b>Table 20:</b> Eastern Idaho Regional Medical Center Budget Request	Page 33
<b>Table 21:</b> University of Utah / ISU Psychiatry Budget Request	Page 33
<b>Total GME Maintenance and Expansion Over Ten Years</b>	Page 34
<b>Graduate Medical Education Council</b>	Page 34
<b>Additional Items to Grow Idaho's Health Workforce</b>	Page 35
<b>WICHE Mental Health Psychology Internships</b>	Page 35
<b>Pharmacy Residencies</b>	Page 35
<b>Capital Requests</b>	Page 36
<b>Idaho College of Osteopathic Medicine</b>	Page 36
<b>Ten Year Budget Request Summary</b>	Page 37
Expansion of GME	Page 37
Maintenance and Stabilization of Current Operations	Page 37
Graduate Medical Education Council	Page 37
Additional Items to Grow Idaho's Health Workforce	Page 38
<b>Total Ten year Graduate Medical Education Request</b>	Page 38
<b>Budget Requested Per Program per Fiscal Year</b>	Page 39
<b>Table 22:</b> Budget Request per Program per Fiscal Year	Page 39
Family Medicine Residency	Page 39
Idaho State University	Page 40
Kootenai Medical Center	Page 40
University of Washington Internal Medicine/Preliminary/Chief Residents	Page 41
University of Washington Psychiatry	Page 41
RVU – Bingham	Page 42
Eastern Idaho Regional Medical Center	Page 42
University of Utah / ISU	Page 43
Miscellaneous	Page 43
Summary	Page 44
<b>Figure 4:</b> Ten Year GME Growth and Additional Providers Trained	Page 46
<b>Barriers</b>	Page 46
<b>GME Program Outcome Metrics for Success</b>	Page 46
<b>Summary and Impact</b>	Page 47
<b>Table 23:</b> Ten Year Growth in Graduate Medical Education Programs, Residents and Fellows, and Cost to Idaho's Legislature	Page 48

## Executive Summary

Idaho faces a significant challenge with producing and ensuring a well-trained physician workforce for the future. Our state currently ranks 49<sup>th</sup> in the United States for active physicians per 100,000 citizens, 46<sup>th</sup> in the U.S for primary care physicians per 100,000 citizens and 49<sup>th</sup> in the U.S. for the number of resident physicians per 100,000 with only 6.7 resident physicians per 100,000 people (1). This low ratio of resident physicians to state population places Idaho at 419% below the national median of 28.1 resident physicians per 100,000. Additionally 27% of Idaho's physicians are over age 60 and will be retiring in the next decade (1).

Graduate Medical Education (GME) is the physician training period after medical school and before independent practice. Where physicians do their residency training is highly correlated with where they will stay and practice medicine. Studies have shown that 50-75% of residents will stay within 100 miles of their residency training location. Therefore the development and expansion of GME programs must become a priority for Idaho **NOW** to address Idaho's understaffed and aging physician workforce. The enclosed Ten Year Graduate Medical Education Strategic Plan for Idaho lays out a thoughtful, achievable, and bold plan to expand existing programs and to create new GME programs. This plan builds a sustainable foundation for existing programs and creates the infrastructure for new GME programs using a consistent methodology that has programs, their sponsoring institutions and the State of Idaho as partners in this effort.

The Ten Year Plan will grow GME programs in Idaho from 9 to 21 programs (222% increase). The plan will increase the residents and fellows in training from 141 currently to 356 (252% increase) and the number of graduates each year from Idaho's GME programs from 52 to 124 (237% increase).

The price tag to Idaho will be \$5,239,000 in additional funding for FY2019, with smaller increases over the next nine years of the plan. By the end of the plan, annual spending will have increased by \$16,349,000 compared to FY2018 state funding levels. Average annual funding increase requests over the ten years of the plan will be \$1.63 million per year. The plan will enable 1,480 additional physicians to be trained in Idaho over the next ten years, bringing the ten year total to 2000 physicians who will be residency-trained in Idaho over this time period. This GME expansion will increase the number of resident per 100,000 citizens from 6.7 to 17.7 (bringing Idaho closer to the national average of 28.1). State funds (covering one third of the total cost of the effort) will be matched by sponsoring organizations and program revenues which will cover two-thirds of the cost of the plan. The plan, when implemented, is expected to have a positive economic impact of \$1.3 billion dollars and will generate 10,000 new jobs throughout Idaho. (2)

(1) Association of American Medical Colleges Physician State Data Book, November 2017

(2) The Economic Impact of Physicians in Idaho; American Medical Association Report, March 2014

The Ten Year Plan details the programs, the timed roll out and the budget for this plan. The plan also develops a GME Council within the State Board of Education for implementation and sustainability of the plan as well as additional healthcare programs in psychology and pharmacy. The State of Idaho will become responsible for only one-third of these programs developmental and sustainment costs.

The plan addresses the sustainability of current and future GME programs and their sponsoring institutions which will incur 67% of the costs. Additionally the plan develops six metrics to ensure that the programs produce high quality, well-trained physicians with 50% or greater staying in Idaho and 30% of those being in rural and underserved Idaho. The projected economic impact of \$1.3 billion and an ROI of 10.9 to 1 in revenues/expenses are based on a 50% in-state retention of trained residents after completion of their GME programs.

Finally, this plan has been discussed in detail with all GME programs in the State as well as the medical schools that serve Idaho. This plan harmonizes the medical education pipeline from medical school, to residency, to practice to help achieve the skilled medical workforce that Idaho's citizens need and deserve.

## **Introduction**

The provision of high-quality medical care to the citizens of Idaho is of major importance to both the Governor and the Idaho Legislature. Just as with high quality education programs the provision of high-quality medical care provides the opportunity for Idahoans to be maximally successful in achieving their potential for a happy and healthy life.

Governor Otter has propelled Idaho down the path of transforming our healthcare system through the creation of his first Healthcare Council in 2007. From this initiative came activities such as his Executive Order to establish the Idaho Patient Centered Medical Home Collaborative, the Governor's Healthcare Workforce Commission and the Idaho Healthcare Collaborative which successfully garnered a \$40 Million Centers for Medicaid and Medicare Innovation Initiative (CMMI) State Innovation Model (SIM) grant to transform healthcare in Idaho.

At the same time Governor Otter and the Idaho Legislature along with the State Board of Education have been very supportive of growing and expanding medical education in Idaho. The expansion of undergraduate medical education in WWAMI from 20 to 40 medical student positions and from 8 to 10 medical student positions at the University of Utah has been very important for more Idaho citizens having the opportunity to go to medical school. Additionally, Governor Otter has been instrumental in bringing Idaho's first medical school to fruition. In Meridian, the proposed Idaho College of Osteopathic Medicine is anticipating matriculating 150 medical students per year starting in 2018, pending accreditation, with Idaho residents having preferential admission status.

On the Graduate Medical Education (GME) side of the equation, the Governor has created two Medical Education Committee Taskforces through the State Board of Education to address the growth and expansion of medical education in Idaho. The first of these two was in 2010 and the second in 2016. Both of these medical education committees arrived at similar findings and recommendations. The number one priority for Idaho was to continue to grow the number of accredited GME residency programs for Idaho. The reason for this recommendation is the realization that to grow a physician workforce for Idaho you must have GME programs in the state for physicians newly graduated from medical schools to complete their medical residency training. By having these programs in Idaho, the retention of these physicians in Idaho is greatly enhanced. There is a direct correlation that increasing the number of graduate medical education residency positions will help increase the workforce of physicians in the state.

Graduate Medical Education is extremely important to the physician workforce in Idaho. Physicians who do residency training in Idaho have a high likelihood of staying to practice in Idaho after residency training. Studies have shown that selected types of programs in geographic regions have retention rates of 50-75% of resident physicians choosing to practice within 100 miles of their

training program (3). Idaho performs very well ranking 10<sup>th</sup> in the U.S. in the percentage of physicians retained from GME programs in the state they train in (4). Hence, it is important to have multiple residency programs in Idaho to help train the future workforce and to retain physicians in the state.

Idaho currently ranks 49<sup>th</sup> in the United States for the number of resident physicians per capita with only 6.7 resident physicians per 100,000 people. This low ratio of resident physicians to state population places Idaho 419% below the national median of 28.1 resident physicians per 100,000 (5). This means that Idaho does not have enough training positions within the state necessary to generate the workforce for a rapidly growing state. Idaho ranks 49<sup>th</sup> for active physicians per 100,000 population and 50<sup>th</sup> according to the United Health Foundation's 2015 America's Health Ranking. Idaho has an uphill climb in increasing our physician workforce. The Robert Graham Center for Policy Studies identifies that Idaho will need 382 additional primary care providers by 2030 or 44% of the current workforce (6). Additionally, 27% of Idaho physicians are over age 60 and will be retiring in the next decade (7). Idaho has an increased number of medical school graduates. The Idaho Legislature has recently increased the number of Idaho medical students to 40/year in the Idaho WWAMI program and 10/year at the University of Utah. The Idaho College of Osteopathic Medicine is in its final accreditation phase and if accredited will graduate 150 medical students per year starting in 2022. This creates a situation in which Idaho will become a net exporter of medical school graduates and will lose these graduates to residency training programs elsewhere unless Idaho builds the infrastructure for more GME programs **now**. It is thus imperative that Idaho **expand future GME infrastructure now** to provide enough training opportunities not only to retain many of these students in state, but to attract other top notch medical school graduates. This is particularly important for a state like Idaho that is predominantly rural and frontier where physician recruitment is challenging.

In an era of lower Medicare rates, capped GME positions for many hospitals, and declining federal grant funding for GME (e.g. Affordable Care Act created Teaching Health Center, Primary Care Residency Expansion, Title VII), existing residencies face significant barriers to expansion and to creation. In order to expand, residencies must not only replace lost external funding sources, they must also expand access to outpatient clinical facilities, maintain scarce clinical rotation sites and recruit, retain and develop high quality faculty. Developing new residency programs at hospitals currently without GME programs will bring new Medicare GME funding to Idaho that expanding current residencies may not.

(3) Maudlin RK, Newkirk GR. Family Medicine Spokane Rural Training Track: 24 Years of Rural-based Graduate Medical Education. *Fam Med* 2010

(4) Association of American Medical Colleges State Physician Workforce Data Book, November 2017

(5) Association of American Medical Colleges State Physician Workforce Data Book, November 2017

(6) Graham Center Data, 2013

(7) Association of American Medical Colleges State Physician Data Workforce Book, November 2017

In order to create new residency programs, you must have dedicated physicians and hospitals in those locations with a vision and a desire to teach, train, and create the future workforce for the community, region and state. Through the Governor's, Idaho Legislature's and the State Board of Education's efforts, much work has been done over the last 10 years to support the growth of GME programs in the state to produce a high quality physician workforce for Idaho. However, much more needs to be done to ensure Idaho is well positioned for the future.

The production of this Ten Year Graduate Medical Education Strategic Plan in Idaho is a collaborative effort from Governor Otter, the Idaho Legislature, the State Board of Education, the GME programs in Idaho, the UME programs engaged with Idaho, the Idaho Medical Association, the Idaho Hospital Association, the Idaho Department of Health and Welfare and other engaged stakeholders to help create a vision that can be transformed into a realistic and actionable plan that will help Idaho grow a high quality physician workforce that will help in promoting better health for Idahoans. In addition to providing healthcare, growing a high quality physician workforce creates additional jobs and revenue for Idaho. Each physician trained in Idaho that stays in Idaho to practice adds approximately 10 jobs per physician and over \$1,300,000 of economic impact in their communities <sup>(8)</sup>.

### **Background**

Graduate Medical Education is the formal education period where physicians enter into their specialty training program to become the type of doctor they choose to be. This education time typically lasts from three to seven years in length and is known as "residency training" in a particular specialty (e.g. family medicine, internal medicine, psychiatry, general surgery, etc.). The program they are in for this "residency training" is called a residency program and the successful passing of that specialty's Board Certification exam leads to a physician becoming "board certified" in their specialty. This period of time is crucial to the development of a fully skilled, prepared physician to provide safe and effective patient care to the citizens and the communities in which they live. While in residency training the individuals in these programs are called residents. The first year of a residency is also known as the intern year and these individuals are often referred to as interns. This is in distinction to the four-year medical school education period that precedes residency training where these learners are called students. Additional training after the initial GME training period is referred to as fellowship training, which can vary from one to three years. Physicians in this period of training are called fellows.

Currently, there are eight residency programs in Idaho with Accreditation Council for Graduate Medical Education (ACGME) accreditation. There is also one American Osteopathic Association (AOA) accredited residency program in Idaho. These programs have five different sponsoring institutions and are located in six communities across the State.

(8) The Economic Impact of Physicians in Idaho; American Medical Association Report, March 2014

All residency programs accredited by the ACGME (which will accredit all residency and fellowship programs after 2020) must have a sponsoring institution, frequently a hospital system, academic institution, or a medical school. The Family Medicine Residency of Idaho (FMRI) is headquartered in Boise and sponsors three family medicine residency programs. The largest of these programs is located in Boise with the other two being Rural Training Tracks (RTTs). These RTTs have residents train their first year in Boise and their latter two years spent in Caldwell or in the Magic Valley (Twin Falls/Jerome). Idaho State University (ISU) has a family medicine residency in Pocatello, and Kootenai Medical Center sponsors a family medicine residency program in Coeur d'Alene. The University of Washington (UW) sponsors an internal medicine residency program in Boise and a psychiatry residency track where residents train for two years in Seattle and two years in Boise. The UW internal medicine residency program also trains four preliminary year interns that leave the state after their one year internship to pursue training in other specialty areas (e.g. ophthalmology, neurology, dermatology). Additionally, there is an American Osteopathic Association (AOA) internal medicine residency that does not receive State Board of Education (SBOE) support in Blackfoot, Idaho.

There are currently four fellowship programs in Idaho. All four are located in Boise and sponsored by FMRI. The fellowships consist of Sports Medicine, HIV/Viral Hepatitis, Geriatrics, and Obstetrics. These programs are each one year in length.

### **Purpose**

This document represents a collaborative effort of all Graduate Medical Education (GME) and Undergraduate Medical Education (UME) medical school programs in Idaho to provide a blue print for a comprehensive and cohesive plan to move forward with the much needed expansion of GME in the state of Idaho. This blueprint creates a ten year plan to expand existing programs and the plans for development of new programs necessary to sustain the patient centered medical home in Idaho and to produce the physician workforce needed to achieve an integrated healthcare system that produces excellent health outcomes for Idaho's citizens. This workforce production will have a positive impact on job creation and beneficial economic impact for Idaho. This paper will produce both a ten year timeline to roll these programs out and a budget necessary to enact and sustain them. It will also tie together how GME and UME can work synergistically.



**Goals**

There are seven goals to achieve over the next ten years for Idaho in regards to Graduate Medical Education.

1. Stabilize and expand the existing GME programs as capacity, capability, and resources allow.
2. Create new GME programs in a thoughtful and coordinated manner over a ten year period.
3. Develop and fund fellowship programs to augment and refine additional skills in Idaho physicians.
4. Grow Idaho's GME capacity in a cost effective way partnering with the Governor and Idaho Legislature as well as the Idaho State Board of Education (SBOE), Idaho Medical Association (IMA), Idaho Hospital Association (IHA) and other important stakeholders.
5. Accomplish this expansion in harmony with other GME programs and the emergence of increased UME programs at the University of Washington, University of Utah, Pacific Northwest University of Osteopathic Medicine, the newly created Washington State University Elson S. Floyd College of Medicine and the Idaho College of Osteopathic Medicine.
6. Develop a Graduate Medical Education Council (GMEC) to oversee the implementation and the sustainability of this plan.
7. Develop metrics of success that the GMEC will oversee to ensure program accountability for quality workforce production and appropriate distribution to all parts of Idaho.

**Current GME in Idaho**

Idaho currently has eight Accreditation Council for Graduate Medical Education (ACGME) accredited programs, one American Osteopathic Association (AOA) accredited program, and four fellowships sponsored by five institutions as noted previously. These programs are the:

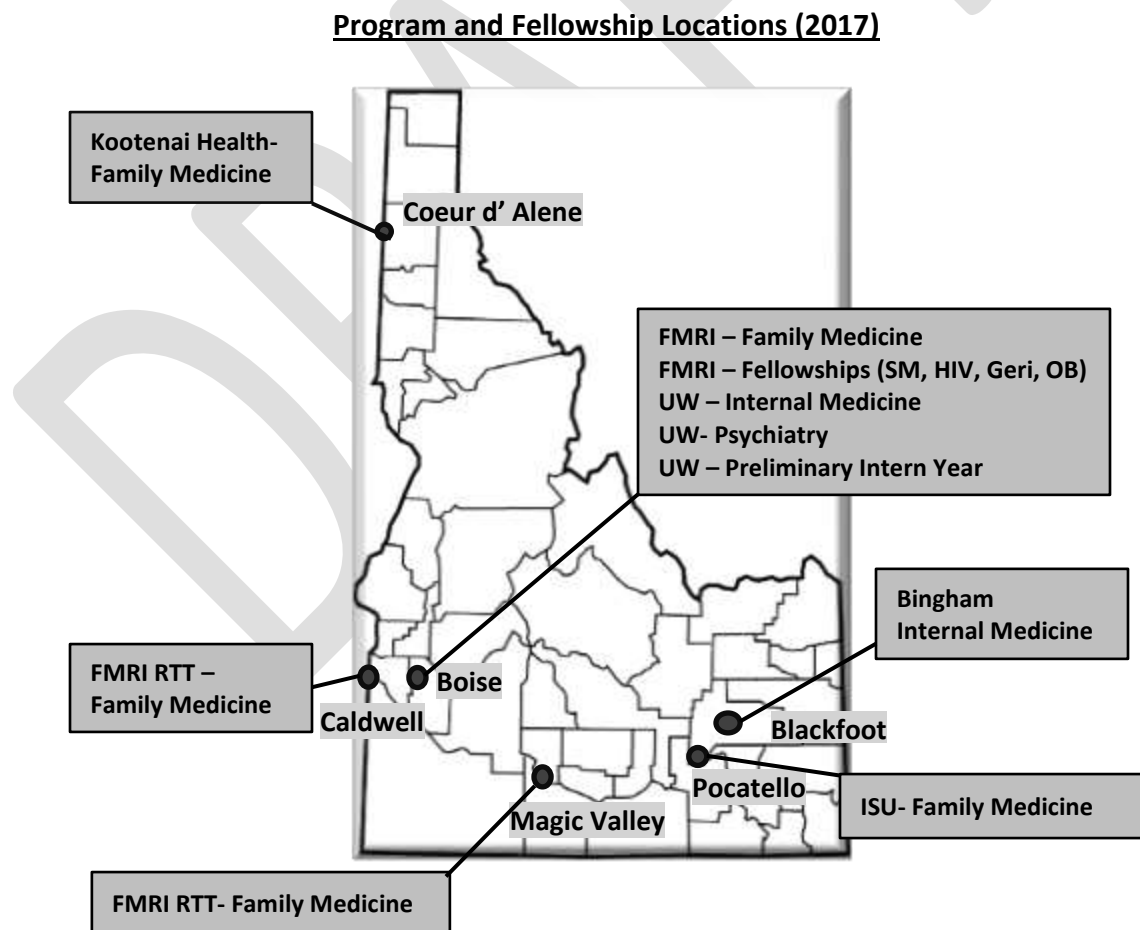
- Family Medicine Residency of Idaho (FMRI) with three family medicine residency programs located in Boise, Caldwell, and Twin Falls/Jerome.
- University of Washington (UW) with three residency programs in internal medicine, psychiatry and a one year preliminary year program and all three are located in Boise.
- Idaho State University (ISU) with one family medicine residency program located in Pocatello.

- Kootenai Health Family Medicine Coeur d'Alene Residency with one family medicine residency program located in Coeur d'Alene.
- Bingham Internal Medicine Residency with one internal medicine residency program located in Blackfoot.

There are four fellowships that are all sponsored and overseen by the FMRI in Boise. These four fellowships are one year in length and are in the following disciplines:

- Sports Medicine
- HIV/Viral Hepatitis
- Geriatrics
- Obstetrics

**Figure One – Programs Specialties and locations in Idaho.**



**Table 1:**  
**Residency and Fellowship Programs in Idaho**

Types	Specialty	Location	Sponsoring Institution	Year Established	Total Number of Residents/Fellow	Residents/Fellows Per Year
Residency	Family Medicine	Boise	FMRI	1974	33	11-11-11
Residency	Family Medicine	Caldwell	FMRI	1995	9	3-3-3
Residency	Family Medicine	Magic Valley	FMRI	2009	6	2-2-2
Residency	Family Medicine	Pocatello	ISU	1992	21	7-7-7
Residency	Family Medicine	Coeur d'Alene	KHFMR	2014	18	6-6-6
Residency	Internal Medicine	Boise	UW	2011 (1977 R2 Track)	25	9-8-8
Residency	Internal Medicine	Blackfoot	RVU	2014	11 (class of 12 not full)	4-4-4
Residency	Psychiatry	Boise	UW	2006	7	0-0-4-3
Internship	Preliminary Internship	Boise	UW	1977	4	4
Fellowship	Sports Medicine	Boise	FMRI	1995	1	1
Fellowship	HIV/Viral Hepatitis	Boise	FMRI	2006	1	1
Fellowship	Geriatrics	Boise	FMRI	2013	1	1
Fellowship	Obstetrics	Boise	FMRI	2015	1	1

### **GME Expansion Plan in Idaho**

To achieve Idaho moving from 6.4 GME positions per 100K to 17.7 positions per 100K, the following growth will need to occur generally at each of Idaho's existing and proposed GME programs.

#### **1. Family Medicine Residency of Idaho**

- A. FMRI will grow from 16 residency positions per year to 30 positions per year over the next ten years. Table 2 provides where the expansion will occur and at what time.

**Table 2:**  
**FMRI Ten Year Strategic Graduate Medical Education (GME) Growth Plan**  
**Expansion/New Program**

Name of Institution	Type of Residency Fellowship	Location of Residency	Length of Training	Class Size Per Year	Total Residents / Fellows FY18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	Total R/F FTE's	
																	Class	Total
Family Medicine Residency Of Idaho	Family Medicine	Boise	3	11	33			1	1	1	1	1	1	1	1	1*	14	42
FMRI	Family Medicine	Caldwell	3	3	9				1	1	1						4	12
FMRI	Family Medicine	Magic Valley	3	2	6		2	2	2								4	12
FMRI	Family Medicine	Nampa	3	6	0		6	6	6								6	18
FMRI	Family Medicine and Psychiatry	Nampa	5	2	0					2	2	2	2	2			2	10
FMRI	Family Medicine	RTT #1	3	2	0					2	2	2					2	6
FMRI	Sports Med	Boise	1	1	1												1	1
FMRI	HIV/Viral Hepatitis	Boise	1	1	1	1											2	2
FMRI	Geriatrics	Boise	1	1	1												1	1
FMRI	Obstetrics	Boise	1	1	1												1	1
FMRI	Palliative Care	Boise	1	1	0		1										1	1
FMRI	Addiction Medicine	Boise	1	1	0			1									1	1
FMRI	Integrative Medicine	Boise	1	1	0					1							1	1
FMRI	Rural FM	Nampa	1	1	0						1						1	1
					48 R's 4 F's												41	100 R's* 9 F's

\* The final Family Medicine Resident will be added after the Ten Year Plan in FY29

**In short the following is what will occur:**

- i. FMRI Boise will grow from 11 to 14 residents/year in FY 2021, 2024 and 2027
- ii. Caldwell RTT will grow from 3 to 4 residents/year in FY 2022
- iii. Magic Valley RTT will grow from 2 to 4 residents/year in FY 2020 and 2021
- iv. A new Family Medicine Residency (Nampa) will grow from 0 to 6 residents/year, with the first class starting in 2019 (FY20). This buildout will continue with 6/year in FY 2021 and 2022.

- v. A combined Family Medicine/Psychiatry Program will add two residents per year to the Nampa Family Medicine Residency starting in FY 2023. This combined program will be five years in length
  - vi. A new RTT #1 will grow from 0 to 2 residents/year off of the Nampa Program starting in FY 2023-2025
- B. Fellowships at the FMRI will grow from 4 per year to 9 per year with the development of four new fellowships and the expansion of one.
- i. Sports Medicine will continue to have 1 fellow/year
  - ii. HIV/Viral Hepatitis will grow from 1 to 2 fellows/year with expansion in FY 2019
  - iii. Geriatrics will continue to have 1 fellow/year
  - iv. Obstetrics will continue to have 1 fellow/year
  - v. Palliative Care (New) will grow from 0 to 1 fellow/year in FY 2020
  - vi. Addiction Medicine (New) will grow from 0 to 1 fellow/year in FY 2021
  - vii. Integrative Medicine (New) will grow from 0 to 1 fellow/year in FY 2023
  - viii. Rural Family Medicine (New) will grow from 0 to 1 fellow/year in FY 2024

In summary the growth of the Family Medicine Residency of Idaho (FMRI) over the time period of July 1, 2018 through June 30, 2028 will be from 48 Family Medicine Residents to 100\* Family Medicine Residents which is a growth of 225%. The FMRI Fellowships in this same time period will go from 4 Fellows to 9 Fellows for a growth of 180%. In aggregate the expansion will be from 52 residents and fellows in July 2017 to 108 residents and fellows by July 1, 2028 which is a 206% expansion in GME positions.

## 2. Idaho State University

The Idaho State University of Family Medicine Program plans to grow its core program in Pocatello by two family medicine residents in each year over this expansion period. Additionally, it plans to start one to two Rural Training Tracks (RTTs) in Eastern Idaho locations with 2 residents per class. RTT #1 will be in Rexburg, Idaho. Groundwork for this RTT has been laid over the past few months and an ACGME accreditation application is in process. The Madison Memorial Hospital Board of Trustees approved their support of the RTT at their September 28, 2017 meeting. The ISU program also plans to start a fellowship program in Hospitalist Medicine in this time period. Please see Table 3 for the tentative roll out of these programs.

**Table 3:**  
**ISU Ten Year Strategic Graduate Medical Education (GME) Growth Plan**

Expansion / New Program																	Total R/F FTE's	
Name of Institution	Type of Residency Fellowship	Location	Length of Training	Class Size Per Year	Total Residents/ Fellows FY18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28		Class	Total
Idaho State University	Family Medicine	Pocatello	3	7	21					2	2	2					9	27
(ISU)	Family Medicine	RTT 1	3	2	0		2	2	2								2	6
(ISU)	Family Medicine	RTT 2	3	2	0								2	2	2		2	6
(ISU)	Hospitalist	Pocatello	1	1	0	1											1	1
					21 R's 0 F												14	39 R's 1 F

In summary the growth of the Idaho State University (ISU) over the time period of July 1, 2018 through June 30, 2028 will be from 21 Family Medicine Residents to 39 Family Medicine Residents and 1 Fellow which is a growth of 90%.

### 3. Kootenai Health Family Medicine Coeur d'Alene Residency

The Kootenai Health Family Medicine Coeur d'Alene Residency was newly created in 2014 and has just graduated its first class of residents. It plans to grow its core class size by one resident from 6 to 7 family medicine residents per year over the next decade. The potentially big expansion for Kootenai Health Family Medicine Residency comes in its creation of a Rural Training Track (RTT) somewhere in northern Idaho. This program would be at 2 Family Residents per year for a total of 6 RTT residents when the RTT is full. Table 4 outlines this growth and timing.

**Table 4:**  
**Kootenai Health Family Medicine Coeur d'Alene Residency Ten Year Strategic Graduate Medical Education (GME) Growth Plan**

Expansion/New Program																	Total R/F FTE's	
Name of Institution	Type of Residency Fellowship	Location	Length of Training	Class Size Per Year	Total Residents Fellows FY18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28		Class	Total
Kootenai Health	Family Medicine	Coeur d'Alene	3	6	18								1	1	1		7	21
Kootenai Health	Family Medicine	RTT 1	3	2	0				2	2	2						2	6
					18 R's												9	27 R's

In summary the growth of the Kootenai Health Family Medicine Coeur d'Alene Residency (KHfMR) over the time period of July 1, 2018 through June 30, 2028 will be from 18 Family Medicine Residents to 27 Family Medicine Residents which is a growth of 50%.

#### 4. UW Internal and Preliminary Medicine

There are three types of programs sponsored by the University of Washington and located at the Boise Veterans Administration Hospital. The largest and oldest is the Internal Medicine Residency Program. This program will grow its core program from 9 to 12 residents per year during this expansion period. The Preliminary Year Intern program (PYI) is a year in length training program that prepares these interns broadly and allows them to be competitive for further GME programs outside of Idaho in such subspecialties as neurology, ophthalmology and dermatology. This program plans to stay stable at 4 PYI's/ year. In addition the Boise Internal Medicine Residency program has 2 Chief Resident Positions per year (fourth year positions) which will-grow by 1 over the expansion period in FY 21. Table 5 summarizes these positions and their growth.

**Table 5:**  
**UW – IM/Preliminary/Chief Residents Ten Year Strategic**  
**Graduate Medical Education (GME) Growth Plan**

#### Expansion/New Program

Name of Institution	Type of Residency (Fellowship)	Location	Length of Training	Class Size Per Year	Total Residents/ Fellows FY18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total R/F FTE's	
																Class	Total
University of Washington	Internal Medicine	Boise	3	9	25	4*	4*	3								12	36
UW	Internal Medicine – Chief Residents	Boise	1	2	2			1								3	3
UW	Preliminary Year	Boise	1	4	4											4	4
* The growth of resident per class in FY 19, FY 20 and FY 21 completes a class expansion from 8 to 12 in all 3 years that had started in FY 18 with the R-1 class going from 8 to 9																	
						31 R's										19	43 R's

In summary the growth of the University of Washington Internal Medicine, Chief Resident and Preliminary Year Intern program over the time period of July 1, 2018 through June 30, 2028 will be from 31 Internal Medicine, Preliminary and Chief Residents to 43 Internal Medicine Residents, Preliminary Interns and Chief Residents, which is a growth of 39%.

### 5. UW – Psychiatry

The UW Psychiatry residency plans to expand its current class size of 4 residents per year which is currently split between Seattle and Boise, to all four years being in Boise. Additionally the UW Psychiatry program will increase its class size from 4 residents per class to 6 residents per class, which will represent 24 psychiatrists training in Idaho through the program at a time. The growth of this program can be seen in Table 6.

**Table 6:**  
**UW Psychiatry Ten Year Strategic Graduate Medical Education (GME) Growth Plan**

Name of Institution	Type of Residency Fellowship	Location	Length of Training	Class Size Per Year	Total Residents Fellows FY18	Expansion/New Program										Total R/F FTE's	
						FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Class	Total
University of Washington	Psychiatry	Seattle/ Boise	4	4*	7 (8 when full)			4	4			2	2	2	2	6	24
* Currently the first 2 years of this residency are in Seattle and years 3 and 4 are in Boise.																	
																7 R's	24 R's
																6	24 R's

In summary the growth of the University of Washington Psychiatry Residency over the time period of July 1, 2018 through June 30, 2028 will be from 7 Psychiatry Residents to 24 psychiatry residents training in Idaho, which is a growth of 243%.

### 6. Bingham Internal Medicine Residency

This program was the first American Osteopathic Association (AOA) accredited residency program in Idaho. The program just graduated its first class. The program has not been part of the SBOE funding formulas in the past. It will need to transition under the single Accreditation system to an Accreditation Council for Graduate Medical Education (ACGME) accredited residency by 2020. In doing so, it will need to grow its class size to 5 residents per class as a minimum.

Table 7 outlines this program coming into the GME community and being included under the State Board of Education.



**Table 7:**  
**Bingham Internal Medicine Ten Year Strategic Graduate Medical Education (GME) Growth Plan**  
**Expansion/New Program**

Name of Institution	Type of Residency Fellowship	Location	Length of Training	Class Size Per Year	Total Residents Fellows FY18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total R/F FTE's	
																Class	Total
Rocky Vista University College of Osteopathic Medicine	Internal Medicine	Blackfoot	3	4	11	1	1	1	1							5	15 R's
					11 R's											5	15 R's

In summary the growth of the Bingham Internal Medicine Residency over the time period of July 1, 2018 through June 30, 2028 will be from 11 Internal Medicine Residents to 15 Internal Medicine Residents. This program will represent a new program requesting state funding and will eventually add 15 new GME state funded positions. This represents a growth of 36%.

### 3. Eastern Idaho Regional Medical Center

The Eastern Idaho Regional Medical Center gained sponsoring institution status in May of 2017. With this ACGME sponsoring institution status it can now start creating residency programs that will need ACGME accreditation and seems to be well on the way of achieving this vision. They are contemplating four residency programs as this time. The internal medicine residency program has gained ACGME accreditation and is in the process of interviewing applicants to start July 1, 2018. Table 8 outlines these four programs and their projected growth and timing.

**Table 8:**  
**Eastern Idaho Regional Medical Center Ten Year Strategic Graduate Medical Education (GME) Growth Plan—Expansion/New Program**

Name of Institution	Type of Residency Fellowship	Location of Residency	Length of Training	Class Size Per Year	Total Residents/ Fellows FY18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total R/F FTE's	
																Class	Total
Eastern Idaho Regional Medical Center	Internal Medicine	Idaho Falls	3	10	0	10	10	10								10	30
EIRMC	Family Medicine	Idaho Falls	3	6	0		6	6	6							6	18
EIRMC	Emergency Medicine	Idaho Falls	3	8	0			8	8	8						8	24
EIRMC	General Surgery	Idaho Falls	5	3	0			3	3	3	3	3				3	15
																27	87 R's

**These four programs are:****A. Internal Medicine**

The first of two programs to begin taking residents during FY 2019 will be an internal medicine residency program with 10 residents per class.

**B. Family Medicine**

EIRMC plans to start a Family Medicine Residency Program with 6 residents per class in FY 2020.

**C. Emergency Medicine**

EIRMC plans to start an Emergency Medicine Residency Program with 8 residents per class for FY2021.

**D. General Surgery**

EIRMC plans to start a General Surgery Residency Program with 3 residents per class for FY2021.

In summary the growth of the Eastern Idaho Regional Medical Center over the time period of July 1, 2018 through June 30, 2028 will be from no current residents to 30 Internal Medicine residents, 18 Family Medicine residents, 24 Emergency Medicine residents and 15 General Surgery residents for a total of 87 new residents.

#### 4. University of Utah/ISU Psychiatry Program

The University of Utah, in conjunction with ISU, is in the process of developing a Psychiatry Resident Track Program for Eastern Idaho. This would have the first year in Salt Lake City with rotation time in Pocatello in the first year. All three of the subsequent years will be in Idaho. Table 9 outlines the expansion and timing.

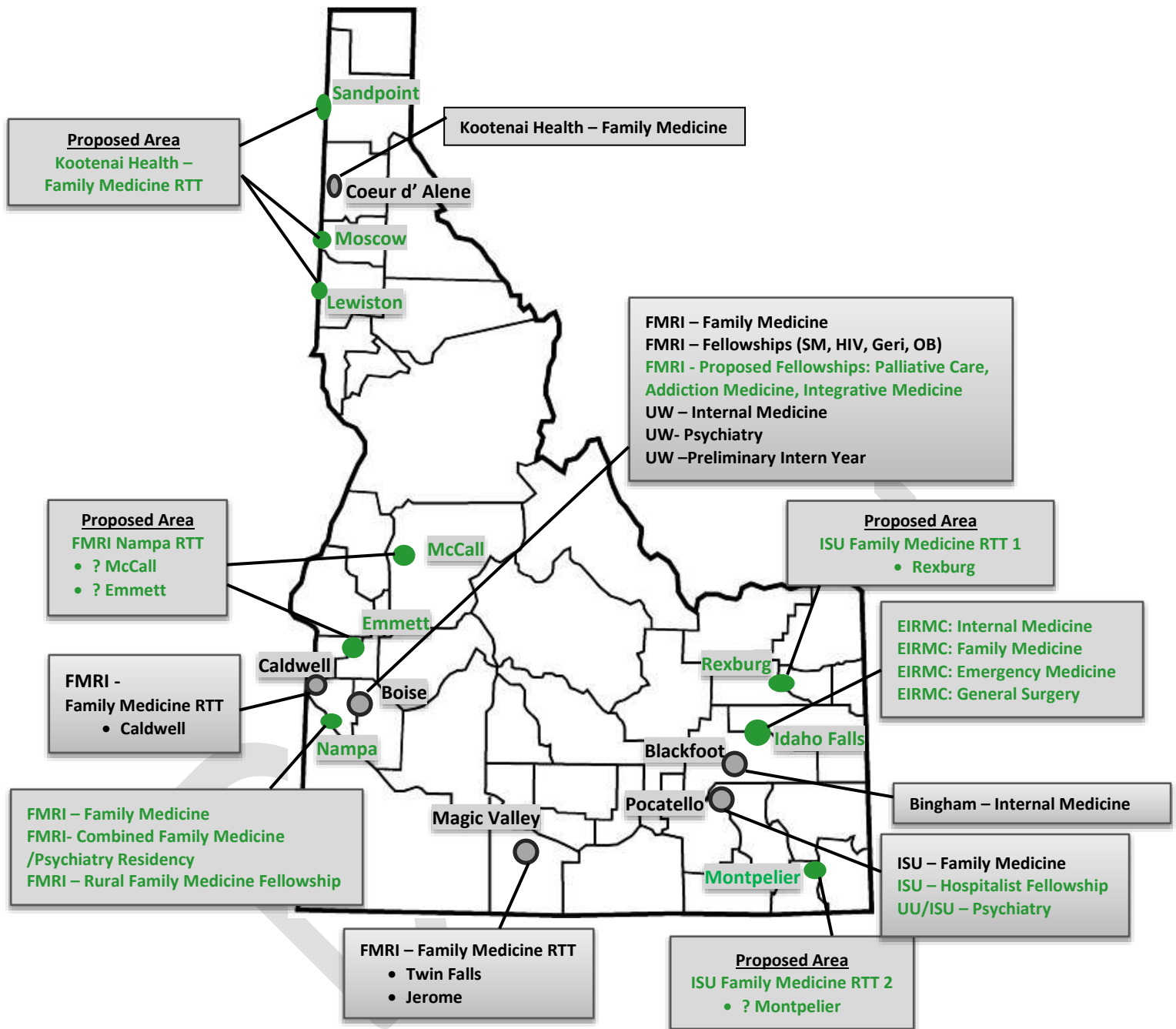
**Table 9:**  
**University of Utah/ISU Ten Year Strategic Graduate Medical Education (GME) Growth Plan**

Expansion/New Program																	
Name of Institution	Type of Residency Fellowship	Location	Length of Training	Class Size Per Year	Total Resident s/ Fellows FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	Total R/F FTE's	
																Class	Total
University of Utah School of Medicine	Psychiatry	Salt Lake/ Pocatello	4*	3	0		3	3	3	3						3	12
<i>* The first year of this four year residency will be in Salt Lake. The subsequent next 3 years will be spent in Eastern Idaho based out of ISU in Pocatello.</i>																	
					3 Residents											12 R's	

In summary the growth of the University of Utah/ISU Psychiatry Program over the time period of July 1, 2018 through June 30, 2028 will be from 0 Psychiatry Residents to a total of 12 new psychiatry residents.

#### Summary of GME Residency FTE Growth

When taken in aggregate this ten year GME strategic plan makes major strides to address Idaho's critical need for additional healthcare providers. It represents a thoughtful and controlled expansion from 9 programs to 21 programs and growth from 141 current residents and fellows in training to 356 residents and fellows in training 10 years later. That represents a 252% increase. This will result in the number of graduating residents and fellows moving from 52 per year in Idaho to 124 per year which represents a 236% increase. Figure 2 shows the locations of these programs and fellowships.

**Figure Two – Program and Fellowship Locations (2028)**

This will help Idaho move from its current rate of 6.4 residents per year 100,000 Idaho citizens (49<sup>th</sup> in the United States) to approximately 17.7 residents and fellows per 100,000 Idaho citizens with the assumption that Idaho will grow to two million people by 2028. This is still below the United States average of 27.4 residents and fellows in training but is an excellent step in the right direction especially when considering that 27% of Idaho's active physicians are over age 60 and will be retiring over the next decade. If we do not do this now we will fall further behind in meeting a high quality and competent physician workforce for Idaho.

Table 10 summarizes the growth in GME positions over the time period of July 1, 2017 through June 30, 2028.

**Table 10: Ten Year Strategic Graduate Medical Education (GME Growth Plan for Idaho)**

Institution	Residents/Fellows in Training as of July 1, 2017	Residents / Fellows in Training in July 1, 2028	Number of Residents Graduating from All Program classes/year in 2017	Number of Residents Graduating from All program classes/year in 2028
FMRI (FM)	52	109	20	41
ISU (FM)	21	40	7	14
Kootenai/CdA (FM)	18	27	6	9
UW (IM /Psychiatry/Preliminary/Chiefs)	39	67	19	25
Bingham (IM)	11	15	0	5
EIRMC (IM, FM, ER, Surgery)	0	87	0	27
UU/ISU (Psychiatry)	0	12	0	3
	<b>141</b>	<b>356</b>	<b>52</b>	<b>124</b>
	<b>252% Increase</b>		<b>238% Increase</b>	

Table 11: Current and New Program Growth

Program Types	2017	2028
<b>Family Medicine</b>	<b>Five Programs</b> <ul style="list-style-type: none"> <li>• FMRI-Boise</li> <li>• FMRI – RTT Caldwell</li> <li>• FMRI – RTT – Magic Valley</li> <li>• ISU – Pocatello</li> <li>• Kootenai – Coeur d’ Alene</li> </ul>	<b>Twelve Programs</b> <ul style="list-style-type: none"> <li>• FMRI Boise</li> <li>• FMRI RTT Caldwell</li> <li>• FMRI Magic Valley</li> <li>• FMRI Nampa</li> <li>• FMRI Nampa RTT</li> <li>• FMRI Nampa Combined Family Medicine and Psychiatry *</li> <li>• ISU Pocatello</li> <li>• ISU Pocatello – RTT #1 (Rexburg)</li> <li>• ISU Pocatello RTT #2 (Montpellier)</li> <li>• Kootenai Coeur d’ Alene</li> <li>• Kootenai Coeur d’Alene – RTT (Sandpoint, Moscow or Lewiston)</li> <li>• EIRMC Idaho Falls</li> </ul>
<b>Internal Medicine</b>	<b>Two Programs</b> <ul style="list-style-type: none"> <li>• UW- Boise</li> <li>• RVU – Bingham - Blackfoot</li> </ul>	<b>Three Programs</b> <ul style="list-style-type: none"> <li>• UW- Boise</li> <li>• RVU – Bingham – Blackfoot</li> <li>• EIRMC – Idaho Falls</li> </ul>
<b>Psychiatry</b>	<b>One Program</b> <ul style="list-style-type: none"> <li>• UW – Boise -Psychiatry</li> </ul>	<b>Three Programs</b> <ul style="list-style-type: none"> <li>• UW – Boise– Psychiatry</li> <li>• ISU/UU – Pocatello</li> <li>• FMRI Nampa – Combined Family Medicine/Psychiatry *</li> </ul>
<b>Preliminary Year Internship</b>	<b>One Program</b> <ul style="list-style-type: none"> <li>• UW- Boise</li> </ul>	<b>One Program</b> <ul style="list-style-type: none"> <li>• UW – Boise</li> </ul>
<b>Emergency Medicine</b>		<b>One Program</b> <ul style="list-style-type: none"> <li>• EIRMC – Idaho Falls</li> </ul>
<b>General Surgery</b>		<b>One Program</b> <ul style="list-style-type: none"> <li>• EIRMC – Idaho Falls</li> </ul>
<b>Total</b>	<b>Nine Programs</b>	<b>Twenty One Programs *</b> * (The Nampa combined family medicine/psychiatry residency will produce Board certified physicians in both Family Medicine and Psychiatry)

### Timeline

GME expansion will require much coordination and planning. As a general rule of thumb, it will take two to five years to build a new program from scratch. It will take one to three years to expand existing programs. A conceptual framework and strategic plan for the next ten years as is summarized in the attached time table.

**Table 12: Ten Year Timeline of NEW GME Program Resident/Fellow FTE Development and Expansion**

Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total New FTE'S
<b>Family Medicine Residency of Idaho</b>												
• Boise				1	1	1	1	1	1	1	1	8
• Caldwell					1	1	1					3
• Magic Valley			2	2	2							6
• Nampa			6	6	6							18
• Nampa FM/Psychiatry						2	2	2	2	2		10
• Nampa RTT #1						2	2	2				6
• HIV/Viral Hepatitis		1										1
• Palliative Care			1									1
• Addiction Medicine				1								1
• Integrative Medicine						1						1
• Rural FM							1					1
<b>Idaho State University</b>												
• Pocatello						2	2	2				6
• RTT #1			2	2	2							6
• RTT #2									2	2	2	6
• Hospitalist		1										1
<b>Kootenai</b>												
• Coeur d'Alene									1	1	1	3
• RTT #1					2	2	2					6
<b>University of Washington</b>												
• Internal Medicine – Boise	1	4	4	3								12
• Chief Resident				1								1
<b>University of Washington</b>												
• Psychiatry				4	4			2	2	2	2	16
<b>Bingham</b>												
• Internal Medicine - Blackfoot		1	1	1	1							4
<b>Eastern Idaho Regional Medical Center</b>												
• Internal Medicine –Idaho Falls		10	10	10								30
• Family Medicine - Idaho Falls			6	6	6							18
• Emergency Medicine– Idaho Falls				8	8	8						24
• General Surgery - Idaho Falls				3	3	3	3	3				15
<b>University of Utah / ISU</b>												
• Pocatello			3	3	3	3						12
<b>216 New FTE Resident/Fellow Positions</b>												

## **Sustainability**

To provide an environment in which these programs can develop and thrive, several key items will need to occur. These consist of:

1. **Revenue Streams:** Funding from the Idaho Legislature, program revenues, Medicare GME, and hospitals will all be needed to make these programs sustainable. This is an important and delicate balance to have stable funding for these programs. Stabilization of the funding streams to the programs from the Idaho Legislature from \$30,000 to \$60,000 per resident is necessary to allow the programs the ability to grow and expand.
2. **Medicaid GME:** Currently Idaho has requested a State Plan Amendment to its Idaho Medicaid Program that will allow Medicaid GME funding. This represents an opportunity to look at how Idaho can leverage its current funding in a 70/30 match to amplify money that can be used for GME financing.
3. **Physician and Administrative Champions:** Each program must have a physician champion to lead the program and become its director. Similarly, there must be administrative leadership at the hospitals and programs dedicated to making this work.
4. **Dedicated Faculty and Community Physicians:** Each program must have internal faculty dedicated to the teaching mission and community physicians willing to work with residents and fellows to advance their learning.
5. **Faculty Preceptor Payments:** Currently, the medical student programs pay preceptors approximately \$250 to \$500/week for helping with clinical training. It may be necessary for GME programs to pay preceptors outside of the core faculty to stay competitive for limited training sites in Idaho's communities. This can become a potential major barrier to ongoing GME programs that do not have the financial margins to pay community preceptors in this model.
6. **Tax Credits:** Another mechanism that has been used by other states (e.g. Georgia) is to enact legislation to allow teaching physicians who precept residents or medical students tax credits on earned income around teaching stipends for this activity or a standard deduction if no payment is taken. This will be further explored with the IMA/IHA/IAFP/IOPA and the Idaho Legislature.



7. **Loan Repayments:** This represents another important mechanism by which Idaho and its institutions can help residents who graduate from Idaho based GME programs stay in Idaho to practice. Existing programs such as Rural Physician Incentive Program and State Loan Repayment Program (SLRP) can be grown and amounts increased to help recruit and retain critical physician workforce specialties such as family medicine, internal medicine, psychiatry, and general surgery in Idaho. Physicians often look to loan repayment options when choosing a location to practice. There must be investment in this program.
8. **Medicare GME Advocacy:** In the Balanced Budget Act of 1997, the Congress attempted to contain Medicare spending by no longer allowing hospitals to receive increased cost of Medicare GME funds if programs expanded. Hospitals with current GME programs were “capped” at the number of residents qualifying as full time employees in 1997. Medicare would only reimburse these hospitals for the number of FTE residents in 1997, even if the hospital hired more than that number. This made expanding current programs challenging as no new funding will come from Medicare above the 1997 limit, or “cap” for these hospitals. Rural hospitals are allowed to increase their cap by 130% of the 1997 number. Hospitals with no GME will be capped in three years or the length of the residency program started. This makes adding new residents to existing programs a financial strain on the base institution. There will continue to be ongoing advocacy on a national level to remove or modify these caps.

#### **Criteria for GME Program Selection for Idaho State Funding**

In 2015, a set of six criteria was developed by the Idaho Medical Association (IMA) Medical Education Affairs Committee and approved by the IMA Board of Trustees. These criteria were adopted to maintain focus on quality and to gain support of the IMA for recommendation to the state of Idaho for consideration of state funding support. These six criteria are as follows:

1. Eligibility for Liaison Committee on Medical Education (LCME) or Commission on Osteopathic College Accreditation (COCA) accreditation (applies to Medical Schools and not germane to this GME Plan).
2. Provides affordable access to medical education for qualified Idaho students.
3. Focus on the goal of continued expansion of Idaho medical school graduates.
4. Integrate with, and support expansion of, Accreditation Council for Graduate Medical Education (ACGME) accredited residency programs.
5. Education and training of specialties based on physician workforce numbers and needs in Idaho.
6. Focus on recruitment and retention of program graduates.

### **Synchronization with Undergraduate Medical Education (UME)**

Growing the GME workforce in Idaho will not only train and retain more doctors in Idaho but will provide a resource to help train the UW, UU, PNWU, WSU and ICOM medical students in Idaho.

Table 13 summarizes the medical schools in our region and the number of students per class.

**Table 13:**  
**Number of Medical Students in Medical Schools with Close Connections to Idaho**

<b><u>Name of School</u></b>	<b><u>Year of First Class</u></b>	<b><u>Medical School Class Size</u></b>	<b><u>Guaranteed Idaho Positions</u></b>
University of Washington School of Medicine	1946	270/year	40
University of Utah School of Medicine	1935	125/year	10
Pacific Northwest University of Osteopathic Medicine	2008	135/year	0
Washington State University Elson Floyd College of Medicine	2017	60/year	0
Idaho College of Osteopathic Medicine	2018	150/year	Preferred status for admission
		<b>740/year</b>	

For the Medical students doing clinical training in Idaho, the paired training model of having the medical students work alongside the residents will help with the teaching of medical students in multiple hospitals and clinics throughout the State. This is a win-win-win as it allows the students to learn and the residents to learn even more by teaching. It also allows the teaching faculty preceptors to share the work of teaching. By growing GME we will expand the ability to teach a good proportion of the medical students in a high-quality manner. This paired resident-student relationship is synergistic to high quality medical education.

There is also a natural partnership between GME and UME in the UME institutions producing the medical students that will need to fill the expanded GME programs' residency positions. Medical students utilize these rotations to evaluate and audition for residency programs. The two can be synergistic as long as they stay in balance. If UME expansion utilizes all of the precepting resources, then GME cannot expand because of the lack of preceptors for the GME positions. This dynamic must be monitored closely.

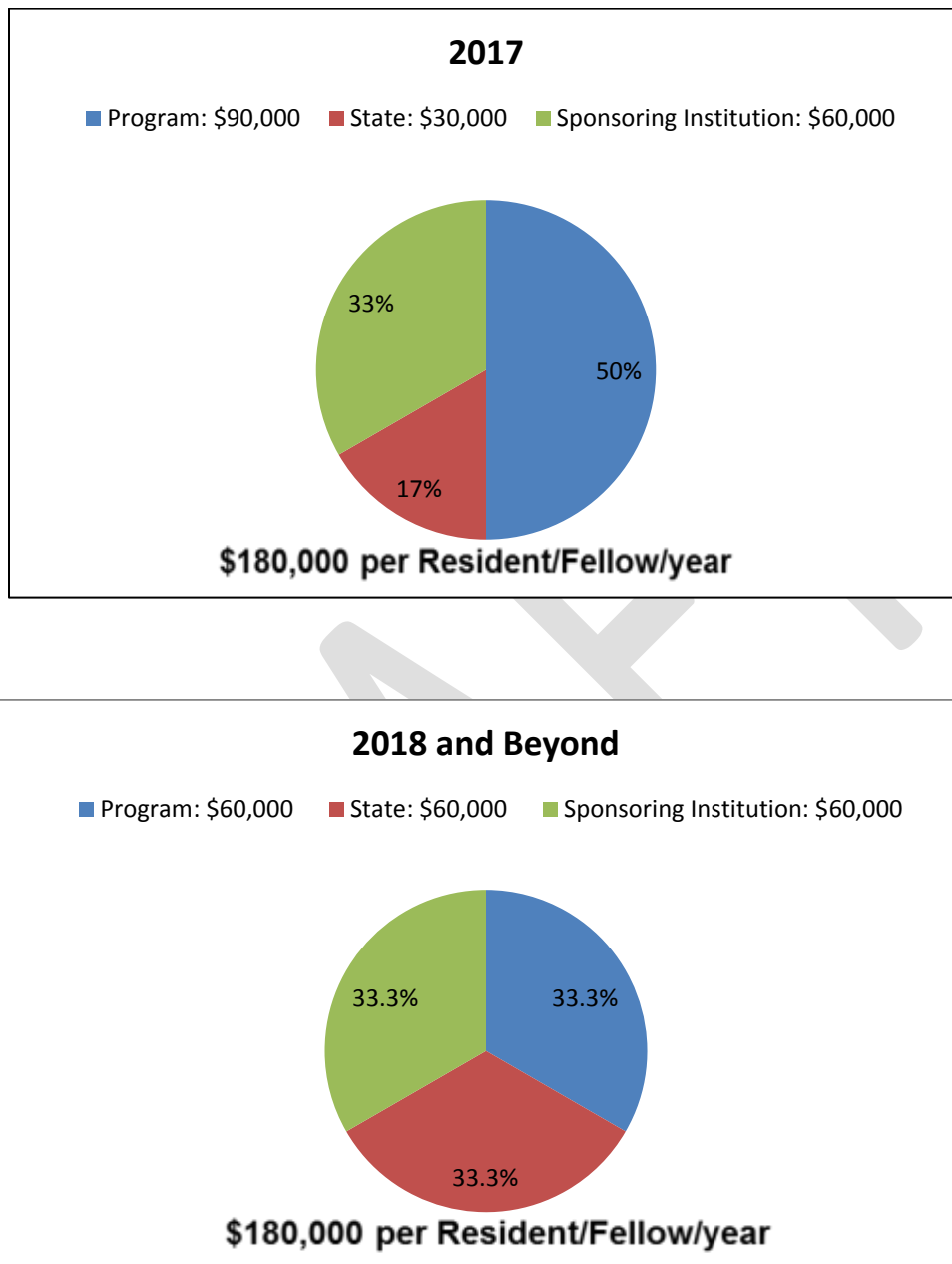
### **Budget**

In order to bring consistency of methodology to the budgeting process, four strategies will be consistently employed across all programs.

1. The first is that programs, institutions, hospitals and the state need to partner around the concept that the program needs to be responsible for about a third of the training costs of a resident. Another third needs to come from the institutions/hospitals and the final third from the state of Idaho. By doing this all of the key stakeholders will be engaged and have "skin in the game" and accountability for the program's success and stability.

2. The cost of training a resident varies across the nation and by specialty. The most recent data shows the typical range being from \$150,000 to \$227,000 per resident <sup>(9)</sup>. The data from Idaho's largest GME program (i.e. FMRI) reveals that it annual costs \$194,000/year to train a resident. Therefore a reasonable estimate of the average cost to train a resident per year is \$180,000. Using the approach that about a third of the cost of training a resident be borne by the state of Idaho, the amount the state would contribute is \$60,000 per resident. This per resident amount (PRA) for the state's contribution will enable and encourage residents to train in Idaho and will provide physicians to care for Idaho's citizens and generate jobs and revenue in Idaho's communities as the eventual outcome. By creating a per resident share of \$60,000, a consistent standard methodology can be applied to the specialty of physician and the numbers of physicians in training.
3. Similarly, each program must have a capable Program Director and Administrative Residency Coordinator. To help new programs, funding for the Program Director and Administrative Residency Coordinator has been included in the plan. A base salary for a Program Director is estimated to be \$240,000/year and for an Administrative Residency Coordinator is estimated to be \$75,000/year. Using the one-third amount for the state's contribution, this would be approximately \$80,000 for the Program Director and \$25,000 for the Residency Coordinator.
4. Sustainability and maintenance of current operations (MCO) funding must also be considered for existing programs that are already training residents and fellows in Idaho. All of the existing programs are facing challenges to sustain their programs as they balance the education mission they have in training the future workforce and the operational side of their mission in seeing enough patients (e.g. Medicaid, Medicare, uninsured, under-insured, veterans, refugees and others) to help keep their program doors open. These costs have increased substantially since the SBOE set the state matching amount at \$30,000/resident years ago. Costs and expenses have significantly increased around faculty salaries and benefits, liability insurance, accreditation fees, staff expenses, facilities, EMRs, resident salaries and benefits, to name just a few. Therefore \$60,000 per resident is an appropriate state share payment as an ongoing maintenance of current operations to ensure that our programs don't close or reduce class size because of financial pressures at a time when there is an urgent need for more physicians. Figure 3 details this important change in funding from the existing \$30,000 per resident per year to the needed \$60,000 per resident per year amount. This represents the state assuming one-third of the cost of resident training (i.e. \$60,000 per resident, per year) from its current one-sixth amount of \$30,000 per resident per year.

(9) *New England Journal of Medicine* August 2016

**Figure Three – Resident Funding Per Year by Institution**

Using this methodology for FY 2019, all existing programs in place at this time will need an ongoing re-leveling to help maintain program sustainability and viability. Therefore the requested increase from approximately \$30,000 to \$60,000 per resident represents a \$30,000 increase in base funding per resident. This will be added as a separate line item in each of the programs who are already training residents in the state of Idaho. The reason this is important is that healthy existing programs will be the main producers of these future physicians. They are the programs with

experience and knowledge about GME. They are the programs on which growth and expansion will be built. We must build on stable GME Programs.

With this overall methodology in mind, a thoughtful and measured budgeting formula can be applied to all of the existing GME programs and their residents as well as all new programs and existing program expansion. Each program will thus be budgeted over the next 10 years for new funding from the Idaho Legislature through the State Board of Education for the state's one-third contribution to sustain, grow and create new programs. The budget to grow and expand GME in Idaho is detailed by programs and activities within the program in the tables that follow.

**Table 14:**  
**FMRI Growth and State Budget Request**

Program	Current Class July 1, 2017	Class FY 28	Chang e Per Class	Total Residents/ Fellows FY 18	Total R/F FY28	Expansion Per Program	Cost to Idaho \$60K/Resident /Year	Time of Expansion
• Boise Core Program	11	14	3	33	42	8	\$480,000	FY21, FY24, FY28
• Caldwell RTT	3	4	1	9	12	3	\$180,000	FY22 – FY24
• Magic Valley RTT	2	4	2	6	12	6	\$360,000	FY20 - FY21
• Nampa Family Medicine	0	6	6	0	18	18	\$1,080,000	FY20 – FY22
Program Director							\$80,000	
Residency Coordinator							\$25,000	
• Nampa FM/Psychiatry	0	2	2	0	10	10	\$600,000	FY23 - FY27
Program Director							\$80,000	
Residency Coordinator							\$25,000	
• New RTT	0	2	2	0	6	6	\$360,000	FY24 – Y26
Program Director							\$80,000	
Residency Coordinator							\$25,000	
• HIV/Viral Hepatitis Fellowship	1	2	1	1	2	1	\$60,000	FY19
• Palliative Care Fellowship	0	1	1	0	1	1	\$60,000	FY20
• Addiction Medicine Fellowship	0	1	1	0	1	1	\$60,000	FY21
• Integrative Medicine Fellowship	0	1	1	0	1	1	\$60,000	FY23
• Rural Family Medicine Fellowship	0	1	1	0	1	1	\$60,000	FY25
• Fellowships in Sports Medicine, Geriatrics, OB, HIV/Viral Hepatitis (Funded by ISBOE in FY18 – See below ).	4	5	0	4	5	0	\$250,000	FY18
• Maintenance of Current Operations (MCO)	48 Residents @ \$30k/Resident/Year * (33 Residents – Boise, 9 Residents – Caldwell, 6 residents – Magic Valley) * This amount goes from the existing state amount \$30k to \$60k so net \$30K						\$1,440,000	FY19
Deductions							Grand Total	\$5,365,000
• Nampa Family Medicine Start Up							- \$1,000,000	
• 4 Fellowships (Sports Med, Geriatrics, OB, HIV noted above)							- \$250,000	
• New RTT							- \$250,000	
Grand Total						\$3,865,000		

**Table 15:**  
**ISU FMR Growth and State Budget Request**

Program	Current Class July 1, 2017	Class FY 28	Change Per Class	Total Residents Fellows FY 18	Total R/F FY27	Expansion Per Program	Cost to Idaho \$60K/Resident/Y ear	Time of Expansion
• Pocatello Core Program	7	9	2	21	27	6	\$360,000	FY23 - 25
New RTT #1	0	2	2	0	6	6	\$360,000	FY20 - 22
• Program Director							\$80,000	
• Residency Coordinator							\$25,000	
New RTT #2	0	2	2	0	6	6	\$360,000	FY26 -28
• Program Director							\$80,000	
• Residency Coordinator							\$25,000	
• Hospitalist Fellowship	0	1	1	0	1	1	\$60,000	FY19
• Maintenance of Current Operations (MCO)	21 residents @ \$25k/Resident/Year * * This amount uses the existing methodology of the state increase from \$30k to \$60k. Because ISU funding was already at \$35K/Resident the amount of increase will be 21 residents @ \$25k/Resident/Year						\$525,000	FY19
Grand Total ISU							\$1,875,000	
<u>Deductions</u> (Funded in FY18)								
• RTT 1							-\$250,000	
• RTT Faculty Site Coordinator							-\$125,000	
Grand Total						\$1,500,000		

**Table 16:**  
**KHFMR Growth and State Budget Request**

Program	Current Class July 1, 2017	Class FY 28	Change Per Class	Total Residents/ Fellows FY 18	Total R/F FY27	Expansion Per Program	Cost to Idaho \$60K/Resident/Year	Time of Expansion
• Coeur d’Alene Core Program	6	7	1	18	21	3	\$180,000	FY26
• New RTT  Program Director  Residency Coordinator	0	2	2	0	6	6	\$360,000	FY22
							\$80,000	
							\$25,000	
• Maintenance of Current Operations (MCO)	18 residents @ 30k/Resident/Year* * This amount goes from the existing state amount \$30k to \$60k so net \$30K						\$540,000	FY19
					Grand Total \$1,185,000			

Table 17:

## UW Internal Medicine/Preliminary Year/Chief Residents Budget Request

Program	Current Class July 1, 2017	Class FY 28	Change Per Class	Total Residents/ Fellows FY 18	Total R/F FY27	Expansion Per Program	Cost to Idaho \$60K/Resident/Year	Time of Expansion
• Core IM Expansion	9 9 in R-1 Class (8 in R -2 & R-3 Class)	12	3	25	36	11	\$660,000	FY19-21
• Chief Resident	2	3	1	2	3	1	\$60,000	FY21
• Maintenance of Current Operations (MCO)	31 Residents @ \$15k/Resident/Year * (25 IM, 4TY, 2 Chiefs) @\$15K each *UW Boise IM is only asking for half of the \$30K maintenance funding since half of its program is funded by the VA						\$465,000	FY19
UW/VA Internal Medicine/Preliminary/Chief Residents							\$1,185,000	
Deductions (Funded in FY18)							\$300,000	
Grand Total						\$885,000		

Table 18:

## UW Psychiatry Budget Request

Program	Current Class July 1, 2017	Class FY 28	Cha nge Per Clas	Total Residents/ Fellows FY 18	Total R/F FY27	Expansio n Per Program	Cost to Idaho \$60K/Resident /Year	Time of Expansion
• Core Psychiatry Expansion – All 4 years in Idaho		4/yr. x 1 <sup>st</sup> & 2 <sup>nd</sup> Year Class				8	\$480,000	FY21
• Core Program Expansion- Class from 4 to 6 per year	4	6	2	16	24	8	\$480,000	FY25
• Maintenance of Current Operations (MCO)	8 residents @ \$30k/Resident/Year* * This amount goes from the existing state amount \$30k to \$60k so net \$30K						\$240,000	FY19
						Grand Total	\$1,200,000	

Table 19:

## Bingham Internal Medicine Budget Request

Program	Current Class July 1, 2017	Class FY 28	Change Per Class	Total Residents/ Fellows FY 18	Total R/F FY 27	Expansion Per Program	Cost to Idaho \$60K/Resident/ Year	Time of Expansion
• All 12 Residents brought into Idaho System			1	12	15	15	\$900,000	FY19
• Program Director							\$80,000	FY19
• Residency Coordinator							\$25,000	FY19
• No MOC Funding as all residents are being brought under SBOE for funding								
<b>Grand Total</b>							<b>\$1,005,000</b>	

**Table 20:**  
**Eastern Idaho Regional Medical Center Budget Request**

Program	Current Class July 1, 2017	Class FY 28	Change Per Class	Total Residents/ Fellows FY 18	Total R/F FY27	Expansion Per Program	Cost to Idaho \$60K/Resident/ Year	Time of Expansion
<b><u>Internal Medicine</u></b>	0	10	10	0	30	30	\$1,800,000	FY19
IM Program Director							\$80,000	
IM Residency Coordinator							\$25,000	
<b><u>Family Medicine</u></b>	0	6	6	0	18	18	\$1,080,000	FY19
FM Program Director							\$80,000	
FM Residency Coordinator							\$25,000	
<b><u>Emergency Medicine</u></b>	0	8	8	0	24	24	\$1,440,000	FY20
EM Program Director							\$80,000	
EM Residency Coordinator							\$25,000	
<b><u>General Surgery</u></b>	0	3	3	0	15	15	\$900,000	FY20
GS Program Director							\$80,000	
GS Residency Coordinator							\$25,000	
<b>Maintenance of Current Operations (MCO)</b> • No MOC Funding as these are all new positions								
<b>Grand Total</b>							<b>\$5,640,000</b>	

**Table 21:**  
**University of Utah / ISU Psychiatry Budget Request**

Program	Current Class July 1, 2017	Class FY 28	Change Per Class	Total Residents/ Fellows FY 18	Total R/F FY27	Expansion Per Program	Cost to Idaho \$60K/Resident/Y ear	Time of Expansion
<b>UU/ISU Psychiatry</b>	0	3	3	0	12	12	\$720,000	FY20
• Psychiatry Residency Coordinator							\$25,000	
• Psychiatry Program Director							\$80,000	
• Psychology Asst. Professor							\$30,000	
• UU/ ISU Psychiatry Rotations (First Year Residents)							\$25,000	
<b>Grand Total UU/ISU Psychiatry</b>							<b>\$880,000</b>	
<b><u>Deductions</u></b> (FY18 Psychiatry Funding)							<b>-\$250,000</b>	
<b>Grand</b>							<b>\$630,000</b>	



### **Total Graduate Medical Education Expansion Over Ten Years**

The cumulative total cost of this ten year GME buildout can be seen by each program as noted below.

<b>Family Medicine Residency of Idaho</b>	\$3,865,000
<b>ISU Family Medicine Residency</b>	\$1,500,000
<b>Kootenai Health Family Medicine Coeur d' Alene Residency</b>	\$1,185,000
<b>UW Internal Medicine / Preliminary Year/Chief Residents</b>	\$885,000
<b>UW Psychiatry Residency</b>	\$1,200,000
<b>Bingham Internal Medicine Residency</b>	\$1,005,000
<b>Eastern Idaho Regional Medical Center</b>	\$5,640,000
<b>University of Utah/ISU Psychiatry Residency</b>	\$630,000

### **Total GME Maintenance and Expansion Over 10 Years: \$15,910,000/ Year\***

*\* This will be a cumulative cost reached at the end of the 10 year buildout.*

### **Graduate Medical Education Council**

This plan envisions the creation of a Graduate Medical Education Council that will oversee the implementation of this ten year plan. The Council will be set up to begin on July 1, 2018 (FY 2019) so that continuity of effort and momentum of this plan will not be lost. The council will be comprised of key stakeholders in Idaho to include residency program directors, medical school leaders, hospital senior leaders, the State Board of Education as well as representatives from the IMA, IHA, IAFP, IDHW, IOPA, Idaho's Universities, Governor's office and the Legislature.

One of the first tasks of the Council will be to develop a charter to codify its vision, mission, role, purpose, membership and authority. The Council will additionally consider its scope of effort to potentially help oversee and advise on the entire medical education pipeline to include Undergraduate Medical Education (medical schools) as well as Graduate Medical Education (residencies). There may additionally be a role to play, if deemed appropriate to help in orchestrating and coordinating other health and healthcare workforce issues that involve other healthcare professions (e.g. psychologists, pharmacists, nurse practitioners and physicians assistants) as part of a strategic plan for Idaho that will maximally serve Idaho's citizens.

The GME Council would be staffed through the Idaho State Board of Education with an appropriate budget as follows:

0.4 FTE GME Physician Coordinator and Support

**Total GME Council Budget                      \$114,000/Year**

**Additional items to grow Idaho's Health Workforce**

**1. WICHE Mental Health Psychology Internships**

Every one of Idaho's 44 counties is considered a Mental Health Professionals Shortage Area (HPSA). The Western Interstate Commission for Higher Education (WICHE) has helped other western states build American Psychological Association (APA) accredited psychology internship programs. The funding of \$125,000 will help establish this accreditation to multiple institutions to distribute across Idaho to help develop these programs.

**WICHE Mental Health Program Psychology Internships      \$125,000**

**2. Pharmacy Residencies**

Pharmacy faculty and residents are integral to the training of resident physicians in all disciplines. Interdisciplinary training with pharmacy faculty and residents enhances research opportunities, clinical pharmacology teaching, psychopharmacology, evidence-based care, health care quality improvement and team based care in the patient centered medical home model.

**Family Medicine Residency of Idaho:** FMRI will be starting up a Pharmacy Residency Program to help create more Residency Trained Pharmacists for Idaho.

Pharmacy Program Director	\$30,000
Pharmacy Admin Coordinator	\$10,000
<u>One Pharmacy Resident</u>	<u>\$30,000</u>
<b>Total FY 2019 FMRI Pharmacy Request</b>	<b>\$70,000</b>

**Idaho State University Family Medicine Residency:** There is an existing Pharmacy Residency Program in the Department of Family Medicine at Idaho State University. This program has recently expanded from two to three pharmacy residents per year in Pocatello. Funding for this program has been from ISU FMR clinical revenues and non-state appropriated College of Pharmacy Funds. The College of Pharmacy is unable to sustain their current level of support.

With the proposed expansion of the ISU FMR and advent of the Eastern Idaho Psychiatry Residency, the educational, clinical and research demands on pharmacy faculty and residents will significantly increase.

Pharmacy Program Director	\$30,000
Pharmacy Admin Coordinator	\$10,000
<u>Three Pharmacy Residents</u>	<u>\$90,000</u>
<b>Total FY 2019 FMRI Pharmacy Request</b>	<b>\$130,000</b>

### 3. Capital Requests

No line item capital requests are included in this 10 year strategic plan. However, in order for Idaho State University to accomplish their 10-year GME strategic plan objectives, ISU administration is submitting a capital budget proposal through the Division of Public Works (DPW) and the Governor-appointed Permanent Building Fund Advisory Council (PBFAC) for a new 'ISU Health and Wellness Center'.

This facility will:

- Address current overcrowding and inadequate clinical space for the Department of Family Medicine.
- Provide clinical, administrative, teaching and research space for the planned expansion of the ISU Family Medicine Residency.
- Provide adjacent clinical, administrative and teaching space for the proposed Eastern Idaho Psychiatry Residency.
- Create an interdisciplinary clinical training facility that will promote mutual referral, collaborative health care, research and shared teaching experiences throughout the Division of Health Sciences.

### 4. Idaho College of Osteopathic Medicine

The proposed Idaho College of Osteopathic Medicine (ICOM) is in the accrediting process and anticipates accepting 150 students in August of 2018. ICOM is committed to growing GME programs in Idaho and having preferred status for Idaho students for admission. ICOM will give a one-time payment up to \$250,000/program in seed money (for up to 5 programs) for its Idaho hospital partners expanding GME for up to a grand total of \$5 Million over its first 10 years of operation.

## **Ten Year Budget Request – Summary**

### **1. Expansion of GME**

A. FMRI	\$2,425,000
B. ISU	\$975,000
C. KHFM	\$645,000
D. UW (IM, PYI, CR's)	\$420,000
E. UW/Psychiatry	\$960,000
F. Bingham	\$1,005,000
G. EIRMC	\$5,640,000
H. UU/ISU	\$630,000
<b>Total</b>	<b>\$12,700,000 / year</b>

### **2. Maintenance and Stabilization of Current Operations (MCO) Funding**

A. FMRI (Boise, Caldwell, MV)	\$1,440,000
B. ISU	\$525,000
C. KHFM	\$540,000
D. UW (IM, PYI, CR's)	\$465,000
E. UW Psychiatry	\$240,000
F. Bingham	\$0.00
G. EIRMC	\$0.00
H. UU/ISU	\$0.00
<b>Total</b>	<b>\$3,210,000 / year</b>

### **3. Graduate Medical Education Council**

A. 0.4 FTE GME Physician Coordinator and support

**Total \$114,000 / year**

4. **Additional Items to Grow Idaho's Health Workforce**

A. WICHE Mental Health Psychology	\$125,000
B. <u>Pharmacy Residencies</u>	<u>\$200,000</u>
<b>Total</b>	<b>\$325,000 / year</b>

**Total 10 Year GME Request**

Expansion of GME	\$12,700,000
Maintenance and Sustainability of Current Operations	\$3,210,000
Graduate Medical Education Council	\$114,000
<u>Additional Healthcare Programs</u>	<u>\$325,000</u>
<b>Total</b>	<b>\$16,349,000 / year</b>

**Total Cost of GME, GME Council and Additional Healthcare Programs: \$16,349,000\* / year**

*\* This will be a cumulative cost reached at the end of the 10 year buildout.*

**Table 22** shows the budget request by each program over this ten year period. This table also demonstrates each programs total amount and the cost summed at the bottom for each fiscal year.

Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>Family Medicine Residency of Idaho</b>												
Family Medicine Boise		\$990,000		\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$1,470,000
Family Medicine Caldwell		\$270,000			\$60,000	\$60,000	\$60,000					\$450,000
Family Medicine MV		\$180,000	\$120,000	\$120,000	\$120,000							\$540,000
Family Medicine Nampa	\$1,000,000		\$465,000	\$360,000	\$360,000							\$1,185,000
Funding began FY 18 for above program			\$465,000	\$360,000	\$175,000							\$1,000,000
Family Medicine / Psychiatry Nampa						\$225,000	\$120,000	\$120,000	\$120,000	\$120,000		\$705,000
Family Medicine Nampa RTT	\$250,000					\$225,000	\$120,000	\$120,000				\$465,000
Funding began FY18 for above program						\$225,000	\$25,000					\$250,000
FMRI Fellowships (SM, OB, GER, HIV)	\$250,00											\$250,000
Funding began FY18 for above programs	\$250,000											\$250,000
HIV/Viral Hepatitis - Boise		\$60,000										\$60,000
Palliative Care - Boise			\$60,000									\$60,000
Addiction Medicine - Boise				\$60,000								\$60,000
Integrative Medicine Boise						\$60,000						\$60,000
Rural Family Medicine - Nampa							\$60,000					\$60,000
<b>Annual Budget Increase</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$180,000</b>	<b>\$240,000</b>	<b>\$425,000</b>	<b>\$405,000</b>	<b>\$395,000</b>	<b>\$300,000</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$60,000</b>	<b>\$3,865,000</b>
<b>Cumulative FY 18 Budget Increase</b>		<b>\$1,500,000</b>	<b>\$1,680,000</b>	<b>\$1,920,000</b>	<b>\$2,345,000</b>	<b>\$2,750,000</b>	<b>\$3,145,000</b>	<b>\$3,445,000</b>	<b>\$3,625,000</b>	<b>\$3,805,000</b>	<b>\$3,865,000</b>	<b>\$28,080,000</b>
<b>Total Budget</b>	<b>\$3,030,000</b>	<b>\$4,530,000</b>	<b>\$4,710,000</b>	<b>\$4,950,000</b>	<b>\$5,375,000</b>	<b>\$5,780,000</b>	<b>\$6,175,000</b>	<b>\$6,475,000</b>	<b>\$6,655,000</b>	<b>\$6,835,000</b>	<b>\$6,895,000</b>	
<b>Total Residents/Fellows</b>	<b>52</b>	<b>53</b>	<b>62</b>	<b>72</b>	<b>82</b>	<b>89</b>	<b>96</b>	<b>101</b>	<b>104</b>	<b>107</b>	<b>108</b>	
<b>Cumulative (FY18) Additional FTEs Trained</b>		<b>1</b>	<b>10</b>	<b>20</b>	<b>30</b>	<b>37</b>	<b>44</b>	<b>49</b>	<b>52</b>	<b>55</b>	<b>56</b>	<b>354</b>

**Table 22 (Continued)**

Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>Idaho State University</b>												
Family Medicine Pocatello		\$525,000				\$120,000	\$120,000	\$120,000				\$885,000
Family Medicine RTT #1	\$375,000		\$225,000	\$120,000	\$120,000							\$465,000
Funding began FY18 for above program (RTT/RTT Faculty Site Coordinator)			\$225,000	\$120,000	\$30,000							\$375,000
Family Medicine RTT #2									\$225,000	\$120,000	\$120,000	\$465,000
Hospitalist		\$60,000										\$60,000
Annual Budget Increase - ISU	\$375,000	\$585,000			\$90,000	\$120,000	\$120,000	\$120,000	\$225,000	\$120,000	\$120,000	\$1,500,000
Cumulative Budget Increase (FY 18) - ISU		\$585,000	\$585,000	\$585,000	\$675,000	\$795,000	\$915,000	\$1,035,000	\$1,260,000	\$1,380,000	\$1,500,000	\$9,315,000
Total Budget - ISU	\$1,459,900	\$2,044,900	\$2,044,900	\$2,044,900	\$2,134,900	\$2,254,900	\$2,374,900	\$2,494,900	\$2,719,900	\$2,839,900	\$2,959,900	
Total Residents/Fellows	21	22	24	26	28	30	32	34	36	38	40	
Cumulative FY 18 Additional FTEs Trained		1	3	5	7	9	11	13	15	17	19	100
Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>Kootenai Health Family Medicine Coeur d' Alene</b>												
Coeur d' Alene		\$540,000							\$60,000	\$60,000	\$60,000	\$720,000
RTT #1					\$225,000	\$120,000	\$120,000					\$465,000
Annual Budget Increase -		\$540,000			\$225,000	\$120,000	\$120,000		\$60,000			\$1,185,000
Cumulative (FY18) Budget Increase		\$540,000	\$540,000	\$540,000	\$765,000	\$885,000	\$1,005,000	\$1,005,000	\$1,065,000	\$1,125,000	\$1,185,000	\$8,655,000
Total Budget	\$560,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,325,000	\$1,445,000	\$1,565,000	\$1,565,000	\$1,625,000	\$1,685,000	\$1,745,000	
Total Residents/Fellows	18	18	18	18	20	22	24	24	25	26	27	
Cumulative Additional FTEs Trained (FY18)					2	4	6	6	7	8	9	42

**Table 22 (Continued)**

Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>University of Washington/Internal Medicine</b>												
Internal Medicine – Boise	\$300,000	\$705,000	\$240,000	\$180,000								\$1,125,000
Funding began FY18 for above program		\$300,000										\$300,000
* Preliminary Year Internship – No expansion												
* Chief Residents – 4 <sup>th</sup> Year				\$60,000								\$60,000
Annual Budget Increase - UW - Internal Med	\$300,000	\$405,000	\$240,000	\$240,000								\$885,000
Cumulative FY 18 Budget Increase		\$405,000	\$645,000	\$885,000	\$885,000	\$885,000	\$885,000	\$885,000	\$885,000	\$885,000	\$885,000	\$8,130,000
Total Budget -	\$540,000	\$945,000	\$1,185,000	\$1,425,000	\$1,425,000	\$1,425,000	\$1,425,000	\$1,425,000	\$1,425,000	\$1,425,000	\$1,425,000	
Total Residents/Fellows	31	35	39	43	43	43	43	43	43	43	43	
Cumulative FY18 Additional FTEs Trained		4	8	12	12	12	12	12	12	12	12	108
Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>University of Washington - Psychiatry</b>												
Psychiatry Boise		\$240,000		\$240,000	\$240,000			\$120,000	\$120,000	\$120,000	\$120,000	\$1,200,000
Annual Budget Increase		\$240,000		\$240,000	\$240,000			\$120,000	\$120,000	\$120,000	\$120,000	\$1,200,000
Cumulative Budget Increase From FY18		\$240,000	\$240,000	\$480,000	\$720,000	\$720,000	\$720,000	\$840,000	\$960,000	\$1,080,000	\$1,200,000	\$7,200,000
Total Budget - UW - Psychiatry	\$157,800	\$397,800	\$397,800	\$637,800	\$877,800	\$877,800	\$877,800	\$997,800	\$1,117,800	\$1,237,800	\$1,357,800	
Total Residents/Fellows	8	8	8	12	16	16	16	18	20	22	24	
Cumulative (FY18) Additional FTEs Trained				4	8	8	8	10	12	14	16	80



**Table 22 (Continued)**

Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>RVU – Bingham Internal Medicine</b>												
Internal Medicine - Blackfoot		\$825,000	\$60,000	\$60,000	\$60,000							\$1,005,000
Annual Budget Increase - RVU - Bingham		\$825,000	\$60,000	\$60,000	\$60,000							\$1,005,000
Cumulative Budget Increase (FY18) - RVU - Bingham		\$825,000	\$885,000	\$945,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	\$9,690,000
Total Budget - RVU Bingham		\$825,000	\$885,000	\$945,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	
Total Residents/Fellows	11	12	13	14	15	15	15	15	15	15	15	
Cumulative FY18 Additional FTEs Trained		1	2	3	4	4	4	4	4	4	4	34
Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>Eastern Idaho Regional Medical Center</b>												
Internal Medicine – Idaho Falls		\$705,000	\$600,000	\$600,000								\$1,905,000
Family Medicine - Idaho Falls			\$465,000	\$360,000	\$360,000							\$1,185,000
Emergency Medicine– Idaho Falls				\$585,000	\$480,000	\$480,000						\$1,545,000
General Surgery - Idaho Falls				\$285,000	\$180,000	\$180,000	\$180,000	\$180,000				\$1,005,000
Annual Budget Increase		\$705,000	\$1,065,000	\$1,830,000	\$1,020,000	\$660,000	\$180,000	\$180,000				\$5,640,000
Cumulative (FY18) Budget Increase		\$705,000	\$1,770,000	\$3,600,000	\$4,620,000	\$5,280,000	\$5,640,000	\$5,640,000	\$5,640,000	\$5,640,000	\$5,640,000	\$43,995,000
Total Budget		\$705,000	\$1,770,000	\$3,600,000	\$4,620,000	\$5,280,000	\$5,640,000	\$5,640,000	\$5,640,000	\$5,640,000	\$5,640,000	
Total Residents/Fellows		10	26	53	70	81	84	87	87	87	87	
Cumulative FY18 Additional FTEs Trained		10	26	53	70	81	84	87	87	87	87	672

Table 22 (Continued)

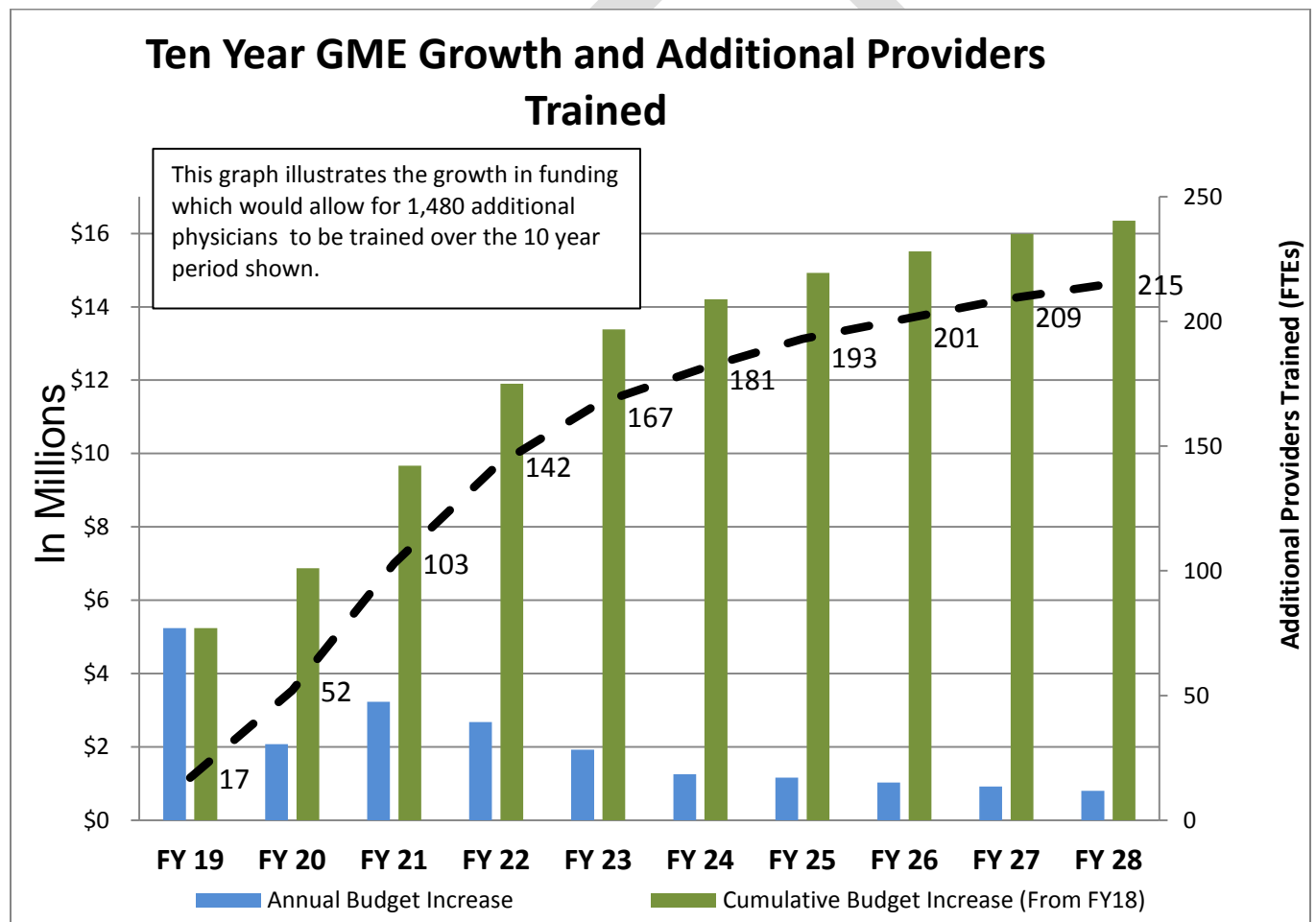
Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>University of Utah/ ISU Psychiatry</b>												
Psychiatry Pocatello	\$250,000		\$340,000	\$180,000	\$180,000	\$180,000						\$880,000
Funding began FY18 for above program			\$250,000									\$250,000
Annual Budget Increase -	\$250,000		\$90,000	\$180,000	\$180,000	\$180,000						\$630,000
Cumulative Budget Increase (From FY18)			\$90,000	\$270,000	\$450,000	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000	\$4,590,000
Total Budget	\$250,000	\$250,000	\$340,000	\$520,000	\$700,000	\$880,000	\$880,000	\$880,000	\$880,000	\$880,000	\$880,000	
Total Residents/Fellows			3	6	9	12	12	12	12	12	12	
Cumulative FY18 Additional FTEs Trained			3	6	9	12	12	12	12	12	12	90
	FY 19	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total Budget
<b>Miscellaneous</b>												
GME Council Coordinator / Support	\$114,000											\$114,000
WICHE Mental Health Psychology Interns	\$125,000											\$125,000
Pharmacy Residencies	\$200,000											\$200,000
Annual Budget Increase – Misc.	\$439,000											\$439,000
Cumulative Budget Increase (From FY18) –Misc.	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$4,390,000
Total Budget – Misc.	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	\$439,000	

**Table 22: Summary****Total Cumulative Budget, Total Resident/Fellows and Cumulative Additional Physicians Trained**

Program	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Total FY19- FY28
Annual Budget Increase - Total	\$2,425,000	\$5,239,000	\$1,635,000	\$2,790,000	\$2,240,000	\$1,485,000	\$815,000	\$720,000	\$585,000	\$480,000	\$360,000	\$16,349,000
Cumulative Budget Increase FY18) - Total		\$5,239,000	\$6,874,000	\$9,664,000	\$11,904,000	\$13,389,000	\$14,204,000	\$14,924,000	\$15,509,000	\$15,989,000	\$16,349,000	\$124,045,000
Total Budget	\$5,997,700	\$11,236,700	\$12,871,700	\$15,661,700	\$17,901,700	\$19,386,700	\$20,201,700	\$20,921,700	\$21,506,700	\$21,986,700	\$22,346,700	
Total Residents/Fellows	141	158	193	244	283	308	322	334	342	350	356	
Cumulative FY18 Additional FTEs Trained	-	17	52	103	142	167	181	193	201	209	215	1,480

**Figure 4** demonstrates the additional physicians trained over this ten year period and compares it to the cumulative budget increase. This ten year plan will produce 1,480 additional physicians (2000 in total) over this ten year period at a ten year cumulative cost of \$124,045,000 and \$16,349,000/year when fully mature. The blue bars show the proposed annual appropriation increases for the plan over the next year, with a \$5.239 million request in FY2019, and smaller increases over the life of the plan

**Figure 4:**  
**10 Year GME Growth and Additional Providers Trained**



**Barriers**

The barriers that exist in Idaho to expand and grow the GME workforce at this time are considerable but can be overcome. They consist of:

1. **Finances** – Without the financial resources to partially offset the costs of GME training this expansion and development will not happen.
2. **Leadership** – All of these programs must have effective, capable, and passionate leadership (both physicians and administrators) or the proposed new programs will not get started and will not succeed. This point cannot be emphasized enough.
3. **Attitudinal** – Not seeing the reason and vision of needing this now will delay the proposed timeline.
4. **Recruitment** – These programs must be viable to recruit high-quality candidates to their programs.
5. **Competition** – If existing and new GME and UME programs compete for limited resources (both financial and clinical resources) instead of working together in an integrated, coordinated and collaborative manner, then Idaho will not obtain the synergy that can develop to help make all of the programs successful.
6. **Partnerships** – Getting the right chemistry and cultures at these programs is absolutely essential to growing, nurturing, and sustaining these programs.

**GME Program Outcome Metrics for Success**

Since the state of Idaho is making a significant investment to grow GME programs in order to enhance the Idaho physician workforce, there must be corresponding outcome metrics to determine the return on investment and success of this effort. The following metrics of success will be applied to all programs that receive state funding and will be collected on an annual basis by the Graduate Medical Education Council of the State Board of Education:

1. All programs will have 100% fill rates of their programs first year class on July 1 of each academic year once they have started.
2. All residency and fellowship programs will maintain ongoing accreditation with ACGME (as applicable).

3. All sponsoring institutions will maintain ongoing accreditation by the ACGME for Sponsoring Institution requirements.
4. All residency/fellowship programs will have 50% of their graduates remain in Idaho as measured by a rolling 5 year average.
5. All residency/fellowship programs will have at least 30% of their graduates that remain in Idaho serve in rural or underserved areas as defined as communities of less than 35,000 people or counties defined as Health Professional Shortage Areas (HPSAs).
6. All programs will maintain a 90% Board Certification pass rate for their graduates as measured on a rolling 5 year average.

### **Summary and Impact**

This comprehensive ten year plan to expand and develop GME in Idaho will create a strategic blueprint in which to develop, grow, implement and sustain the physician workforce needed to meet the needs of Idaho's citizens for decades to come. This plan will increase the number of GME programs in Idaho from nine to twenty-one, and the number of residents and fellows training in Idaho from 141/year to 356/year, which is a 252% increase. The class size graduating in Idaho each year from Idaho's twenty-one programs will increase from 52 to 124 new physicians, which will represent a 237% increase. This ten year plan will graduate 2,000 resident trained physicians of which 1,480 will be new physicians produced by this expansion plan. The **budget request for FY2019 will be for \$5.239 million in new funding**, with smaller increases in the subsequent nine years of the plan, eventually building up to a \$16,349,000 increase in annual state funding by FY2028, compared to FY2018. Over the course of the ten year plan, the state will have invested \$124,045,000 to sustain and expand GME residency programs. The remaining amount of over \$32 million/per year (over \$360 million over ten years) will be generated by the programs themselves, through clinical services payments, institutional and hospital support and potential Medicare and Medicaid GME payments. The return on investment (ROI) of keeping just half of these newly trained resident physicians in Idaho will return \$1.3 billion dollars to the state in economic impact, create 10,000 new jobs and provide a ROI of 10.9 to 1 in respects to Idaho annual revenues gained versus expenses for training.

**Table 23** summarizes the growth in programs and fellowships as well as the number of residents and fellows in training for 2017 to 2028 with this plan.

**Table 23:**

**Ten Year Growth in Graduate Medical Education (GME)  
Programs, Residents and Fellows, and Cost to Idaho's Legislature**

	2017	2018-2028	% Increase
GME Residency Programs	9	21*	233%
GME Fellowship Programs	4	9	225%
Residents and Fellows Training in Idaho/year	141	356	252%
Number of Graduates Each Year from Idaho's GME Programs	52	124	237%
GME Residents per 100,000 citizens in Idaho	6.7 (National Average is 28.1)	17.7 (Assuming Idaho's Population grows to 2 Million People by 2028)	276%
Cost of GME and Additional Healthcare Programs in Idaho	\$5,138,700 / year	\$16,349,000 / year	318%

\* The Nampa combined Family Medicine/Psychiatry program is being counted as both a family medicine and psychiatry program as it is producing physicians that will be Board Certified in Family Medicine and Psychiatry.

The development of this future GME vision and infrastructure creation must start today. Idaho must invest NOW to ensure that together we build the workforce and produce the jobs that Idaho citizens need and deserve for generations to come.

THIS PAGE INTENTIONALLY LEFT BLANK



**AGENCY: Health Education Programs**

FUNCTION: Family Medicine

Residencies

Agency No.: 515

FY 2019 Request

Function No.: 05

Page 1\_ of \_3 Pages

Original Submission X or

Revision No. \_\_\_\_

ACTIVITY:

Activity No.:

A: Decision Unit No: <b>12.01</b>		Title: <b>FMR Program Enhancements</b>			Priority Ranking 1 of 1
<b>DESCRIPTION</b>	<b>General</b>	<b>Dedicated</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
FULL TIME POSITIONS (FTP)	5.0				5.0
PERSONNEL COSTS:					
1. Salaries	\$545,000				\$545,000
2. Benefits	\$170,000				\$170,000
3. Group Position Funding					
TOTAL PERSONNEL COSTS:	\$715,000				\$715,000
OPERATING EXPENDITURES by summary object:					
1. Operating Expenses					
TOTAL OPERATING EXPENDITURES:					
CAPITAL OUTLAY by summary object:					
1.					
TOTAL CAPITAL OUTLAY:					
T/B PAYMENTS:	\$2,110,000				\$2,110,000
LUMP SUM:					
GRAND TOTAL	\$2,825,000				\$2,825,000

**Background**

Graduate Medical Education (GME) is extremely important to the physician workforce in Idaho. Physicians who do residency training in Idaho have a high likelihood of staying to practice in Idaho after residency training. Studies have shown that 50%-75% of residents who train in a location will stay within 100 miles of that location compared to 41% retention rates for medical students who remain in the same state where they have attended medical school. Hence, it is important to have multiple residency programs in the state of Idaho to help train the future workforce and to retain physicians in the state. Idaho currently ranks 48th in the United States for the number of residents physicians per capita with only 6.4 resident physicians per 100,000 people. This low ratio of resident physicians to state population places Idaho at 426% below the national median of 27.3 resident physicians per 100,000. This means that Idaho does not have enough training positions within the state necessary to generate the workforce for a rapidly growing

state. Additionally, 25% of Idaho physicians are over age 60 and will reach retirement age in the next decade. Idaho has increased the number of medical school graduates (the State legislature has recently increased the number of Idaho medical students to 40/year in the Idaho WWAMI program and 10/year at the University of Utah, and Idaho College of Osteopathic Medicine is now in the pre-accreditation phase and will graduate 150 medical students per year starting in 2022), creating a situation in which Idaho will lose medical students trained in Idaho after graduation to residency training programs outside of Idaho unless Idaho builds the infrastructure for more GME programs now. It is thus imperative that Idaho must start to build an expansion of the GME infrastructure now to provide enough training opportunities to retain these students in state and to attract other top notch medical school graduates into Idaho to train and retain for Idaho's citizens future healthcare workforce needs.

### **FY 2019 Maintenance of Current Operations (MCO) Funding**

All of the existing residency programs need additional funding to sustain their programs as they balance the educational mission they have in training the future workforce and the operational side of their mission in seeing enough patients to help keep their programs doors open.

Data on the cost of training residents shows the cost per resident per year to be \$194,000 at the FMRI. These costs have increased substantially since the SBOE set the state matching amount at \$30K/resident years ago. Costs and expenses have increased over the years due to faculty salaries and benefits, liability insurance, accreditation fees, staff expenses, facilities, EMR's, and resident salaries and benefits. The Idaho Medical Association (IMA) GME Subcommittee believes that \$60K in state funding per resident is needed to sustain each resident as an ongoing maintenance of current operations to ensure that our programs don't close or reduce class size at a time of need. That amount would represent approximately one-third of the cost of training a resident in the State of Idaho. The programs, their sponsoring institutions and the hospitals will pick up the remaining two-thirds. Using this methodology for FY 2019, existing programs will need re-leveling to help maintain program sustainability and viability. Therefore the requested increase from approximately \$30K to \$60K/resident represents a \$30K increase in base funding per resident. These MCO Funds would be distributed as follows.

### **FMRI**

#### **Increase Resident Funding**

With 48 current FM Residents in training @ \$30K/resident enhancement to \$60K/resident this represents \$1,440,000. All new program expansion amounts will be based on the \$60K (1/3<sup>rd</sup> share) amount so no adjustments will be needed after this. All four recently funded fellowship positions were funded at the \$60K level. In addition, the HIV/Viral Hepatitis fellowship will expand from 1 to 2 fellows in FY 2019 at a cost of \$60,000.

**Pharmacy Residencies**

Pharmacy faculty and residents are integral to the training of resident physicians in all disciplines. Interdisciplinary training with pharmacy faculty and residents enhances research opportunities, clinical pharmacology teaching, psychopharmacology, evidence-based care, health care quality improvement and team based care in the patient centered medical home model.

FMRI will be starting up a Pharmacy Residency Program to help create more residency trained pharmacists for Idaho.

Pharmacy Program Director	\$30,000
Pharmacy Admin Coordinator	\$10,000
One Pharmacy Resident	<u>\$30,000</u>
<b>Total FY 2019 FMRI Pharmacy Request</b>	<b>\$70,000</b>

**ISU FM Residency**

ISU FM has historically been funded using a formula of about \$35k per resident. Brining these residents up to the new \$60k standard will ensure that sufficient funds are available to support. The majority of funding for the ISU FMR residents is from non-appropriated IME Medicare funds passed through to ISU from Portneuf Medical Center. ISU FMR is feeling financial pressure for their Inpatient Medicine Service Director and Rural GME Director using non-appropriated clinic fees and IME-GME payments. If they could get more funding per resident, then they would use those funds to place these two positions on to the general fund to relieve the pressure from those other funds. ISU FMR is requesting the associated 3.0 FTP authorization increase required in accordance with Section 67-3519, Idaho Code.

Hospitalist – Inpatient Medicine Service Director:

- Family physicians who practice in isolated rural hospitals care for complex inpatients with acute conditions. The ISU Family Medicine Residency has a long tradition of graduating family physicians who are highly skilled in hospital medicine, emergency medicine, inpatient procedures and basic intensive care.
- The Residency's Hospitalist – Inpatient Medicine Service Director is a full-time family physician faculty with a full complement of academic, administrative, clinical and service functions. The Hospitalist / Director focuses his academic and clinical activities on the oversight and function of the residency's inpatient medicine service. This will ensure a flow of Family Medicine graduates competent to staff the emergency room and small ICU and medicine beds of isolated rural hospitals. The position will also have the responsibility of exploring the possibility of establishing a one year hospitalist fellowship program.

## Rural GME Director:

- Small rural hospitals depend on family physicians to provide maternity care services in isolated, rural communities, including cesarean sections. Training family physicians at Rural Training Tracks in rural communities promotes future practice in those same underserved communities. Rural Training Tracks are based in an existing family medicine residency with the first year of training at the base program and the second and third years at a developed rural community site. A Rural GME Director and Residency Coordinator at the base program are responsible for the academic and accreditation functions of RTTs. An RTT Site Director / family physician residing in the rural community is responsible for clinical teaching and other training activities.
- The Rural GME Director is a full-time family physician faculty with a full complement of academic, administrative, clinical and service functions. The clinical focus is in women's health and maternity care including directing the advanced surgical obstetrics training. This faculty member also leads the residency's clinic quality improvement processes and quality curriculum. The academic / administrative focus is the development of new rural training tracks in underserved Eastern Idaho communities. The Rural GME Director is already actively engaged in the community development process and accreditation application for the first RTT in Rexburg. The Director will then be responsible for the academic oversight and administration of the Rexburg RTT. The position will also have ongoing responsibility of exploring the feasibility of establishing other RTT sites.
- The ISU program is also looking to start a fellowship program in Hospitalist Medicine.

**ISU Pharmacy Residency**

There is an existing Pharmacy Residency Program in the Department of Family Medicine at Idaho State University. This program has recently expanded from two to three pharmacy residents per year in Pocatello. Funding for this program has been from ISU FMR clinical revenues and non-state appropriated College of Pharmacy Funds. The College of Pharmacy is unable to sustain their current level of support. With the proposed expansion of the ISU FMR and advent of the Eastern Idaho Psychiatry Residency, the educational, clinical and research demands on pharmacy faculty and residents will significantly increase. ISU FMR is requesting the associated 2.0 FTP authorization increase required in accordance with Section 67-3519, Idaho Code.

Pharmacy Program Director	\$30,000
Pharmacy Admin Coordinator	\$10,000
Three Pharmacy Residents	<u>\$90,000</u>
<b>Total FY 2019 FMRI Pharmacy Request</b>	<b>\$130,000</b>

**Kootenai Clinic FM Residency Program**

With 18 residents in training this would represent a \$540K increase in funding.

**Totals for this line item under Health Programs – Family Medicine Residencies:**

FMRI	\$1,570,000	
ISU FM Residency	585,000	
ISU Pharmacy	130,000	
Kootenai Health FMR	<u>540,000</u>	
<b>Total Request</b>	<b>\$2,825,000</b>	

**Questions:**

- 1. What is being requested and why? What is the agency staffing level for this activity and how much funding by source is in the base?** The requested funds will continue the Governor's initiative, begun in FY2018 to expand the number of medical residencies in Idaho to redress the dire shortage of health professionals in all regions of Idaho.
- 2. What resources are necessary to implement this request?** A total of \$5,239,000 to fund a statewide array of new and/or expanded residency operations.
- 3. Provide additional detail about the request, including one-time versus ongoing. Include a description of major revenue assumptions, for example, whether there is a new customer base, fee structure changes, or anticipated grant awards.** Details are provided in the "Description" section. There is a planned 2-to-1 match of the requested dollars from other stakeholders (sponsoring hospitals and clinics, funds generated from the new positions).
- 4. Who is being served by this request and what are the expected impacts of the funding requested? If this request is not funded who and what are impacted?** The request benefits all regions of the State. Without this support, Idaho citizens will have reduced access to health care, and the State will struggle to retain even its current ranking (48<sup>th</sup> place among all states) in terms of physicians per resident.

THIS PAGE INTENTIONALLY LEFT BLANK

AGENCY: Health Education Programs

Agency No.: 515

FY 2019 Request

FUNCTION: Boise Internal Medicine

Function No.: 07

Page 1\_ of 3 Pages

ACTIVITY:

Activity No.:

Original Submission X or  
Revision No. \_\_\_\_

A: Decision Unit No: <b>12.01</b>		Title: <b>Increase per resident funding</b>			Priority Ranking 1 of 1
DESCRIPTION	General	Dedicated	Federal	Other	Total
FULL TIME POSITIONS (FTP)					
PERSONNEL COSTS:					
1. Salaries					
2. Benefits					
3. Group Position Funding					
TOTAL PERSONNEL COSTS:					
OPERATING EXPENDITURES by summary object:					
1. Operating Expenses					
TOTAL OPERATING EXPENDITURES:					
CAPITAL OUTLAY by summary object:					
1.					
TOTAL CAPITAL OUTLAY:					
T/B PAYMENTS:	\$405,000				\$405,000
LUMP SUM:					

Graduate Medical Education (GME) is extremely important to the physician workforce in Idaho. Physicians who do residency training in Idaho have a high likelihood of staying to practice in Idaho after residency training. Studies have shown that 50%-75% of residents who train in a location will stay within 100 miles of that location compared to 41% retention rates for medical students who remain in the same state where they have attended medical school. Hence, it is important to have multiple residency programs in the state of Idaho to help train the future workforce and to retain physicians in the state. Idaho currently ranks 48th in the United States for the number of residents physicians per capita with only 6.4 resident physicians per 100,000 people. This low ratio of resident physicians to state population places Idaho at 426% below the national median of 27.3 resident physicians per 100,000. This means that Idaho does not have enough training positions within the state necessary to generate the workforce for a rapidly growing state. Additionally, 25% of Idaho physicians are over age 60 and will reach retirement age in the next decade. Idaho has increased the number of medical school graduates (the State legislature has recently increased the number of Idaho medical students to 40/year in the Idaho WWAMI program and 10/year at the University of Utah, and Idaho

College of Osteopathic Medicine is now in the pre-accreditation phase and will graduate 150 medical students per year starting in 2022), creating a situation in which Idaho will lose medical students trained in Idaho after graduation to residency training programs outside of Idaho unless Idaho builds the infrastructure for more GME programs now. It is thus imperative that Idaho must start to build an expansion of the GME infrastructure now to provide enough training opportunities to retain these students in state and to attract other top notch medical school graduates into Idaho to train and retain for Idaho's citizens future healthcare workforce needs.

### **FY 2019 Maintenance of Current Operations (MCO) Funding**

All of the existing residency programs need additional funding to sustain their programs as they balance the educational mission they have in training the future workforce and the operational side of their mission in seeing enough patients to help keep their programs doors open.

Data on the cost of training residents shows the cost per resident per year to be \$194,000 at the FMRI. These costs have increased substantially since the SBOE set the state matching amount at \$30K/resident years ago. Costs and expenses have increased over the years due to faculty salaries and benefits, liability insurance, accreditation fees, staff expenses, facilities, EMR's, and resident salaries and benefits. The Idaho Medical Association (IMA) GME Subcommittee believes that \$60K in state funding per resident is needed to sustain each resident as an ongoing maintenance of current operations to ensure that our programs don't close or reduce class size at a time of need. That amount would represent approximately one-third of the cost of training a resident in the State of Idaho. The programs, their sponsoring institutions and the hospitals will pick up the remaining two-thirds. Using this methodology for FY 2019, existing programs will need re-leveling to help maintain program sustainability and viability. Therefore the requested increase from approximately \$30K to \$60K/resident represents a \$30K increase in base funding per resident. These MCO Funds would be distributed as follows.

### **UW Boise IM Program**

This program, which is currently on its way from 31 residents to 40 residents, is requesting only half of the \$60K PRA amount since half of its program is funded by the VA. Therefore its funding increase needs to be 31 residents x \$15K = \$465,000. Also included for FY 2019 is an expansion of four residents at \$60k each for an additional \$240,000. The increase in resident funding of \$465,000 plus the expansion of \$240,000 equates to a total of \$705,000. \$300,000 of this was appropriated in FY 2018 bringing the net increase requested in FY 2019 to \$405,000.

### **Totals for this line item under Health Programs – Boise Internal Medicine:**

Boise Internal Medicine	\$405,000
-------------------------	-----------



**Questions:**

- 1. What is being requested and why? What is the agency staffing level for this activity and how much funding by source is in the base?** The requested funds will continue the Governor's initiative, begun in FY2018 to expand the number of medical residencies in Idaho to redress the dire shortage of health professionals in all regions of Idaho.
- 2. What resources are necessary to implement this request?** A total of \$5,239,000 to fund a statewide array of new and/or expanded residency operations.
- 3. Provide additional detail about the request, including one-time versus ongoing. Include a description of major revenue assumptions, for example, whether there is a new customer base, fee structure changes, or anticipated grant awards.** Details are provided in the "Description" section. There is a planned 2-to-1 match of the requested dollars from other stakeholders (sponsoring hospitals and clinics, funds generated from the new positions).
- 4. Who is being served by this request and what are the expected impacts of the funding requested? If this request is not funded who and what are impacted?** The request benefits all regions of the State. Without this support, Idaho citizens will have reduced access to health care, and the State will struggle to retain even its current ranking (48<sup>th</sup> place among all states) in terms of physicians per resident.

THIS PAGE INTENTIONALLY LEFT BLANK

AGENCY: Health Education Programs

Agency No.: 515

FY 2019 Request

FUNCTION: Psychiatry Residency

Function No.: 08

Page 1\_ of 3 Pages

ACTIVITY:

Activity No.:

Original Submission X or  
Revision No. \_\_\_\_

A: Decision Unit No: <b>12.01</b>		Title: <b>Increase per resident funding</b>			Priority Ranking 1 of 2
<b>DESCRIPTION</b>	<b>General</b>	<b>Dedicated</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
FULL TIME POSITIONS (FTP)					
PERSONNEL COSTS:					
1. Salaries					
2. Benefits					
3. Group Position Funding					
TOTAL PERSONNEL COSTS:					
OPERATING EXPENDITURES by summary object:					
1. Operating Expenses					
TOTAL OPERATING EXPENDITURES:					
CAPITAL OUTLAY by summary object:					
1.					
TOTAL CAPITAL OUTLAY:					
T/B PAYMENTS:	\$240,000				\$240,000
LUMP SUM:					
GRAND TOTAL	\$240,000				\$240,000

**Background**

Graduate Medical Education (GME) is extremely important to the physician workforce in Idaho. Physicians who do residency training in Idaho have a high likelihood of staying to practice in Idaho after residency training. Studies have shown that 50%-75% of residents who train in a location will stay within 100 miles of that location compared to 41% retention rates for medical students who remain in the same state where they have attended medical school. Hence, it is important to have multiple residency programs in the state of Idaho to help train the future workforce and to retain physicians in the state. Idaho currently ranks 48th in the United States for the number of residents physicians per capita with only 6.4 resident physicians per 100,000 people. This low ratio of resident physicians to state population places Idaho at 426% below the national median of 27.3 resident physicians per 100,000. This means that Idaho does not have enough training positions within the state necessary to generate the workforce for a rapidly growing

state. Additionally, 25% of Idaho physicians are over age 60 and will reach retirement age in the next decade. Idaho has increased the number of medical school graduates (the State legislature has recently increased the number of Idaho medical students to 40/year in the Idaho WWAMI program and 10/year at the University of Utah, and Idaho College of Osteopathic Medicine is now in the pre-accreditation phase and will graduate 150 medical students per year starting in 2022), creating a situation in which Idaho will lose medical students trained in Idaho after graduation to residency training programs outside of Idaho unless Idaho builds the infrastructure for more GME programs now. It is thus imperative that Idaho must start to build an expansion of the GME infrastructure now to provide enough training opportunities to retain these students in state and to attract other top notch medical school graduates into Idaho to train and retain for Idaho's citizens future healthcare workforce needs.

### **FY 2019 Maintenance of Current Operations (MCO) Funding**

All of the existing residency programs need additional funding to sustain their programs as they balance the educational mission they have in training the future workforce and the operational side of their mission in seeing enough patients to help keep their programs doors open.

Data on the cost of training residents shows the cost per resident per year to be \$194,000 at the FMRI. These costs have increased substantially since the SBOE set the state matching amount at \$30K/resident years ago. Costs and expenses have increased over the years due to faculty salaries and benefits, liability insurance, accreditation fees, staff expenses, facilities, EMR's, and resident salaries and benefits. The Idaho Medical Association (IMA) GME Subcommittee believes that \$60K in state funding per resident is needed to sustain each resident as an ongoing maintenance of current operations to ensure that our programs don't close or reduce class size at a time of need. That amount would represent approximately one-third of the cost of training a resident in the State of Idaho. The programs, their sponsoring institutions and the hospitals will pick up the remaining two-thirds. Using this methodology for FY 2019, existing programs will need re-leveling to help maintain program sustainability and viability. Therefore the requested increase from approximately \$30K to \$60K/resident represents a \$30K increase in base funding per resident. These MCO Funds would be distributed as follows.

### **UW – Psychiatry Program**

With 8 residents in Boise for years three (four residents) and four (four residents) of their four year psychiatry training, their MCO enhancement should be 8 residents x \$30K = \$240K. Future build outs of the program will be priced at \$60K per resident as the per resident amount (PRA).

### **Totals for this line item under Health Programs – Psychiatry Residency:**

Boise Internal Medicine	\$240,000
-------------------------	-----------

**Questions:**

- 1. What is being requested and why? What is the agency staffing level for this activity and how much funding by source is in the base?** The requested funds will continue the Governor's initiative, begun in FY2018 to expand the number of medical residencies in Idaho to redress the dire shortage of health professionals in all regions of Idaho.
- 2. What resources are necessary to implement this request?** A total of \$5,239,000 to fund a statewide array of new and/or expanded residency operations.
- 3. Provide additional detail about the request, including one-time versus ongoing. Include a description of major revenue assumptions, for example, whether there is a new customer base, fee structure changes, or anticipated grant awards.** Details are provided in the "Description" section. There is a planned 2-to-1 match of the requested dollars from other stakeholders (sponsoring hospitals and clinics, funds generated from the new positions).
- 4. Who is being served by this request and what are the expected impacts of the funding requested? If this request is not funded who and what are impacted?** The request benefits all regions of the State. Without this support, Idaho citizens will have reduced access to health care, and the State will struggle to retain even its current ranking (48<sup>th</sup> place among all states) in terms of physicians per resident.

THIS PAGE INTENTIONALLY LEFT BLANK

AGENCY: Health Education Programs

Agency No.: 515

FY 2019 Request

FUNCTION: Bingham IM Residency

Function No.: 10

Page 1\_ of 3 Pages

ACTIVITY:

Activity No.:

Original Submission X or  
Revision No. \_\_\_\_

A: Decision Unit No: <b>12.01</b>		Title: <b>Program State Support</b>			Priority Ranking 1 of 1
<b>DESCRIPTION</b>	<b>General</b>	<b>Dedicated</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
FULL TIME POSITIONS (FTP)					
PERSONNEL COSTS:					
1. Salaries					
2. Benefits					
3. Group Position Funding					
TOTAL PERSONNEL COSTS:					
OPERATING EXPENDITURES by summary object:					
1. Operating Expenses					
TOTAL OPERATING EXPENDITURES:					
CAPITAL OUTLAY by summary object:					
1.					
TOTAL CAPITAL OUTLAY:					
T/B PAYMENTS:	\$825,000				\$825,000
LUMP SUM:					
GRAND TOTAL	\$825,000				\$825,000

**Background**

Graduate Medical Education (GME) is extremely important to the physician workforce in Idaho. Physicians who do residency training in Idaho have a high likelihood of staying to practice in Idaho after residency training. Studies have shown that 50%-75% of residents who train in a location will stay within 100 miles of that location compared to 41% retention rates for medical students who remain in the same state where they have attended medical school. Hence, it is important to have multiple residency programs in the state of Idaho to help train the future workforce and to retain physicians in the state. Idaho currently ranks 48th in the United States for the number of residents physicians per capita with only 6.4 resident physicians per 100,000 people. This low ratio of resident physicians to state population places Idaho at 426% below the national median of 27.3 resident physicians per 100,000. This means that Idaho does not have enough training positions within the state necessary to generate the workforce for a rapidly growing

state. Additionally, 25% of Idaho physicians are over age 60 and will reach retirement age in the next decade. Idaho has increased the number of medical school graduates (the State legislature has recently increased the number of Idaho medical students to 40/year in the Idaho WWAMI program and 10/year at the University of Utah, and Idaho College of Osteopathic Medicine is now in the pre-accreditation phase and will graduate 150 medical students per year starting in 2022), creating a situation in which Idaho will lose medical students trained in Idaho after graduation to residency training programs outside of Idaho unless Idaho builds the infrastructure for more GME programs now. It is thus imperative that Idaho must start to build an expansion of the GME infrastructure now to provide enough training opportunities to retain these students in state and to attract other top notch medical school graduates into Idaho to train and retain for Idaho's citizens future healthcare workforce needs.

### **FY 2019 Maintenance of Current Operations (MCO) Funding**

All of the existing residency programs need additional funding to sustain their programs as they balance the educational mission they have in training the future workforce and the operational side of their mission in seeing enough patients to help keep their programs doors open.

Data on the cost of training residents shows the cost per resident per year to be \$194,000 at the FMRI. These costs have increased substantially since the SBOE set the state matching amount at \$30K/resident years ago. Costs and expenses have increased over the years due to faculty salaries and benefits, liability insurance, accreditation fees, staff expenses, facilities, EMR's, and resident salaries and benefits. The Idaho Medical Association (IMA) GME Subcommittee believes that \$60K in state funding per resident is needed to sustain each resident as an ongoing maintenance of current operations to ensure that our programs don't close or reduce class size at a time of need. That amount would represent approximately one-third of the cost of training a resident in the State of Idaho. The programs, their sponsoring institutions and the hospitals will pick up the remaining two-thirds. Using this methodology for FY 2019, existing programs will need re-leveling to help maintain program sustainability and viability. Therefore the requested increase from approximately \$30K to \$60K/resident represents a \$30K increase in base funding per resident. These MCO Funds would be distributed as follows.

### **Bingham Internal Medicine Residency**

This program was the first American Osteopathic Association (AOA) accredited residency program in Idaho. The program just graduated its first class. The program has not been part of the SBOE funding formulas in the past. It will need to transition under the single Accreditation system to an Accreditation Council for Graduate Medical Education (ACGME) accredited residency by 2020, in doing so it will need to grow its class size to 5 residents per class as a minimum. Table 7 outlines this program coming into the GME community and being included under the State Board of Education.

The growth of the Bingham Internal Medicine Residency over the time period of July 1, 2018 through June 30, 2028 will be from 11 Internal Medicine Residents to 15 Internal Medicine Residents. This program will represent a new program requesting state funding



as it has not been included before and will eventually add 15 new GME state funded positions. This represents a growth of 36%.

The eventual budget for this program will consist of the following:

15 residents (\$60k per resident)	\$ 900,000
Program Director	80,000
Residency Coordinator	<u>25,000</u>
Total Bingham Internal Medicine Residency	\$1,005,000

Of this total amount, the FY 2019 reflects only 12 of the 15 residents in addition to the Program Director and Residency Coordinator for a total request of \$825,000.

**Totals for this line item under Health Programs – Bingham Internal Medicine Residency:**

Bingham Internal Medicine Residency	\$825,000
-------------------------------------	-----------

**Questions:**

- 1. What is being requested and why? What is the agency staffing level for this activity and how much funding by source is in the base?** The requested funds will continue the Governor's initiative, begun in FY2018 to expand the number of medical residencies in Idaho to redress the dire shortage of health professionals in all regions of Idaho.
- 2. What resources are necessary to implement this request?** A total of \$5,239,000 to fund a statewide array of new and/or expanded residency operations.
- 3. Provide additional detail about the request, including one-time versus ongoing. Include a description of major revenue assumptions, for example, whether there is a new customer base, fee structure changes, or anticipated grant awards.** Details are provided in the "Description" section. There is a planned 2-to-1 match of the requested dollars from other stakeholders (sponsoring hospitals and clinics, funds generated from the new positions).
- 4. Who is being served by this request and what are the expected impacts of the funding requested? If this request is not funded who and what are impacted?** The request benefits all regions of the State. Without this support, Idaho citizens will have reduced access to health care, and the State will struggle to retain even its current ranking (48<sup>th</sup> place among all states) in terms of physicians per resident.

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENCY: Health Education Programs**FUNCTION: Eastern Idaho Regional  
Medical Center

ACTIVITY:

Agency No.: 515

Function No.: 09

Activity No.:

FY 2019 Request

Page 1\_ of \_3 Pages  
Original Submission X or  
Revision No. \_\_\_\_

A: Decision Unit No: <b>12.01</b>	Title: <b>Program Creation</b>				Priority Ranking 1 of 1
<b>DESCRIPTION</b>	<b>General</b>	<b>Dedicated</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
FULL TIME POSITIONS (FTP)					
PERSONNEL COSTS:					
1. Salaries					
2. Benefits					
3. Group Position Funding					
TOTAL PERSONNEL COSTS:					
OPERATING EXPENDITURES by summary object:					
1. Operating Expenses					
TOTAL OPERATING EXPENDITURES:					
CAPITAL OUTLAY by summary object:					
1.					
TOTAL CAPITAL OUTLAY:					
T/B PAYMENTS:	\$705,000				\$705,000
LUMP SUM:					
GRAND TOTAL	\$705,000				\$705,000

**Background**

Graduate Medical Education (GME) is extremely important to the physician workforce in Idaho. Physicians who do residency training in Idaho have a high likelihood of staying to practice in Idaho after residency training. Studies have shown that 50%-75% of residents who train in a location will stay within 100 miles of that location compared to 41% retention rates for medical students who remain in the same state where they have attended medical school. Hence, it is important to have multiple residency programs in the state of Idaho to help train the future workforce and to retain physicians in the state. Idaho currently ranks 48th in the United States for the number of residents physicians per capita with only 6.4 resident physicians per 100,000 people. This low ratio of resident physicians to state population places Idaho at 426% below the national median of 27.3 resident physicians per 100,000. This means that Idaho does not have enough training

positions within the state necessary to generate the workforce for a rapidly growing state. Additionally, 25% of Idaho physicians are over age 60 and will reach retirement age in the next decade. Idaho has increased the number of medical school graduates (the State legislature has recently increased the number of Idaho medical students to 40/year in the Idaho WWAMI program and 10/year at the University of Utah, and Idaho College of Osteopathic Medicine is now in the pre-accreditation phase and will graduate 150 medical students per year starting in 2022), creating a situation in which Idaho will lose medical students trained in Idaho after graduation to residency training programs outside of Idaho unless Idaho builds the infrastructure for more GME programs now. It is thus imperative that Idaho must start to build an expansion of the GME infrastructure now to provide enough training opportunities to retain these students in state and to attract other top notch medical school graduates into Idaho to train and retain for Idaho's citizens future healthcare workforce needs.

### **Eastern Idaho Regional Medical Center (EIRMC)**

The EIRMC plans to start two new residency programs in the state of Idaho in FY 2019. Both programs will be housed in Idaho Falls at the EIRMC.

### **Internal Medicine**

EIRMC received Institutional Accreditation from the ACGME in May 2017 to begin sponsoring GME Programs. The first of two programs to stand up during FY 2019 will be an internal medicine residency program with 10 residents per class. This program will also need support for an internal medicine program director and an internal medicine residency coordinator. Therefore the FY19 request will be for:

IM Program Director	\$80K
IM Residency Coordinator	\$25K
Ten IM Residents (\$60K/Resident/Year)	\$600K
<b>Total FY 19 Requests</b>	<b>\$705K</b>

### **Questions:**

- 1. What is being requested and why? What is the agency staffing level for this activity and how much funding by source is in the base?** The requested funds will continue the Governor's initiative, begun in FY2018 to expand the number of medical residencies in Idaho to redress the dire shortage of health professionals in all regions of Idaho.
- 2. What resources are necessary to implement this request?** A total of \$5,239,000 to fund a statewide array of new and/or expanded residency operations.
- 3. Provide additional detail about the request, including one-time versus ongoing. Include a description of major revenue assumptions, for example, whether there**

**is a new customer base, fee structure changes, or anticipated grant awards.** Details are provided in the “Description” section. There is a planned 2-to-1 match of the requested dollars from other stakeholders (sponsoring hospitals and clinics, funds generated from the new positions).

- 4. Who is being served by this request and what are the expected impacts of the funding requested? If this request is not funded who and what are impacted?**  
The request benefits all regions of the State. Without this support, Idaho citizens will have reduced access to health care, and the State will struggle to retain even its current ranking (48<sup>th</sup> place among all states) in terms of physicians per resident.

THIS PAGE INTENTIONALLY LEFT BLANK

**AGENCY: Health Education Programs**  
**FUNCTION: WICHE Mental Health**  
**Program**

Agency No.: 515

FY 2019 Request

Function No.: 06

Page 1\_ of \_2 Pages  
 Original Submission X or  
 Revision No. \_\_\_\_

ACTIVITY:

Activity No.:

A: Decision Unit No: <b>12.01</b>	Title: <b>Psychology Interns</b>			Priority Ranking 1 of 1	
<b>DESCRIPTION</b>	<b>General</b>	<b>Dedicated</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
FULL TIME POSITIONS (FTP)					
PERSONNEL COSTS:					
1. Salaries					
2. Benefits					
3. Group Position Funding					
TOTAL PERSONNEL COSTS:					
OPERATING EXPENDITURES by summary object:					
1. Operating Expenses					
TOTAL OPERATING EXPENDITURES:					
CAPITAL OUTLAY by summary object:					
1.					
TOTAL CAPITAL OUTLAY:					
T/B PAYMENTS:	\$125,000				\$125,000
LUMP SUM:					
GRAND TOTAL	\$125,000				\$125,000

### **Background**

Graduate Medical Education (GME) is extremely important to the physician workforce in Idaho. Physicians who do residency training in Idaho have a high likelihood of staying to practice in Idaho after residency training. Studies have shown that 50%-75% of residents who train in a location will stay within 100 miles of that location compared to 41% retention rates for medical students who remain in the same state where they have attended medical school. Hence, it is important to have multiple residency programs in the state of Idaho to help train the future workforce and to retain physicians in the state. Idaho currently ranks 48th in the United States for the number of residents physicians per capita with only 6.4 resident physicians per 100,000 people. This low ratio of resident physicians to state population places Idaho at 426% below the national median of 27.3 resident physicians per 100,000. This means that Idaho does not have enough training positions within the state necessary to generate the workforce for a rapidly growing state. Additionally, 25% of Idaho physicians are over age 60 and will reach retirement

age in the next decade. Idaho has increased the number of medical school graduates (the State legislature has recently increased the number of Idaho medical students to 40/year in the Idaho WWAMI program and 10/year at the University of Utah, and Idaho College of Osteopathic Medicine is now in the pre-accreditation phase and will graduate 150 medical students per year starting in 2022), creating a situation in which Idaho will lose medical students trained in Idaho after graduation to residency training programs outside of Idaho unless Idaho builds the infrastructure for more GME programs now. It is thus imperative that Idaho must start to build an expansion of the GME infrastructure now to provide enough training opportunities to retain these students in state and to attract other top notch medical school graduates into Idaho to train and retain for Idaho's citizens future healthcare workforce needs.

### **WICHE Mental Health Program Psychology Internships**

Every one of Idaho's 44 counties is considered a Mental Health Professions Shortage Area (HPSA). The Western Interstate Commission for Higher Education (WICHE) has helped other western states build American Psychological Association (APA) accredited psychology internship programs. The funding of \$125K will help establish this accreditation to multiple institutions to distribute across Idaho to help develop these programs.

#### **WICHE Mental Health Program Psychology Internships**

**\$125K**

#### **Questions:**

- 1. What is being requested and why? What is the agency staffing level for this activity and how much funding by source is in the base?** The requested funds will continue the Governor's initiative, begun in FY2018 to expand the number of medical residencies in Idaho to redress the dire shortage of health professionals in all regions of Idaho.
- 2. What resources are necessary to implement this request?** A total of \$5,239,000 to fund a statewide array of new and/or expanded residency operations.
- 3. Provide additional detail about the request, including one-time versus ongoing. Include a description of major revenue assumptions, for example, whether there is a new customer base, fee structure changes, or anticipated grant awards.** Details are provided in the "Description" section. There is a planned 2-to-1 match of the requested dollars from other stakeholders (sponsoring hospitals and clinics, funds generated from the new positions).
- 4. Who is being served by this request and what are the expected impacts of the funding requested? If this request is not funded who and what are impacted?** The request benefits all regions of the State. Without this support, Idaho citizens will have reduced access to health care, and the State will struggle to retain even its current ranking (48<sup>th</sup> place among all states) in terms of health providers per resident.



AGENCY: Office State Board of Education

Agency No.: 501

FY 2019 Request

FUNCTION: OSBE Administration

Function No.: 02

Page 1\_ of 2 Pages

ACTIVITY:

Activity No.:

Original Submission X or

Revision No. \_\_\_\_

Graduate Medical Education Council					
A: Decision Unit No: <b>12.01</b>	Title: <b>Council</b>		Priority Ranking 1 of 2		
DESCRIPTION	General	Dedicated	Federal	Other	Total
FULL TIME POSITIONS (FTP)	.40				.40
PERSONNEL COSTS:					
1. Salaries					
2. Benefits					
3. Group Position Funding					
TOTAL PERSONNEL COSTS:					
OPERATING EXPENDITURES by summary object:					
1. Operating Expenses					
TOTAL OPERATING EXPENDITURES:					
CAPITAL OUTLAY by summary object:					
1.					
TOTAL CAPITAL OUTLAY:					
T/B PAYMENTS:	\$114,000				\$114,000
LUMP SUM:					
GRAND TOTAL	\$114,000				\$114,000

**Background**

Graduate Medical Education (GME) is extremely important to the physician workforce in Idaho. Physicians who do residency training in Idaho have a high likelihood of staying to practice in Idaho after residency training. Studies have shown that 50%-75% of residents who train in a location will stay within 100 miles of that location compared to 41% retention rates for medical students who remain in the same state where they have attended medical school. Hence, it is important to have multiple residency programs in the state of Idaho to help train the future workforce and to retain physicians in the state. Idaho currently ranks 48th in the United States for the number of residents physicians per capita with only 6.4 resident physicians per 100,000 people. This low ratio of resident physicians to state population places Idaho at 426% below the national median of 27.3 resident physicians per 100,000. This means that Idaho does not have enough training positions within the state necessary to generate the workforce for a rapidly growing state. Additionally, 25% of Idaho physicians are over age 60 and will reach retirement

age in the next decade. Idaho has increased the number of medical school graduates (the State legislature has recently increased the number of Idaho medical students to 40/year in the Idaho WWAMI program and 10/year at the University of Utah, and Idaho College of Osteopathic Medicine is now in the pre-accreditation phase and will graduate 150 medical students per year starting in 2022), creating a situation in which Idaho will lose medical students trained in Idaho after graduation to residency training programs outside of Idaho unless Idaho builds the infrastructure for more GME programs now. It is thus imperative that Idaho must start to build an expansion of the GME infrastructure now to provide enough training opportunities to retain these students in state and to attract other top notch medical school graduates into Idaho to train and retain for Idaho's citizens future healthcare workforce needs.

### **Graduate Medical Education Council**

The GME 10 year plan includes the establishment of a Graduate Medical Education Council that will oversee the implementation of this ten year plan. The Council will be set up to begin on July 1, 2018 (FY 2019) so that continuity of effort and momentum of this plan will not be lost. The Council will be comprised of key stakeholders in Idaho to include residency program directors, medical school leaders, hospital senior leaders, the State Board of Education as well as representatives from the IMA, IHA, IAFP, IDHW, IOPA, Idaho's Universities, Governor's office and the Legislature.

One of the first tasks of the Council will be to develop a charter to codify its vision, mission, role, purpose, membership and authority. The Council will additionally consider its scope of effort to potentially help oversee and advise on the entire medical education pipeline to include Undergraduate Medical Education (medical schools) as well as Graduate Medical Education (residencies). There may additionally be a role to play if deemed appropriate to help in orchestrating and coordinating other health and healthcare workforce issues that involve other healthcare professions (e.g. psychologists, pharmacists, nurse practitioners and physicians assistants) to help develop a strategic plan for Idaho that will maximally serve Idaho's citizens.

The GME Council would be staffed through the Idaho State Board of Education with an appropriate budget as follows:

0.4 FTE GME Physician Coordinator/Support	\$114,000
<b>Total FY 2019 Graduate Medical Education Council Budget</b>	<b>\$114,000/Year</b>

### **Questions:**

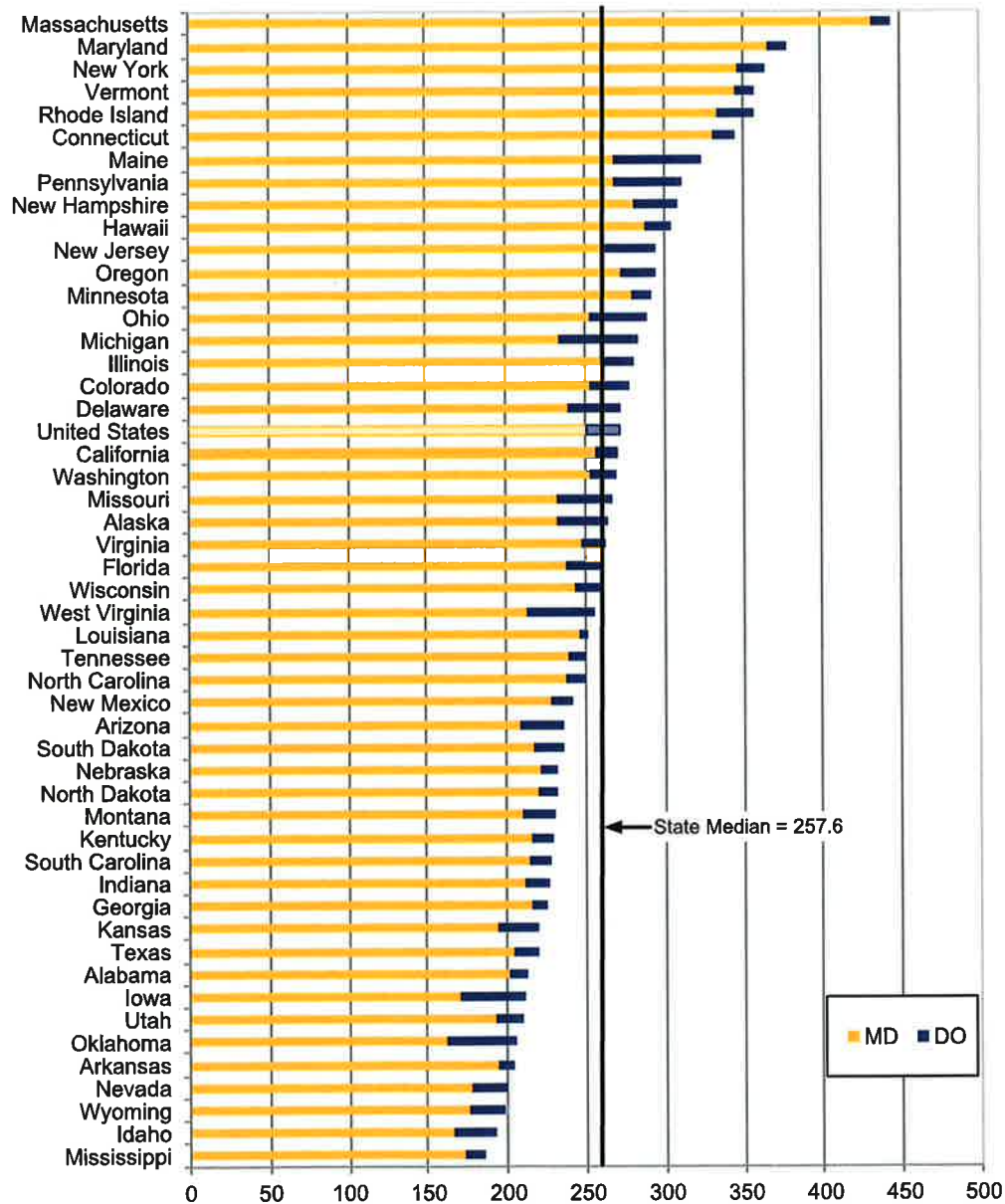
- 1. What is being requested and why? What is the agency staffing level for this activity and how much funding by source is in the base?** The requested funds will continue the Governor's initiative, begun in FY2018 to expand the number of medical residencies in Idaho to redress the dire shortage of health professionals in all regions of Idaho.

2. **What resources are necessary to implement this request?** A total of \$5,239,000 to fund a statewide array of new and/or expanded residency operations.
3. **Provide additional detail about the request, including one-time versus ongoing. Include a description of major revenue assumptions, for example, whether there is a new customer base, fee structure changes, or anticipated grant awards.** Details are provided in the “Description” section. There is a planned 2-to-1 match of the requested dollars from other stakeholders (sponsoring hospitals and clinics, funds generated from the new positions).
4. **Who is being served by this request and what are the expected impacts of the funding requested? If this request is not funded who and what are impacted?** The request benefits all regions of the State. Without this support, Idaho citizens will have reduced access to health care, and the State will struggle to retain even its current ranking (48<sup>th</sup> place among all states) in terms of physicians per resident.

THIS PAGE INTENTIONALLY LEFT BLANK



Figure 1.1. Active physicians per 100,000 population by degree type, 2016.

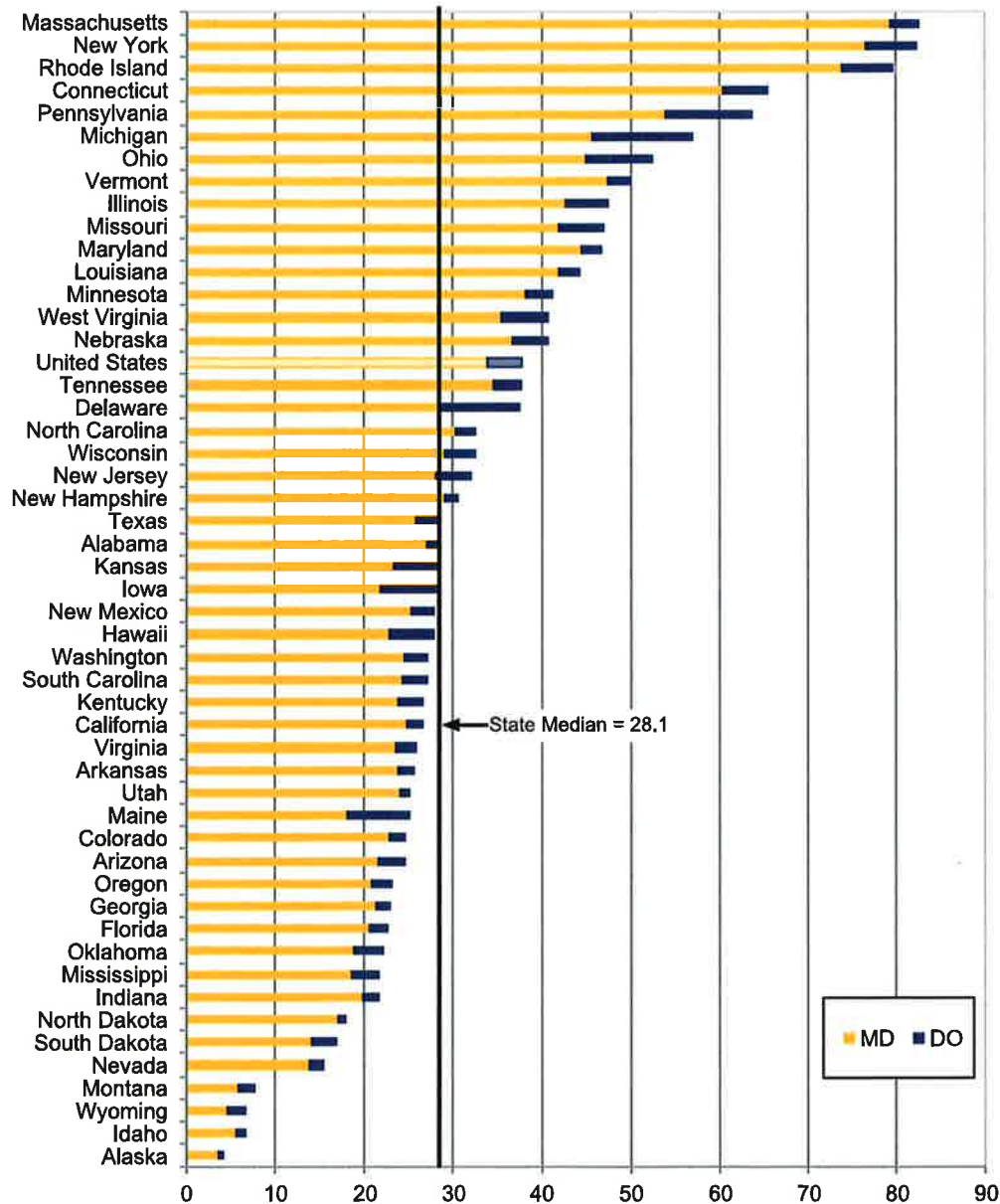


Sources: July 1, 2016, population estimates are from the U.S. Census Bureau (released December 2016). Physician data are from the 2017 AMA Physician Masterfile (December 31, 2016).

Note: Physicians whose school type was unavailable (n = 39) are excluded.



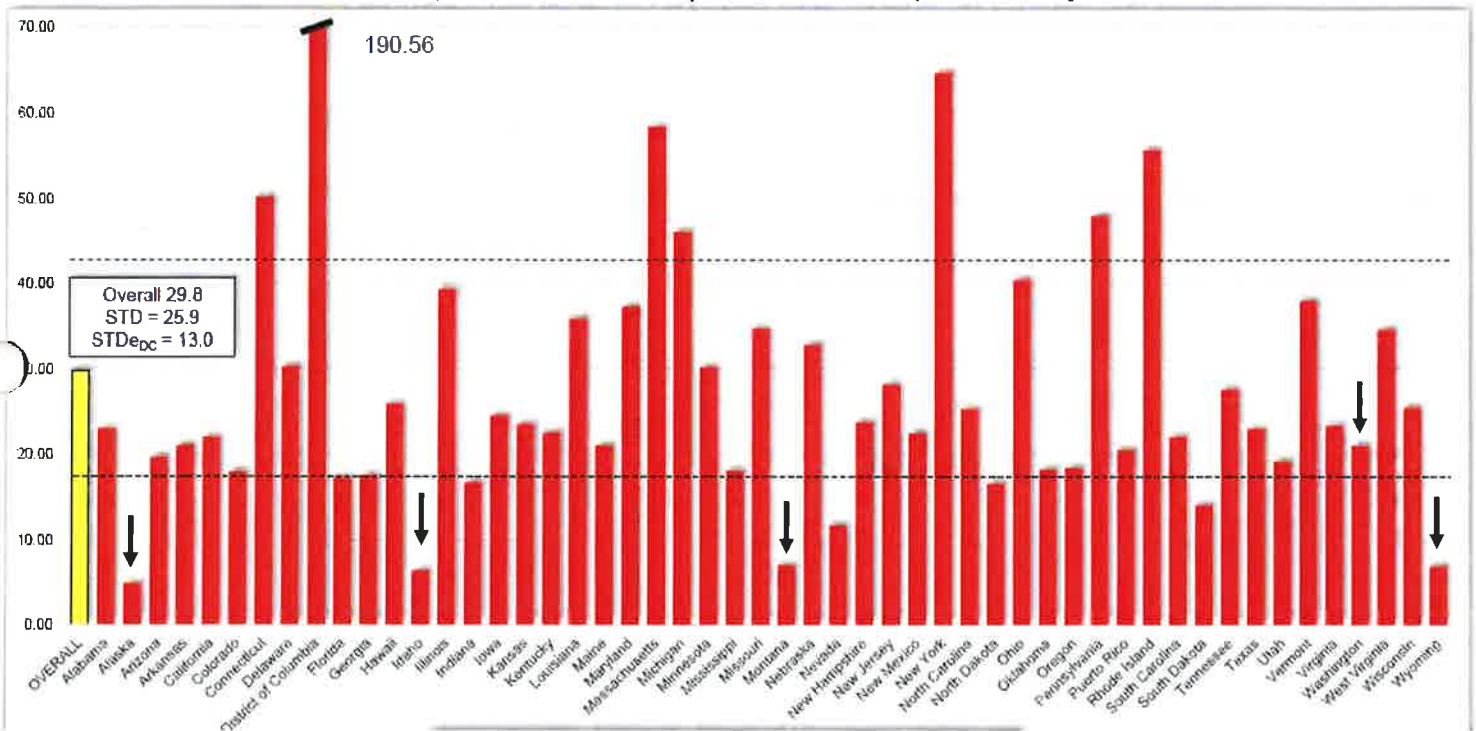
Figure 3.1. Residents and fellows on duty as of December 31, 2016, in ACGME-accredited programs per 100,000 population by degree type.



Sources: July 1, 2016, population estimates are from the U.S. Census Bureau (released December 31, 2016). Resident physician data are from the National GME Census In GME Track® as of August 2017.

## Pipeline Residents

Total Pipeline Residents per 100,000 Population, by State



Slide courtesy of Dr. T. Nasca

©2017 Accreditation Council for Graduate Medical Education (ACGME)



THIS PAGE INTENTIONALLY LEFT BLANK



**BUSINESS AFFAIRS AND HUMAN RESOURCES  
DECEMBER 5, 2017**

---

**IDAHO STATE UNIVERSITY**

**SUBJECT**

Idaho College of Osteopathic Medicine (ICOM) Ground Lease

**REFERENCE**

February 2016	Idaho State Board of Education (Board) approved a Collaborative Affiliation Agreement between ISU and ICOM
August 2016	Board approved execution of a Ground Lease for ICOM to build a medical education building on the ISU Meridian campus.
June 2017	Board authorized ISU to amend the Joint Operations and Maintenance Agreement with ICOM
August 2017	Board approved License Agreement between ISU and ICOM for the use of A/P Lab space and Joint Operations and Services Agreement with ICOM.
October 2017	Board approved amendment to Facilities Use Agreement and License Agreement for space between ISU and ICOM for use of A/P Lab space.

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.I. 5.b.

**BACKGROUND/DISCUSSION**

Idaho State University (ISU) and ICOM entered into a Ground Lease on September 15, 2016, which includes terms regarding mortgage financing. ICOM will finance its operation, in part, with publicly-sold securities involving several lenders. The projected bond issuance date is December 15, 2017.

The current mortgage financing language contained in the Ground Lease is not adequate for the sale of public securities. As a result, an amendment is necessary to ensure that financing can be secured.

**IMPACT**

There will be no financial impact to ISU. The amended language clearly states that any successor to the building is responsible for payment to ISU of all past due rents. The Ground Lease also states that any successor cannot make any material changes, modifications, or alterations to the use of the building unless ISU agrees; therefore, any successor would have to continue to utilize the building as a medical school.

**ATTACHMENTS**

Attachment 1 – Proposed Amendment 1 to Ground Lease  
Attachment 2 – Current Ground Lease

Page 3  
Page 47

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
DECEMBER 5, 2017**

---

Attachment 3 – Redline of Section 30 to the Ground Lease

Page 89

**STAFF COMMENTS AND RECOMMENDATIONS**

The proposed amendment to the ISU-ICOM ground lease addresses items identified by ICOM's bond financing team that, in their view, needed clarification in order to ensure successful issuance of bonds.

Staff wishes to draw the Board's attention to Paragraph 1 of the proposed amendment, which amends Section 18 of the Ground Lease. The current Ground Lease, Paragraph 18.b, states that if the building is damaged or destroyed, and if ICOM doesn't then exercise its option to continue the lease, an amount up to the first \$500,000 in insurance proceeds shall be used to demolish the building. The language in the proposed amendment effectively removes this provision, potentially exposing ISU to the financial risk of funding demolition if the building were to be destroyed or damaged beyond repair. ICOM's bond counsel was reportedly unwilling to reinstate this arrangement which currently reduces ISU's risk.

ISU's counsel/administration is ready to address any Board member questions related to the proposed ground lease amendment.

**BOARD ACTION**

I move 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.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

## AMENDMENT #1 TO GROUND LEASE

This AMENDMENT #1 TO GROUND LEASE (this “**Amendment**”) is made as of the date of the last signature (“**Effective Date**”), by and among the Board of Trustees and State Board of Education of Idaho State University (“**SBOE**”), Idaho State University (“**ISU**”), a state institution of higher education governed by SBOE, and Idaho College of Osteopathic Medicine, LLC, an Idaho limited liability company (“**LESSEE**”) (each a “**Party**” or together the “**Parties**”). The Parties specifically agree and acknowledge that approval of the Leasing Manager, Division of Public Works, Department of Administration, is a requirement to the effectiveness of this Amendment. Capitalized terms used but not otherwise defined herein shall have the respective meaning set forth in the Ground Lease (as herein defined) unless the context clearly requires otherwise.

### WITNESSETH:

WHEREAS, SBOE owns that certain real property located at the ISU-Meridian Health Science Center, 1311 E. Central Drive, Meridian, ID 83642, and is more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the “**ISU-Meridian**”);

WHEREAS, SBOE has authorized and appointed ISU as SBOE’s authorized agent to act as landlord under the terms and conditions of that certain Ground Lease by and between SBOE, ISU and LESSEE, as approved at SBOE’s Board meeting of August 11, 2016 (the “**Ground Lease**”);

WHEREAS, LESSEE is a private company created by its organizers for (i) the purpose of creating and operating a private accredited college of osteopathic medicine in the State of Idaho and/or (ii) other purposes as set forth in Section 5.a. of this Ground Lease;

WHEREAS, LESSEE and ISU have determined that LESSEE shall locate its college of osteopathic medicine on a parcel of land located at ISU-Meridian;

WHEREAS, the Public Finance Authority (the “**Authority**”) has duly authorized the issuance of its Taxable Educational Facilities Revenue Bonds (Idaho College of Osteopathic Medicine Project) Series 2017A (the “**Series 2017A Bonds**”), and its Taxable Educational Facilities Revenue Bonds (Idaho College of Osteopathic Medicine Project) Series 2017B (the “**Series 2017B Bonds**”) pursuant to an Indenture of Trust, dated as of December 1, 2017 (the “**Indenture**”), by and between the Authority and U.S. Bank National Association, as Trustee (the “**Trustee**”), and has loaned the proceeds thereof to the LESSEE pursuant to a Loan Agreement, dated as of December 1, 2017, (the “**Loan Agreement**”) by and between the Authority and the LESSEE; and

WHEREAS, as provided in the Ground Lease, the LESSEE will acquire, construct, complete the Lessee Building and equipment (together, the “**Lessee Property**”) at the Leased Premises.

WHEREAS, to secure its obligations under the Loan Agreement, the LESSEE has executed and delivered or shall execute and deliver a Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the “**Deed of Trust**”), made by the LESSEE for the benefit of the Trustee, in substantially the form attached hereto as Exhibit B; and

WHEREAS, the LESSEE has requested the SBOE and ISU to execute a Subordination, Nondisturbance and Attornment Agreement, in substantially the form attached hereto as Exhibit C.

NOW, THEREFORE, SBOE, ISU and LESSEE do hereby agree as follows:

1. Amendment to Section 18. Section 18 of the Ground Lease is amended by the addition of a subsection “c” thereto as follows:

- c. To the extent any inconsistencies as to application of proceeds of insurance shall exist between this Section 18 and any mortgage permitted by the provisions hereof or any loan agreement or similar documents executed in connection therewith, the requirements of such mortgage or documents shall control.

2. Amendment to Section 19. Section 19 of the Ground Lease is amended as follows:

- a. All references to “Lessee Building” in Section 19 are hereby amended to read “Lessee Property,” as defined in this Amendment.
  - b. Subsection (a) is hereby amended by the addition of the following sentence: “Notwithstanding the foregoing, the LESSEE shall not be entitled to terminate this Ground Lease without the consent of any mortgagee permitted under Section 20 hereof.”

3. Amendment to Section 30. Section 30 of the Ground Lease is amended and restated as follows:

30. Mortgage Financing.

- a. Leasehold Mortgages and Encumbrances; Leased Fixtures. LESSEE shall have the right, without the consent of ISU, to mortgage, collaterally assign or otherwise encumber any interest that LESSEE has in this Lease, the Building, all LESSEE's equipment and other personal property located within the Building or any other improvements on the Leased Premises, including, without limitation, its leasehold interest or any part thereof, as collateral security for financing, provided that (i) LESSEE shall remain liable for performance of all of its obligations under this Ground Lease, and (ii) any financing obtained by LESSEE for the Lessee Building and/or any other improvements may not, without the written consent of ISU, which consent shall not be unreasonably withheld, conditioned or delayed, exceed the value of the Lessee Building and other improvements at the time such financing is obtained, or the term of this Ground Lease. Notwithstanding the foregoing, any Mortgage shall only be upon LESSEE's leasehold estate hereunder and LESSEE's interest in this Ground Lease, the Building and any improvements and shall not encumber ISU's fee simple title to ISU-Meridian.

The term "**mortgage**", when used in this Section, shall include, without limitation, leasehold mortgages and deeds of trust; the term "**mortgagee**" shall include, without limitation, a mortgagee under a mortgage or the trustee or beneficiary of a deed of trust, but only those whose names and addresses have been furnished in writing to ISU; and the term "**foreclosure**" shall include, without limitation, judicial or non-judicial foreclosure, sale upon default under nonjudicial powers of sale, and conveyances or assignments in lieu of foreclosure. Provided that ISU shall have been furnished with a true and correct copy of the mortgage (and any and all amendments or modifications thereto) meeting the requirements of this Section 30(a), the name and address of the mortgagee, and the date of recording of the mortgage, until ISU receives notice that the mortgage has been satisfied or released, the following provisions shall apply.

- (i) Assumption. Upon and during the occurrence of any LESSEE default under any mortgage past the applicable notice and cure period, ISU may, in its sole discretion, within ninety (90) days of receipt of a notice of mortgage default from the mortgagee, take whatever action is necessary to cure the LESSEE's default, or undertake, in good faith, to cure the default if the default is not of a nature as can be cured within ninety (90) days, with like effect as if LESSEE

had cured or undertaken cure of the default. LESSEE shall indemnify ISU for all actual, out-of-pocket costs and expenses incurred in curing the default.

- (ii) No Termination By Reason of Sale, Foreclosure or Surrender. No sale or transfer of the Leased Premises or ISU's interest in this Ground Lease, or any portion thereof, to the LESSEE and no purchase or other acquisition of this Ground Lease, or any interest herein or in the Lessee Building and improvements, by ISU, shall terminate this Ground Lease by merger or otherwise and this Ground Lease shall continue in full force and effect notwithstanding any such transfers so long as any mortgage encumbers the LESSEE's leasehold interest. Except with respect to provisions of this Ground Lease not material to the security of any mortgagee, as determined by the mortgagee in its reasonable discretion, this Ground Lease may not be amended or any provision of this Ground Lease waived by ISU or the LESSEE without the prior written consent of each mortgagee and any such amendment or waiver made without the prior written consent of each mortgagee may be declared void and of no force or effect by the mortgagee. Consent to amendment or waiver may only be withheld by such mortgagee if such amendment or waiver could, as determined by the mortgagee, impair its security interest.
- (iii) No Voluntary Cancellation. So long as a mortgage is in effect, ISU shall not accept a surrender, cancellation or other voluntary termination of this Ground Lease by the LESSEE without the prior written consent of all mortgagees of record, unless upon such surrender or cancellation ISU expressly assumes the LESSEE's obligations under such mortgages.
- (iv) Right of Mortgagee on Default. In the event of any default under this Ground Lease by the Lessee which would give ISU the right, either immediately or after the lapse of a period of time, to terminate the Ground Lease, ISU will not exercise such right (i) until ISU has given written notice of such act, omission or default to the mortgagee by delivering notice of such act, omission or default, and (ii) until a period of not less than sixty days (60) for a monetary default and one hundred and twenty (120) days for a non-monetary default for remedying such act, omission or default shall have elapsed following the later of (a) giving of such

notice for any default of the LESSEE's obligation or (b) expiration of the LESSEE's cure period, if any, under this Ground Lease. Notwithstanding the foregoing, in the case of any default of the LESSEE described in the preceding clause (ii) that cannot be cured within the applicable cure periods described in the prior sentence, if the mortgagee shall within such applicable period proceed promptly to cure the same (including such time as may be necessary to acquire possession of the Leased Premises if possession is necessary to effect such cure) and thereafter shall prosecute the curing of such default with diligence, then the time within which such default may be cured by the mortgagee shall be extended for such period as may be necessary to complete the curing of the same with diligence; provided, however, that such extension shall not exceed an additional one hundred twenty (120) days (other than with respect to an event of default arising under Section 12(n) of the Ground Lease, which shall have no such limitation), and further provided that the mortgagee shall have no obligation to effect such cure.

- (v) Mortgagee Succeeds to LESSEE's Interest; Liability of Mortgagee Limited. Unless the mortgagee otherwise agrees in writing, the LESSEE shall remain solely liable to perform the LESSEE's obligations under the Ground Lease, both before and after the mortgagee's exercise of any right or remedy under this Agreement. If the mortgagee or any successor or assign acquiring the mortgagee's interest under the mortgage (a "**Purchaser**") becomes obligated to perform as the lessee under the Ground Lease, such person or entity will be released from those obligations when such person or entity assigns, sells or otherwise transfers its interest in the Leased Property pursuant to and in compliance with the Ground Lease
- (vi) Assignment And Assumption After Foreclosure. Without limitation of any of the provisions of the Ground Lease, in the event that the mortgagee or any Purchaser succeeds to the interest of the LESSEE or any successor to the LESSEE as a result of exercising any remedy available in connection with the Ground Lease under the mortgage (including, without limitation, acquisition by a deed in lieu of foreclosure) or executing and delivering an agreement in favor of ISU to lease the Leased Premises on substantially the same terms as the LESSEE following any rejection of the Ground Lease in any proceeding in respect of the LESSEE, as debtor, under the United

States Bankruptcy Code, then the Ground Lease shall nevertheless continue in full force and effect and ISU shall and does hereby agree to recognize the mortgagee or such Purchaser as lessee under the Ground Lease for the then remaining balance of the term thereof; provided, however, that the mortgagee or such Purchaser shall have assumed in writing all obligations of the LESSEE under the Ground Lease, within one hundred twenty (120) days of succeeding to the interests of the LESSEE, and further provided that enforcement of any obligations of the mortgagee as successor shall be limited to the mortgagee's interest in property subject to the mortgage and to the Trust Estate (as defined in the Indenture) and no claim shall be brought against the mortgagee personally in connection with such obligations. Until such successor is appointed and has so assumed all such obligations, ISU may appoint a temporary operator to maintain and shutdown or operate the Leased Facilities (in ISU's sole discretion), and the expenses thereof incurred by ISU or its temporary operator shall be reimbursed to ISU by such successor within ten (10) days after written request from ISU. No consent of or by ISU shall be required with respect to any transfer of the Leased Premises or the LESSEE Property except as provided in the Ground Lease.

- (vii) Attornment. Upon the foreclosure of the mortgage as provided therein, ISU does hereby agree to recognize the mortgagee or any Purchaser as the lessee under the Ground Lease, said recognition to be effective and self-operative without the execution of any further instruments upon the mortgagee's or such Purchaser's succeeding to the interest of the LESSEE under the Ground Lease other than agreeing in writing to assume the obligations of the LESSEE thereunder as set forth herein.
- (viii) Limitation on Liability. If the mortgagee or any Purchaser succeeds to the interest of the LESSEE or any successor to the LESSEE, neither the mortgagee nor any such Purchaser shall have any liability for any act or omission of any prior tenant under the Ground Lease which occurs prior to the date the mortgagee or such Purchaser succeeds to the rights of the LESSEE under the Ground Lease, unless such act or omission is continuing following the date the mortgagee or such Purchaser shall succeed to the interests of the LESSEE under the Ground Lease, but only for the time from the date the mortgagee or such Purchaser shall succeed to the interests of



the LESSEE under the Ground Lease, nor any liability for claims, offsets or defenses which ISU or SBOE might have had against the LESSEE.

- (ix) Enforcement Rights. Any mortgagee shall be entitled to enforce the provisions of this Section 30(a) in its own name as a third-party beneficiary.
- (x) Notice by ISU. Any mortgagee shall be entitled to all of the rights and benefits of this Section including the right to receive any notices required to be given by ISU under this Section. ISU shall mail or deliver to such mortgagee a copy of any and all written notices which ISU may from time to time give to or serve upon the LESSEE under and pursuant to the terms and provisions of this Ground Lease pertaining to a default by the LESSEE hereunder. All notices and copies of notices required to be served pursuant to this Section shall be delivered to the address of the mortgagee last supplied to ISU by such mortgagee.
- (xi) Legal Proceedings. ISU shall give each mortgagee prompt notice of any legal proceedings between ISU and LESSEE involving obligations under this Ground Lease. Each mortgagee shall have the right to intervene in any such proceedings and be made a party to such proceedings, and ISU and LESSEE shall consent to such intervention. If any mortgagee shall not elect to intervene or become a party to any such proceedings, ISU shall give the mortgagee notice of, and a copy of, any award or decision made in any such proceedings, which shall be binding on all mortgagees not intervening after receipt of notice of proceedings.
- (b) Cooperation for Mortgagee Protection. ISU and LESSEE shall cooperate in including in this Ground Lease by suitable amendment from time to time any provision which may reasonably be requested by the proposed leasehold mortgagee for the purpose of implementing the mortgagee protection provisions contained in this Ground Lease and allowing such mortgagee reasonable means to protect or preserve the lien of this leasehold mortgage on the occurrence of a default under the terms of this Ground Lease. ISU and LESSEE each agree to execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the term or rent under this Ground Lease, subordinate ISU's fee interest to the

ISU-Meridian to the mortgagee nor otherwise in any material respect adversely affect any rights of ISU under this Ground Lease.

4. Memorandum of Amendment #1 to Ground Lease. This Amendment shall not be recorded; however, it is mutually agreed that the Parties, upon request by any one Party, will execute a written Memorandum of Amendment #1 to Ground Lease, a form of which is attached hereto as Exhibit D, which shall be recorded in the official records of Ada County, Idaho.
5. Governing Law. This Amendment shall be governed and construed in accordance with the law of the State of Idaho without regard to its choice of law analysis.
6. Remaining Provisions. Except as provided in this Amendment, the remaining provisions of the Ground Lease shall remain in full force and effect.
7. Captions. The article and section captions of this Amendment are for convenience only and do not constitute a part of this Amendment.
8. Further Actions. The Parties will execute and deliver to the other, from time to time at or after the execution hereof, for no additional consideration and at no additional cost to the requesting party, such further assignments, certificates, instruments, records, or other documents, assurances or things as may be reasonably necessary to give full effect to this Amendment and to allow each party fully to enjoy and exercise the rights accorded and acquired by it under this Amendment.
9. Counterparts. This Amendment may be executed in one or more counterparts, each of which will be deemed an original.
10. Severability. Any term or provision of this Amendment which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining rights of the party intended to be benefited by such provision or any other provisions of this Amendment.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, ISU and LESSEE hereto have executed this Amendment #1 to Ground Lease as of the Effective Date.

IDAHO STATE UNIVERSITY

IDAHO COLLEGE OF OSTEOPATHIC  
MEDICINE

BY: \_\_\_\_\_  
Arthur C. Vailas, President

BY: \_\_\_\_\_  
Daniel C. Burrell, Manager

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

Consent to Amendment #1 to Ground Lease granted by:  
BOARD OF TRUSTEES AND STATE BOARD OF  
EDUCATION OF IDAHO STATE UNIVERSITY

BY: \_\_\_\_\_  
Linda Clark, President

DATE: \_\_\_\_\_

DIVISION OF PUBLIC WORKS, DEPARTMENT OF  
ADMINISTRATION

BY: \_\_\_\_\_  
Linda Miller, Leasing Manager

DATE: \_\_\_\_\_

EXHIBIT A

ISU-Meridian Legal Description

Lot 2 in Block 1 of Joint No. 2 Subdivision Phase 1, according to the official plat thereof, filed in Book 99 of Plats at Page(s) 12828, through 12830, records of Ada County, Idaho.

EXHIBIT B

mortgage

*(attached)*

RECORDING REQUESTED BY )  
AND WHEN RECORDED, RETURN TO: )  
 )  
Kline Alvarado Veio, PC )  
1775 Sherman Street )  
Suite 1790 )  
Denver, CO 80203 )  
 )  
Attention: Jacqueline Morrison )  
 )  
 )  
\_\_\_\_\_)  
COUNTY OF ADA

**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF  
LEASES AND RENTS AND FIXTURE FILING**

This **LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING** (this “Deed of Trust”), is made as of December 1, 2017, by Idaho College of Osteopathic Medicine, LLC, an Idaho limited liability company, (“Grantor”), to \_\_\_\_\_, as trustee (“Trustee”), for the benefit of U.S. Bank National Association (the “Bond Trustee” and the “Beneficiary”), as Trustee under the Indenture of Trust, dated of even date herewith (the “Indenture”), between the Public Finance Authority (the “Authority”) and the Bond Trustee. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

**GRANT IN TRUST**

Grantor hereby grants and assigns to Trustee, in trust, with power of sale and right of entry and possession, all of Grantor’s present and future leasehold estate, right, title, interest in and to that certain real property located in the County of Ada, State of Idaho, as more particularly described in Exhibit A attached hereto and made a part hereof (the “Site”), which leasehold estate and interest was created by that certain Ground Lease dated \_\_\_\_\_ 1, 2016, by and between Grantor, as lessee, and Idaho State University, a state institution of higher education governed by the Idaho State Board of Education, as lessor (together with any amendments and/or extensions thereof, the “Lease”), as described in the Memorandum of Lease, dated as of the date hereof, recorded \_\_\_\_\_, 20\_\_\_\_, as Instrument No. \_\_\_\_\_, official records of Ada County, Idaho including all rights, privileges, options, elections and other benefits of every name and nature provided under the Lease to be enjoyed or exercised by Grantor as tenant thereunder, together with all of the Grantor’s right, title and interest, whether now owned or hereafter acquired, in or to the property and rights listed in paragraphs (a) through (h) below (hereinafter collectively referred to as the “Property”):

(a) All buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter located on the Site (hereinafter referred to as the "Improvements"); and to the extent permitted by law, the name or names, if any, as may now or hereafter be used for each Improvement;

(b) All rights to the Common Area and under the Collaborative Affiliation Agreement ( as such terms are defined in the Ground Lease), and all easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, liberties, tenements, hereditaments and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Site or the Improvements and the reversions, remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Site to the center line thereof and all the estates, rights, titles, interests, property, possession, claim and demand whatsoever, both in law and in equity, of Grantor of, in and to the Site and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(c) All machinery, equipment, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures), inventory and articles of personal property and accessions thereof and renewals, replacements thereof and substitutions therefor, and other tangible property of every kind and nature whatsoever owned by Grantor, or in which Grantor has or shall have an interest, now or hereafter located upon the Site or the Improvements, or appurtenances thereto, or used in connection with the present or future operation and occupancy of the Site or the Improvements;

(d) All awards of payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property to the extent actually received by Grantor, whether from the exercise of the right of eminent domain (including, but not limited to, any transfer of the Property or part thereof made in lieu of or in anticipation of the exercise of said right), or for any other injury to or decrease in the value of the Property;

(e) All leases and other agreements affecting the use, enjoyment or occupancy of the Property now or hereafter entered into (the "Leases") and all oil and gas or other mineral royalties, bonuses and rents, revenues, security deposits, issues and profits from the Property, including all tuition, student fees or similar amounts (the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the obligations secured by this Deed of Trust;

(f) All proceeds of and any unearned premiums on any insurance policies covering the Property including, without limitation, the right to receive and apply the proceeds of any insurance, judgments (including with respect to a casualty thereto or condemnation thereof), or settlements made in lieu thereof, for damage to the Property;

(g) The right, in the name and on behalf of Grantor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Beneficiary in the Property;

(h) All right, title and interest of every nature of the Grantor in all receivables, receipts, operating revenues, gains and other accounts of Grantor relating to the Property and in all monies deposited or to be deposited in any funds or account maintained or deposited with Beneficiary, or its assigns, in connection herewith, if any; and

(i) All right, title and interest of every nature of the Grantor in (i) interest earnings on any funds or accounts held by the Beneficiary under the Indenture; (ii) any contribution, grant or gift made to the Grantor (unless restricted by the provider thereof to a use not consistent with obligations secured hereby); (iii) any income derived from the investment of any such contribution, grant or gift; and (iv) any moneys in that an escrow account (the "Escrow Account") as required by the American Osteopathic Association's Commission on Osteopathic College Accreditation ("COCA") and the Idaho State Board of Education (the "SBOE"), created pursuant to a Four-Party Account Agreement (the "Escrow Agreement"), by and between ICOM, COCA, the SBOE and Southwest Capital Bank (the "Depository") that, from time to time, become unnecessary to fulfill the COCA requirements for the Escrow Account pursuant to the terms thereof, including interest on such Escrow Account.

### **ASSIGNMENT OF RENTS**

Grantor absolutely and irrevocably assigns to Beneficiary the Rents of the Property upon the terms and conditions hereinafter set forth. The foregoing assignment shall not impose upon Beneficiary any duty to produce Rents from the Property, and said assignment shall not cause Beneficiary to be a "mortgagee in possession" for any purpose. This assignment of the Rents and profits of the Property is intended to be an absolute assignment from Grantor to Beneficiary and not merely the passing of a security interest. Beneficiary is hereby authorized to collect and receive the foregoing Rents, to give proper receipts and acquittances therefor and to apply the same to the payment of the obligations secured hereby. However, Beneficiary hereby grants Grantor a revocable license to collect and receive, and to use in accordance with the provisions of the Indenture, such Rents until after an Event of Default (as that term is defined herein in Paragraph B, Default Provisions) has occurred and while such Event of Default is continuing. Upon an Event of Default, the license shall be automatically revoked, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents of the Property as the same shall become due and payable, including, but not limited to, Rents then due and unpaid. All such Rents thereafter collected by Grantor shall be held by Grantor as trustee in a constructive trust for the benefit of Beneficiary only. Grantor agrees that commencing upon delivery of such written notice of revocation of license, each tenant of the Property shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant, without any liability on the part of said tenant to inquire further as to the existence of a default or license by Grantor.

### **OBLIGATIONS SECURED**

Grantor makes the foregoing grant for the purpose of securing:



1. Payment to the Authority of all Loan Repayments and Additional Payments and other amounts to be paid by Grantor arising under the Loan Agreement, dated of even date herewith, between the Authority and the Grantor (the "Loan Agreement").

2. The observance and performance by Grantor of each covenant and obligation on the part of Grantor to be observed or performed pursuant to the Loan Agreement (hereinafter as amended, supplemented or otherwise modified from time to time referred to collectively with the Indenture, as the "Financing Documents");

3. The payment of all payments required with respect to Bonds issued or executed and delivered from time to time pursuant to the Indenture and the performance by Grantor of each covenant and obligation on part of Grantor to be observed or performed pursuant to the agreements and/or instruments pursuant to which such Bonds are issued. Executed, secured and delivered;

4. The observance and performance of each covenant and obligation of Grantor herein contained or incorporated herein by reference and payment of each fee, cost and expense by Grantor as herein set forth; and

5. Payment of such further sums and/or performance of such further obligations as the then record owner of the Property may undertake to pay and/or perform (whether as principal, surety or guarantor), for the benefit of Beneficiary, its successors or assigns, when said borrowing and/or obligation is evidenced by a writing or writings signed by such owner reciting that it or they are so secured.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, THE PARTIES AGREE AS FOLLOWS:

A. RIGHTS AND DUTIES OF THE PARTIES.

1. Title. Grantor warrants that it lawfully holds and possesses a leasehold interest in the real property as shown in Exhibit A, free and clear of all liens, encumbrances and other exceptions, other than the Permitted Liens, including encumbrances described in Exhibit B hereto, and without limitation on the right to encumber except as set forth in the Loan Agreement.

2. Taxes and Assessments. Grantor shall pay or cause to be paid prior to delinquency all taxes, assessments, levies and charges imposed by any public or quasi-public authority or utility company which are or may become a lien upon the Property, any part thereof or interest therein (unless contested in good faith by Grantor). Grantor shall also pay, after notice and prior to delinquency, all taxes, assessments, levies and charges imposed by any public authority upon Beneficiary by reason of its interest in the Property created hereby or by reason of any payment, or portion thereof, made to Beneficiary hereunder or pursuant to any obligation hereby secured; provided, however, that Grantor shall have no obligation to pay or discharge Beneficiary's business or franchise taxes, federal or state income taxes or other taxes and which are measured by and imposed upon Beneficiary's net or gross income or receipts.

3. Insurance. Grantor shall provide all insurance specified in the Financing Documents.

4. Liens and Encumbrances. Except as permitted by the Financing Documents, Grantor shall pay, when due at or prior to maturity or such other period as permitted in the Loan Agreement, all obligations secured by or reducible to liens and encumbrances which shall now or hereafter encumber or appear to encumber the Property or any part thereof or interest therein, whether senior or subordinate hereto, including without limitation all claims for work or labor performed, or materials or supplies furnished, in connection with any work of demolition, alteration, improvement of or construction upon the Property. Grantor shall have the right to contest in good faith any such obligation or claim provided such contest shall be prosecuted diligently and in a manner not prejudicial to Beneficiary, and if a judgment adverse to Grantor is obtained, such judgment shall be fully paid or discharged within ten (10) days after the entry of such judgment unless such judgment is stayed. Upon demand by Beneficiary, Grantor shall defend, indemnify and hold Beneficiary harmless against any such obligation or claim, so contested by Grantor, and upon demand by Beneficiary, Grantor shall make suitable provision by payment to Beneficiary or by posting a bond or other security satisfactory to Beneficiary for the possibility that the contest will be unsuccessful, including, if Beneficiary requests, a one-and-one half times bond with respect to mechanics' or materialmen's liens, if available. Such provision shall be made within ten (10) days after demand therefor and, if made by payment of funds to Beneficiary, the amount so deposited shall be disbursed in accordance with the resolution of the contest either to Grantor or the adverse claimant. If Grantor fails to post a suitable bond or other acceptable security as provided, Beneficiary may remove or pay such lien or encumbrance at Grantor's expense.

5. Disposition of Insurance and Condemnation Proceeds. Grantor agrees to apply all insurance and condemnation proceeds in accordance with the terms and conditions of the Financing Documents.

6. Maintenance and Preservation of the Property. (a) Grantor covenants: (i) to maintain or cause to be maintained the Property in good condition and repair; (ii) to pay when due all claims for work performed and for materials furnished on or to the Property to the extent required by the Financing Documents and which are not otherwise being contested by the Grantor in good faith, and to pay within the periods permitted in the Financing Documents any and all liens or encumbrances arising out of or resulting from work performed or materials supplied on or to the Property to the extent required by the Financing Documents; (iii) to comply in all material respects with and not suffer material violations of, (a) any and all laws, ordinances and regulations ("Laws"), (b) any and all covenants, conditions, restrictions and equitable servitudes, whether public or private, of every kind and character ("Covenants"), and (c) all requirements of insurance companies ("Requirements"), which Laws, Covenants or Requirements affect the Property and pertain to acts committed or conditions existing thereon, including without limitation such work of alteration, improvement or demolition as such Laws, Covenants or Requirements mandate; (iv) not to commit or permit waste of the Property or any material part thereof; (v) to do all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value; (vi) to perform all material obligations required to be performed in leases, conditional sales contracts or like agreements affecting the Property or the operation, occupation or use thereof (and upon the occurrence and

continuance of an Event of Default all right, title and interest of Grantor under any such leases, conditional sales contracts or like agreements shall be automatically assigned to Beneficiary hereunder, together with any deposits made in connection therewith); (vii) not to create any deed of trust or encumbrance upon the Property other than Permitted Liens; (viii) to make no further assignment of Rents of the Property other than Permitted Liens; and (ix) to execute and, where appropriate, acknowledge and deliver such further instruments as Beneficiary or Trustee reasonably deems necessary or appropriate to preserve, continue, perfect and enjoy the security provided for herein, including without limitation assignments of Grantor's interest in leases of the Property.

(b) Without the prior written consent of Beneficiary, which consent will not be unreasonably withheld or delayed, Grantor will not apply for, directly or indirectly, any change in the zoning or permitted land uses of the Property, other than to permit the development of the Facilities as required by the Loan Agreement and Indenture, which change could reasonably be expected to materially and adversely affect the use or value of the Property.

7. Defense and Notice of Actions. Grantor shall, without liability, cost or expense to Beneficiary or Trustee, protect, preserve and defend (by counsel satisfactory to Beneficiary) title to the Property, the security hereof and the rights or powers of Beneficiary or Trustee hereunder. Said protection, preservation and defense shall include protection, preservation and defense against all adverse claimants to title or any possessory or non-possessory interest therein, whether or not such claimants or encumbrances assert title paramount to that of Grantor or claim their interest on the basis of events or conditions arising subsequent to the date hereof, other than Permitted Liens. Grantor shall give Beneficiary and Trustee prompt notice in writing of the filing of any such action or proceeding.

8. Books and Records. (a) Grantor will keep adequate books and records of account of the Property and its own financial affairs sufficient to permit the preparation of financial statements therefrom in accordance with generally accepted accounting principles. Upon the occurrence and continuance of an Event of Default (as such term is defined in Paragraph B, Default Provisions), Beneficiary will have the right to examine, copy and audit Grantor's records and books of account at all reasonable times during normal business hours upon not less than five (5) Business Days' prior written notice to Grantor. Grantor shall deliver to Beneficiary such records, statements and notices as may be required from time to time pursuant to the terms of the Loan Agreement.

(b) Grantor will promptly furnish, within fifteen (15) days after Beneficiary's written request, a duly acknowledged written statement setting forth all amounts due on the indebtedness secured by this Deed of Trust and stating whether, to the best of Grantor's knowledge, any offsets or defenses exist, and containing such other matters as Beneficiary may reasonably require.

9. Collection of Rents. Subject to the provisions of the Financing Documents, Beneficiary confers upon Grantor the authority to collect and retain Rents of the Property as they become due and payable; provided, however, that Beneficiary may revoke said authority and collect and retain the Rents of the Property assigned herein to Beneficiary upon the occurrence and continuance of an Event of Default (as that term is defined herein in Paragraph B, Default

Provisions) by Grantor upon giving written notice to Grantor, and without regard to the adequacy of any security for the indebtedness hereby secured, and without taking possession of all or any part of the Property or becoming a "mortgagee in possession." The right to collect Rents as herein provided shall not grant to Beneficiary or Trustee the right to possession, except as expressly herein provided; nor shall said right impose upon Beneficiary or Trustee the duty to produce Rents or profits or maintain the Property in whole or in part. Grantor hereby agrees that it will do nothing to impair Beneficiary's ability to collect and retain the Rents and interests herein assigned on the terms hereof and that any tenant or subtenant occupying the Property or any part thereof may pay any and all Rents or other charges directly to Beneficiary upon notice from Beneficiary without the necessity of any notice from Grantor. Beneficiary may apply, in its sole discretion, any Rents, so collected by Beneficiary against any indebtedness secured hereby or any obligations of Grantor arising hereunder or any other obligations of Grantor to Beneficiary, whether existing on the date hereof or hereafter arising. Collection of any Rents by Beneficiary shall not cure or waive any default or notice of default hereunder or invalidate any acts done pursuant to such notice.

10. Right of Inspection. Prior to an Event of Default (as such term is defined in Paragraph B, Default Provisions), Beneficiary, its agents, contractors and employees, may enter the Property at any reasonable time during normal business hours upon not less than five (5) Business Days' prior written notice to Grantor for the purpose of inspecting the Property and ascertaining Grantor's compliance with the terms hereof.

11. Acceptance of Trust; Notice of Indemnification. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, becomes a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless Trustee brings such action. Trustee shall not be obligated to perform any act required of it hereunder unless the performance of such act is requested in writing and Trustee is reasonably indemnified against loss, cost, liability and expense.

12. Powers of Trustee. From time to time upon the written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of any indebtedness or performance of the obligation secured hereby, Trustee may, without liability therefor and without notice, (i) reconvey all or any part of the Property, (ii) consent to the making of any map or plat thereof, (iii) join in granting any easement thereon, (iv) join in any declaration of covenants and restrictions, or (v) join in any extension agreement or any agreement subordinating the lien or charge hereof. Trustee shall, upon request by Grantor, and at no expense to Trustee or Beneficiary, consent to utility easements, subdivision maps and similar rights in the Property granted or applied for by Grantor, provided that rights granted or applied for (a) are customary in connection with the development of real property, (b) are reasonable in form and content, and (c) do not materially and adversely diminish the value of the Property. Trustee or Beneficiary may from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the enforcement of the rights and remedies available hereunder, and Trustee or Beneficiary may obtain orders or decrees directing or confirming or approving acts in the execution of said trusts and the enforcement of said remedies. Trustee has no obligation to notify any party of any pending sale or any action or proceeding unless held or commenced and maintained by Trustee

under this Deed of Trust. Grantor shall pay to Trustee reasonable compensation and rents for services and expenses in the administration of the trusts created hereunder upon the occurrence of an Event of Default, including reasonable attorneys' fees. Grantor indemnifies Trustee and Beneficiary against all losses, claims, demands and liabilities (except losses, claims, demands or liabilities arising from the negligence or willful misconduct of the indemnified party) which may be incurred, suffered or sustained in the execution of the trusts created hereunder or in the performance of any act required or permitted hereunder or by law.

13. Substitution of Trustees. From time to time, by a writing signed and acknowledged by Beneficiary and recorded in the Office of the Recorder of the County in which the Property is located, a copy of which shall be delivered to Grantor, Beneficiary may appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall refer to this Deed of Trust and set forth the date, book and page of its recordation. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named Trustee herein. A writing recorded pursuant to the provisions of this paragraph shall be conclusive proof of the proper substitution of such new trustee.

14. Reconveyance. Upon Beneficiary's written request, and upon surrender to Trustee for cancellation of this Deed of Trust and a copy of the instrument or instruments setting forth all obligations secured hereby, Trustee shall reconvey, without warranty, the Property or that portion thereof then held hereunder. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto." Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When the Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all future Rents of the Property to the person or persons legally entitled thereto, unless such reconveyance expressly provides to the contrary.

15. Certain Taxes. In the event of the passage, after the date of this Deed of Trust, of any law deducting from the value of the Property for the purpose of taxation, any lien thereon, or changing in any way the laws now in force for the taxation of deeds of trust or debts secured by deeds of trust or similar instruments, or the manner of the collection of any such taxes, so as to affect this Deed of Trust, or imposing payment of the whole or any portion of any taxes, assessments or other similar charges against the Property upon Beneficiary, Grantor shall pay such tax or increased portion and shall agree with Beneficiary in writing to pay, or reimburse Beneficiary for the payment of, any such tax or increased portion thereof when thereafter levied or assessed against the Property or any portion thereof. The obligations of Grantor under such agreement shall be secured by this Deed of Trust.

16. Environmental Matters.

(a) Definitions. The following definitions apply to the provisions of this Paragraph 16:

(1) The terms “Responsible Person” shall mean Grantor, and any other person who owns or acquires any interest in any part of the Property so long as Grantor continues to own the Property, including but not limited to any tenants, easement holders, licensees and other persons using or occupying the Property or any portion thereof and all persons in transit across any part of the Property.

(2) The term “Applicable Law” shall include, but shall not be limited to, each statute named or referred to in (3) below, and all rules and regulations thereunder, and any other local, state and/or federal laws, rules, regulations and ordinances, whether currently in existence or hereafter enacted, which govern, to the extent applicable to the Property,

(i) the existence, cleanup and/or remedy of contamination on property;

(ii) the protection of the environment from soil, air or water pollution, or from spilled, deposited or otherwise emplaced contamination;

(iii) the emission or discharge of hazardous substances into the environment;

(iv) the control of hazardous wastes; or

(v) the use, generation, transport, treatment, removal or recovery of hazardous substances.

(3) The term “Hazardous Substance” shall have the meaning provided in the Indenture.

(b) Covenants and Representations.

(1) Grantor represents and warrants that there have not been during the period of Grantor’s ownership and, to the best of Grantor’s knowledge, information and belief, there have not been at any other times, any activities on the Property involving, directly or indirectly, the use, generation, treatment, storage or disposal of any Hazardous Substances in material violation of Applicable Law (a) under, on or in the land included in the Property, whether contained in soil, tanks, sumps, ponds, lagoons, barrels, cans or other containments, structures or equipment, (b) incorporated in the buildings, structures or improvements included in the Property, including any building material containing asbestos, or (c) used in connection with any operations on or in the Property, in each case that would have a material adverse effect on the Grantor’s operations, taken as a whole.

(2) Grantor shall not allow, nor shall it permit any other Responsible Person to allow, any Hazardous Substances to be brought onto, installed, used, stored, treated or disposed or transported over the Property in material violation of Applicable Law. Without limiting the generality of the foregoing, Grantor shall not, nor shall it permit any Responsible Person to, install, use or permit to be installed or used any product or

substance containing asbestos, urea formaldehyde foam insulation or polychlorobiphenyls (pcb's) on the Property in violation of Applicable Law.

(3) Grantor represents that all activities and conditions on the Property are currently in compliance with Applicable Law, except to the extent that non-compliance could not reasonably be expected to materially impair the use of the Property or materially and adversely affect the value thereof. So long as Grantor shall own the Property, Grantor covenants and agrees that all activities on the Property, whether conducted by any Responsible Person or by any other person under the Grantor's license or control, shall at all times comply with Applicable Law except to the extent that non-compliance could not reasonably be expected to materially impair the use of the Property or materially and adversely affect the value thereof.

(4) Within five (5) days after receipt or completion of any material report, citation, order, manifest or other written or oral communication from any local, state or federal agency or authority empowered to enforce, investigate or oversee compliance with Applicable Law, concerning the Property, any condition thereon, or the activities of any person on or near the Property, Grantor shall notify Beneficiary in writing of the contents of such communication, and shall provide Beneficiary with a copy of all relevant documents.

(5) Notwithstanding any other provision of this Deed of Trust, upon discovery of any Hazardous Substance on or in the Property in material violation of Applicable Law, including, without limitation, substances that have leached onto the Property from neighboring property, substances that were deposited prior to Grantor's ownership of the Property and all substances spilled, discharged or otherwise emitted or deposited on the Property during Grantor's ownership, Grantor shall immediately notify Beneficiary thereof. Grantor shall immediately take all actions necessary to comply with laws requiring notification of government agencies concerning such Hazardous Substance and to the extent required by law to remedy or correct the violation. Grantor shall handle and dispose of such substances in accordance with Applicable Law. Grantor shall take any and all actions, including institution of legal action against third parties, which in Grantor's reasonable business judgment are appropriate to obtain reimbursement or compensation from such persons as were responsible for the presence of any Hazardous Substance on the Property or otherwise obligated by law to bear the cost of such remedy. Beneficiary shall be subrogated to Grantor's rights in all such claims.

(6) Grantor shall be solely responsible for and agrees to indemnify Beneficiary, the Authority and the Bond Trustee, protect and defend with counsel acceptable to Beneficiary, the Authority and the Bond Trustee, and hold Beneficiary, the Authority and the Bond Trustee harmless from and against any claims (including without limitation third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims), interest or losses, reasonable attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), reasonable consultant fees, and expert fees that arise directly or indirectly from or in connection with the presence,

suspected presence, release or suspected release of any Hazardous Substance in, or from the Property, whether into the air, soil, surface water or groundwater at the Property, or any other violation of Applicable Law, or any breach of the foregoing representations and covenants. The provisions of this subparagraph 16(b)(6) shall survive the termination and reconveyance of this Deed of Trust.

(c) Right of Entry. In addition to all rights of entry contained in this Deed of Trust, Beneficiary shall have the right during normal business hours, upon not less than five (5) Business Days' prior written notice to Grantor, to enter and inspect the condition of the Property at any time and to conduct, or to designate a representative to conduct such inspection, testing, environmental audit or other procedures that Beneficiary reasonably believes are necessary or desirable to determine current compliance with the covenants and representations contained herein, provided that such inspection, testing, environmental audit or other procedures do not disrupt or negatively impact Grantor's ordinary business operations on the property.

(d) Beneficiary's Obligations. Nothing contained in this Paragraph 16 shall obligate Beneficiary to take any action with respect to the Property, any Hazardous Substances thereon, or any condition or activity that is in violation of Applicable Law, or to take any action against any person with respect to such substances, condition or activity.

17. Wetlands. Grantor represents and warrants that, to the best of its knowledge, no part of the Property consists of or is classified as wetlands, tidelands or swamp and overflow lands. Grantor shall be solely responsible for and agrees to indemnify Beneficiary, protect and defend with counsel acceptable to Beneficiary, and hold Beneficiary harmless from and against any claims (including without limitation third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims), interest or losses, reasonable attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), reasonable consultant fees, and expert fees that arise directly or indirectly from or in connection with the presence on the Property of wetlands, tidelands or swamp and overflow lands, or any breach of the foregoing representation and warranty. The provisions of this Paragraph 17 shall survive the termination and reconveyance of this Deed of Trust.

## B. DEFAULT PROVISIONS.

1. Definitions. As used in this Deed of Trust, the term "Event of Default" means each of the following:

(a) Grantor fails to perform or observe any term or condition of this Deed of Trust applicable to Grantor or to the Property, and such event or circumstance, if capable of being cured, is not cured within 60 days after written notice thereof is given by Trustee or Beneficiary to Grantor;

(b) The holder of any junior, subordinated or senior mortgage, deed of trust or other lien on the Property, or any part thereof (without hereby implying Beneficiary's consent to any junior, subordinated or senior mortgage, deed of trust or other lien) is granted relief in any



foreclosure or similar proceeding for the enforcement of its remedies thereunder, which relief (i) negatively affects Beneficiary's rights hereunder and (ii) is not stayed; or

(c) If any Event of Default under the Indenture or under the Loan Agreement shall occur.

2. Rights and Remedies. At any time after the occurrence and during the continuance of an Event of Default, Beneficiary and Trustee shall each have the following rights and remedies:

(a) To declare all obligations secured hereby immediately due and payable;

(b) With or without notice, and without releasing Grantor from any obligation hereunder, to cure any default of Grantor and, in connection therewith, to enter upon the Property and to perform such acts and things as Beneficiary or Trustee deem necessary or desirable to inspect, investigate, assess and protect the security hereof, including without limitation of any of its other rights: to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee hereunder; to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the judgment of either Beneficiary or Trustee, is prior or superior hereto, the judgment of Beneficiary or Trustee being conclusive as between the parties hereto; to pay any premiums or charges with respect to insurance required to be carried hereunder; and to employ counsel, accountants, contractors and other appropriate persons to assist them;

(c) To commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Grantor hereunder, and Grantor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Grantor waives the defense of laches and any applicable statute of limitations;

(d) Beneficiary or its employees, acting by themselves or through a court-appointed receiver may enter upon, possess, manage, operate, dispose of and contract to dispose of the Property or any part thereof; negotiate with governmental authorities with respect to the Property's environmental compliance and remedial measures; make, terminate, enforce or modify leases of the Property upon such terms and conditions as Beneficiary deems proper; contract for goods and services, hire agents, employees and counsel, make repairs, alterations and improvements to the Property necessary, in Trustee's or Beneficiary's judgment, to protect the security hereof; incur the risks and obligations ordinarily incurred by owners of property (without any personal obligation on the part of the receiver); and/or take any and all other actions which may be reasonably necessary or desirable to comply with Grantor's obligations hereunder and under the Financing Documents. All sums realized by Beneficiary under this subparagraph, less all costs and expenses incurred by it under this subparagraph, including reasonable attorneys' fees, and less such sums as Beneficiary reasonably deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine. Neither application of said sums to said indebtedness nor any other action taken by Beneficiary under this subparagraph shall cure or

waive any Event of Default, or notice of default hereunder or nullify the effect of any such notice of default. Beneficiary or Trustee, or any employee or agent of Beneficiary or Trustee, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to (i) the adequacy of the security for the indebtedness secured hereunder, (ii) the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or (iii) the filing of a notice of default except as otherwise provided in Section B.1 above; and

(e) To execute a written notice of such Event of Default, and of its election to cause the Property to be sold to satisfy the obligations secured hereby, Trustee shall give and record such notice of default and notice of sale as the law then requires as a condition precedent to a Trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Grantor except as otherwise required by law, shall sell the Property at the time and place of sale fixed by it in the notice of sale and in such order as it or Beneficiary may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at time of sale (the obligations hereby secured being the equivalent of cash for purposes of said sale). If the Property consists of several lots, parcels, or items of property, Beneficiary may: (i) designate the order in which such lots, parcels, or items shall be offered for sale or sold, or (ii) elect to sell such lots, parcels or items through a single sale, through two or more successive sales, or in any other manner Beneficiary deems in its best interest. Grantor shall have no right to direct the order in which the Property is sold. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at such time fixed by the preceding postponement. Trustee shall deliver to the purchaser at such sale a deed conveying the Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee, Grantor or Beneficiary, may purchase at such sale.

In connection with any sale or sales hereunder, Beneficiary may elect to treat any of the Property which consists of a right in action or which is property that can be severed from the real property covered hereby or any improvements thereon without causing structural damage thereto as if the same were personal property or a fixture, as the case may be, and dispose of the same in accordance with applicable law, separate and apart from the sale of real property. Any sale of any personal property or fixtures hereunder shall be conducted in any manner permitted by the Idaho Uniform Commercial Code.

After deducting all reasonable costs, fees and expenses of Trustee and of this trust, including all costs of evidence of title and reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums so expended under the terms hereof not then repaid, the payment of all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto;

(f) To resort to and realize upon the security hereunder and any other security now or hereafter held by Beneficiary in such order and manner as Trustee and Beneficiary or either of them may, in their sole discretion, determine; and resort to any or all such security may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both;

(g) To seek a judgment that Grantor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in Section A.16, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other reasonable out-of-pocket costs or expenses actually incurred by Beneficiary (collectively, the “Environmental Costs”) incurred or advanced by Beneficiary relating to the cleanup, remediation or other response action required by Applicable Law or to which Beneficiary reasonably believes necessary to protect the Property, it being conclusively presumed between Beneficiary and Grantor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation or other response action of or to the Property were made by Beneficiary in good faith. All Environmental Costs incurred by Beneficiary pursuant to this subparagraph (including without limitation court costs, reasonable consultants’ fees and reasonable attorneys’ fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Default Rate (as hereinafter defined) from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the Property held pursuant to subparagraph (e) above, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash. Grantor acknowledges and agrees that notwithstanding any term or provision contained herein, the Environmental Costs shall be exceptions to any non-recourse or exculpatory provision and Grantor shall be fully and personally liable for the Environmental Costs hereunder and such liability shall not be limited to the original principal amount of the obligations secured by this Deed of Trust and Grantor’s obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance or any other transfer of the Property or this Deed of Trust. For the purposes of any action brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations; and

(h) To waive its lien against the Property or any portion thereof, whether fixtures or personal property, to the extent such property is found to be environmentally impaired in accordance with Applicable Law and to exercise any and all rights and remedies of an unsecured creditor against Grantor and all of Grantor’s assets and property for the recovery of any deficiency and Environmental Costs. As between Beneficiary and Grantor, Grantor shall have the burden of proving that Grantor or any related party (or any affiliate or agent of Grantor or any related party) was not in any way negligent in permitting the release or threatened release of the Hazardous Substance. Grantor acknowledges and agrees that notwithstanding any term or provision contained herein, to the extent permitted by law, all judgments and awards entered against Grantor shall be exceptions to any non-recourse or exculpatory provision and Grantor shall be fully and personally liable for all judgments and awards entered against Grantor hereunder and such liability shall not be limited to the original principal amount of the obligations secured by this Deed of Trust and Grantor’s obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance or any other transfer of the Property or this Deed of Trust. For the purposes of any action brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations.

3. Payment of Costs, Expenses and Attorneys’ Fees. All reasonable costs and expenses incurred by Trustee and Beneficiary pursuant to subparagraphs (a) through (h)

inclusive of Paragraph B.2 (including without limitation court costs, reasonable consultants' fees and reasonable attorneys' fees, whether incurred in litigation or not and whether before or after judgment) not paid within thirty (30) days of demand therefor shall bear interest at a rate equal to the lesser of eighteen percent per annum (18%) or the highest legally permitted rate (the "Default Rate"), from the date of demand until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the Property held pursuant to subparagraph (e) above, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

4. Remedies Cumulative. All rights and remedies of Beneficiary and Trustee hereunder are cumulative and in addition to all rights and remedies provided by law.

5. Releases, Extensions, Modifications and Additional Security. Without affecting the liability of any person for payment of any indebtedness secured hereby, or the lien or priority of this Deed of Trust upon the Property, Beneficiary may, from time to time, with or without notice, do one or more of the following as otherwise permitted under the Financing Documents: release any person's liability for the payment of any indebtedness secured hereby, make any agreement or take any action extending the maturity or otherwise altering the terms or increasing the amount of any indebtedness secured hereby, and accept additional security or release all or a portion of the Property and/or other security held to secure the indebtedness secured hereby.

6. Marshalling. Grantor hereby waives any right to require that any security given hereunder or under any other agreement securing the obligations secured hereby be marshalled and further waives any right otherwise available in respect to marshalling of assets which secure any obligation secured or imposed hereby or to require Beneficiary to pursue its remedies against any such assets.

## C. SECURITY AGREEMENT AND FIXTURE FILING.

1. Grant of Security Interest. As additional security for the obligations secured by this Deed of Trust, Grantor hereby grants to Beneficiary a security interest in and to the following items (collectively, the "Collateral"). Grantor is sometimes referred to herein as "Debtor" and Beneficiary is sometimes referred to herein as "Secured Party".

(a) All goods, fixtures and other equipment of every kind in which Debtor now or at any time hereafter owns or acquires any interest in connection with the Property, including, without limitation, all tools, equipment, appliances, heating, ventilating and air conditioning systems, plumbing, mechanical and electrical systems, elevators, lighting, alarm systems, fire control systems, carpets and carpeting, furnishings, furniture, trailers, mobile homes, service equipment, building or maintenance equipment, and all additions and accessions thereto, whether located at the Property, Debtor's places of business or elsewhere;

(b) All inventory and tangible assets used or consumed in connection with the Property in which Debtor now or at any time hereafter owns or acquires any interest, and all products thereof, whether in the possession of Debtor, warehousemen, bailees or any other person and to the extent now or hereafter located at the Property;

(c) All goods and property covered by any warehouse receipts, bills of lading and other documents evidencing any goods or other tangible personal property of any kind in which Debtor now or at any time hereafter has any interest in connection with the Property or Collateral;

(d) All goods and other tangible personal property of every kind, character or nature in which Debtor now has or at any time hereafter shall have any interest, located on or used in the operation, use, maintenance, development or construction of or otherwise in connection with the Property or Collateral, including, without limitation, any equipment, inventory and other goods and assets which are now or hereafter acquired with loan proceeds or acquired pursuant to or in connection with any lease or other contract pertaining to any use of the Property;

(e) All general intangibles, accounts, agreements, contracts, documents and leases of any kind or nature in which Debtor now or at any time hereafter has an interest related to the Property or the use, operation or maintenance of the Property or any part thereof, and all amendments, supplements, substitutions and renewals thereof, including without limitation all contract rights of Debtor in leases, warranties, letters of credit, construction contracts, permits, licenses, approvals, governmental authorizations, consulting contracts, bonds, plans and specifications, architectural and engineering drawings, fire insurance policies and other insurance policies, condemnation awards and settlements, copyrights, trademarks, trade names, goodwill, and accounts receivable;

(f) All profits, payments or proceeds of and from any and all agreements for the sale, lease, transfer or conveyance of all or any portion of the Property, subject to the rights of Debtor to collect and retain the same so long as no Event of Default shall have occurred and is continuing; and

(g) Any and all products, accessions, additions, substitutions, replacements or proceeds of or to any of the Collateral which may now or hereafter exist, and any and all rent or income derived from any or all of the Collateral, subject to the rights of Debtor to collect and retain the same so long as no Event of Default shall have occurred and is continuing.

2. Remedies. Upon an Event of Default, Beneficiary is and shall be entitled to all the rights, powers and remedies granted a secured party under the Idaho Uniform Commercial Code and other applicable law, including, but not limited to, the right to take possession of all such Collateral. Beneficiary or its representatives may enter upon the Property (without Beneficiary being deemed to be taking possession of the Property or being deemed a mortgagee-in-possession) at any time to inspect, repair, assemble, have appraised or to remove the Collateral and may advertise and conduct public auctions and private sales thereon. Beneficiary may require Grantor to assemble the Collateral and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. In addition to the expenses of retaking, holding, preparing for sale, selling and otherwise exercising its remedies hereunder, Beneficiary shall be entitled to recover reasonable attorneys' fees and legal expenses before applying the balance of the proceeds from the sale or other disposition of the Collateral towards satisfaction of the obligations secured hereby. Grantor shall remain liable for any deficiency remaining after such sale or other disposition.

With respect to fixtures, Beneficiary or Trustee may elect to treat same as either real property or personal property and proceed to exercise such rights and remedies applicable to the categorization so chosen. Beneficiary may proceed against the items of real property and any items of Collateral separately or together in any order whatsoever, without in any way affecting or waiving Beneficiary's rights and remedies under the Idaho Uniform Commercial Code or its rights and remedies provided under this Deed of Trust.

3. Fixture Filing. Grantor agrees that this Deed of Trust constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder where the Property is located with respect to any and all fixtures included within the term "Property" as used herein and with respect to any goods and other personal property that may now be or hereafter become fixtures. The names and mailing addresses of the debtor (Grantor) and the secured party (Beneficiary) are set forth below in Section D.12 of this Deed of Trust. Grantor is, or is one of, the record owners of the Property. The personal property described above is the Collateral covered by this financing statement. Any reproduction of this Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Grantor agrees to execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproductions of this Deed of Trust in such form as Beneficiary may require to perfect a security interest with respect to such Collateral. Grantor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require.

4. Limitations. Except as otherwise clearly and expressly provided in this Deed of Trust: (i) Beneficiary has not consented to any other security interest of any other person in any Collateral and has not disclaimed any interest in any Collateral; and (ii) Beneficiary has not agreed or consented to the removal of any Collateral from the Property, and any such consent by Grantor shall not be binding on Beneficiary.

5. Removal. Notwithstanding any other provision of this Deed of Trust or any other agreement or contract between Grantor and Beneficiary to the contrary, Grantor shall not, without the prior written consent of Beneficiary, remove or permit the removal of any fixture from the Property with a replacement cost in excess of Twenty Thousand Dollars (\$20,000) for any one item or One Hundred Thousand Dollars (\$100,000) in the aggregate of all such fixtures removed from the date of such completion until the date this Deed of Trust is reconveyed, except for fixtures removed and replaced in the ordinary course of business, or as otherwise specifically permitted pursuant to the Loan Agreement. Beneficiary further reserves the right to prohibit the removal of any such fixture by any person with the legal right to remove any fixture from the Property unless and until such person makes arrangements with (and satisfactory to) Beneficiary for the payment to Beneficiary of all costs of repairing any physical injury to the Property which may be caused by the removal of that fixture.

#### D. MISCELLANEOUS PROVISIONS.

1. Non-Waiver. By accepting payment of any sum secured hereby after its due date or late performance of any obligation secured hereby, Beneficiary shall not waive its right

against any person obligated directly or indirectly hereunder or on any obligation hereby secured, either to require prompt payment or performance when due of all other sums and obligations so secured or to declare default for failure to make such prompt payment or performance. No exercise of any right or remedy by Beneficiary or Trustee hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law.

2. Further Assurances. Grantor shall, upon demand by Beneficiary or Trustee, execute, acknowledge (if appropriate) and deliver any and all documents and instruments and do or cause to be done all further acts reasonably necessary or appropriate to effectuate the provisions hereof.

3. Statements of Condition. From time to time as required by law, Beneficiary shall furnish to Grantor such statement as may be required concerning the condition of the obligations secured hereby. Upon demand by Beneficiary, Grantor covenants and agrees to pay Beneficiary's reasonable costs incurred in furnishing such statement, but not in excess of the maximum amount allowed by law.

4. Usury Savings Clause. Nothing contained herein or in the Financing Documents shall be deemed to require the payment of interest or other charges by Grantor in excess of the amounts that may be lawfully charged to the Grantor pursuant to the Financing Documents or under the applicable usury laws. In the event Beneficiary shall collect monies which are deemed to constitute interest which would increase the effective interest rate to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of Beneficiary, be returned to Grantor or credited against the principal balance of any obligation secured hereby then outstanding.

5. Attorneys' Fees. In the event legal action, suit or any proceeding is commenced between Grantor and Trustee or Beneficiary regarding their respective rights and obligations under this Deed of Trust or any of the other Financing Documents, the prevailing party shall be entitled to recover, in addition to damages or other relief, costs and expenses, attorneys' fees and court costs. As used herein the term "prevailing party" shall mean the party which obtains the principal relief it has sought, whether by compromise settlement or judgment. If the party which shall have commenced or instituted the action, suit or proceeding shall dismiss or discontinue it without the concurrence of the other party, such other party shall be deemed the prevailing party.

6. Waiver of Personal Liability. No officer, agent, director or employee of the Grantor shall be individually or personally liable for payment of any principal (or Redemption Price) and interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of the Deed of Trust; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or specifically provided by this Deed of Trust.

7. Grantor and Beneficiary Defined. The term "Grantor" herein includes both the original Grantor and any subsequent owner or owners of any of the Property, and the term

“Beneficiary” includes the original Beneficiary and also any subsequent duly appointed beneficiary, and each of their successors.

8. No Joint Venture. The relationship of Grantor and Beneficiary under this Deed of Trust and the Loan Agreement is, and shall at all times remain, solely that of Grantor and lender; and Beneficiary neither undertakes nor assumes any responsibility or duty to Grantor or to any third party with respect to the Property. Notwithstanding any other provisions of this Deed of Trust and the Financing Documents: (a) Beneficiary and Authority are not, and shall not be construed as, a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Grantor and Beneficiary and Authority do not intend to ever assume such status; (b) the activities of Beneficiary and Authority in connection with this Deed of Trust and the Financing Documents shall not be “outside the scope of the activities of a lender of money” within the meaning of Idaho Civil Code Section 3434, as amended or recodified from time to time, and Beneficiary and Authority do not intend to ever assume any responsibility to any person for the quality, suitability, safety or condition of the Property; and (c) Beneficiary and Authority shall not be deemed responsible for or a participant in any acts, omissions or decisions of Grantor. The Beneficiary and Authority shall not be directly or indirectly liable or responsible for any loss, claim, cause of action, liability, indebtedness, damage or injury of any kind or character to any person or property arising from any construction on, or occupancy or use of, any of the Property, whether caused by or arising from: (i) any defect in any building, structure, grading, fill, landscaping or other improvements thereon or in any on-site or off-site improvement or other facility therein or thereon; (ii) any act or omission of Grantor or any of Grantor’s agents, employees, independent contractors, licensees or invitees; (iii) any accident in or on any of the Property or any fire, flood or other casualty or hazard thereon; (iv) the failure of Grantor, any of Grantor’s licensees, employees, invitees, agents, independent contractors or other representatives to maintain the Property in a safe condition; and (v) any nuisance made or suffered on any part of the Property.

9. Rules of Construction. When the identity of the parties hereto or other circumstances make it appropriate the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. Specific enumeration of rights, powers and remedies of Trustee and Beneficiary and of acts which they may do and acts Grantor must or must not do shall not exclude or limit the general. The headings of each paragraph are for information and convenience and do not limit or construe the contents of any provision hereof.

10. Severability. If any term of this Deed of Trust, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Deed of Trust, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law.

11. Successors in Interest. The terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.



12. Notices. All notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and sent by hand delivery, recognized overnight courier, registered or certified mail addressed as follows:

To GRANTOR at: Idaho College of Osteopathic Medicine, LLC  
231 Washington Avenue, Suite C  
Santa Fe, NM 87501  
Attention: Daniel Burrell  
E-mail: [dburrell@bwrco.com](mailto:dburrell@bwrco.com)

To AUTHORITY at: Public Finance Authority  
22 E. Mifflin Street, Suite 900  
Madison, WI 53703  
Attention: Scott Carper and Michael LaPierre  
Email: [scarper@pfauthority.org](mailto:scarper@pfauthority.org); and  
[mlapierre@pfauthority.org](mailto:mlapierre@pfauthority.org)

To TRUSTEE at:

To BOND TRUSTEE and  
INITIAL BENEFICIARY at: U.S. Bank National Association  
170 South Main Street, Suite 200  
Salt Lake City, UT 84101  
Attn: Global Corporate Trust Services

The addresses may be changed from time to time by any party by serving notice as heretofore provided. Service of such notice or demand shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the second day after the date of mailing, whichever is earlier in time.

13. No Merger. The parties' rights, obligations and interests in land created by or arising under the Financing Documents are separate, cumulative, and independent and there shall be no merger of any such rights, obligations or interests.

14. Beneficiary's Right to Perform. If Grantor fails to make any payment or perform any act required by this Deed of Trust or by any junior, subordinated or senior deed of trust or other lien on the Property (without hereby implying the Beneficiary's consent to any such lien or encumbrance), then, at any time thereafter (but subject to any grace period or cure period and notice requirements under the Financing Documents), and without waiving or releasing any obligation or default, Beneficiary may make such payment or perform such act for the account and at the expense of Grantor and shall have the right to enter the Property for such purpose and to take all such action thereon and with respect to the Property as may be necessary or appropriate for such purpose. Notwithstanding anything to the contrary in this Deed of Trust,

Beneficiary shall have no obligation to do anything set out in this Paragraph. Beneficiary shall be entitled to interest on all sums so paid by Beneficiary and all costs and expenses so incurred from the date paid by Beneficiary until reimbursed in full by Grantor at the Default Rate. All sums so paid by Beneficiary, all costs and expenses so incurred and interest thereon shall be paid by Grantor to Beneficiary on demand. If Beneficiary shall elect to pay any tax, assessment, levy or charge mentioned in Paragraph A.2 of this Deed of Trust, Beneficiary may do so in reliance on any bill, statement or assessment procured from the appropriate public or nonpublic office, without inquiring into the accuracy thereof or into the validity of such tax, assessment, levy or charge. Similarly, in making any payments to protect the security interests intended to be created by this Deed of Trust, Beneficiary shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same.

15. Amendments; Releases or Reconveyances. This Deed of Trust may be amended, changed, modified or terminated at any time, without the necessity of obtaining the consent of the Authority, the Bond Trustee or the holders of the Bonds, subject to the conditions and as provided in Article IX of the Indenture.

Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any property not then or theretofore released as security for the full amount of all unpaid obligations, the Trustee may from time to time, and with notice to the Grantor, release any person other than the Grantor so liable, extend the maturity or alter any of the terms of any such obligation, or grant other indulgences, release or reconvey, or cause to be released or reconveyed, any portion or all of the Property, release any other or additional security for any obligation herein mentioned, or make compositions or other arrangements with debtors in relation thereto; and if the Trustee at any time holds any additional security for any obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same at its option, either before or concurrently herewith or after a sale is made hereunder.

16. Headings. The headings of the articles of this Deed of Trust are for convenience only and do not limit its provisions.

17. Bond Trustee. To the extent Beneficiary is the Bond Trustee, all provisions of the Indenture relating to the rights, powers, privileges and protections of the Bond Trustee thereunder shall apply with equal force and effect to all actions taken by the Bond Trustee as Beneficiary in connection with this Deed of Trust.

*(Remainder of page intentionally left blank)*

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust on the day and year set forth above.

GRANTOR:

**IDAHO COLLEGE OF OSTEOPATHIC  
MEDICINE, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

REAL PROPERTY DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF ADA,  
STATE OF IDAHO, AND IS DESCRIBED AS FOLLOWS:

Lot 2 in Block 1 of Joint No. 2 Subdivision Phase 1, according to the official plat thereof, filed  
in Book 99 of Plats at Page(s) 12828, through 12830, records of Ada County, Idaho.

EXHIBIT B  
PERMITTED ENCUMBRANCES

STATE OF IDAHO  
COUNTY OF \_\_\_\_\_

} SS.

On \_\_\_\_\_, before me, \_\_\_\_\_ (here insert name and title of officer), personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_

(SEAL)

EXHIBIT C

Subordination, Nondisturbance and Attornment Agreement

*(attached)*

**When recorded mail to:**

U.S. Bank National Association  
170 South Main Street, Suite 200  
Salt Lake City, UT 84101  
Attn: Global Corporate Trust Services

**SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT**

This **SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT** (this “*Agreement*”) is dated as of this \_\_\_\_ day of \_\_\_\_\_, 2017, by and between the **BOARD OF TRUSTEES AND STATE BOARD OF EDUCATION OF IDAHO STATE UNIVERSITY (“SBOE”)**, **IDAHO STATE UNIVERSITY (“ISU”)**, a state institution of higher education governed by SBOE, **IDAHO COLLEGE OF OSTEOPATHIC MEDICINE, LLC**, a limited liability company organized under the laws of the State of Idaho (the “*Company*”), and **U.S.BANK NATIONAL ASSOCIATION**, a national banking association, as trustee under the Indenture referred to herein (the “*Trustee*”)

**RECITALS:**

A. SBOE owns that certain real property located at the ISU-Meridian Health Science Center, 1311 E. Central Drive, Meridian, ID 83642, and is more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the “*Leased Premises*”).

B. SBOE has authorized and appointed ISU as SBOE’s authorized agent to act as landlord under the terms and conditions of a Ground Lease, by and between ISU and the Company (as amended, the “*Ground Lease*”), and SBOE provided its consent to ISU to lease, on behalf of SBOE, the Leased Premises to the Company at its Board meeting of August 11, 2016.

C. The Company is a private company created by its organizers for (i) the purpose of creating and operating a private accredited college of osteopathic medicine in the State of Idaho and (ii) other purposes as set forth in Ground Lease.

D. The Public Finance Authority (the “*Authority*”) has duly authorized the issuance of its Taxable Educational Facilities Revenue Bonds (Idaho College of Osteopathic Medicine Project) Series 2017A (the “*Series 2017A Bonds*”), and its Taxable Educational Facilities Revenue Bonds (Idaho College of Osteopathic Medicine Project) Series 2017B (the “*Series 2017B Bonds*” and together with the Series 2017A Bond, the “*Bonds*”) pursuant to an Indenture of Trust, dated as of December 1, 2017 (the “*Indenture*”), by and between the Authority and the Trustee, and has loaned the proceeds thereof to the Company pursuant to a Loan Agreement, dated as of December 1, 2017, (the “*Loan Agreement*”) by and between the Authority and the Company.



E. As provided in the Ground Lease, the Company will acquire, construct, complete and operate certain improvements (the “*Lessee Building*”) and equipment (together, the “*Company Property*”) at the Leased Premises.

F. To secure its obligations under the Loan Agreement, the Company has executed and delivered or shall execute and deliver a Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the “*Deed of Trust*”), made by the Company for the benefit of the Trustee.

**NOW, THEREFORE**, the parties hereto, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

1. The Company, SBOE and ISU each hereby acknowledges and agrees that (i) the Company has received provisional accreditation from the American Osteopathic Association’s Commission on Osteopathic College Accreditation (“COCA”), (ii) such provisional accreditation satisfies the requirements for accreditation specified in Section 4 and Section 6 of the Ground Lease, (iii) the Lease Commencement Date has occurred, (iv) the Ground Lease is a valid obligation of the Company, SBOE and ISU, respectively, enforceable in accordance with its terms, and (iv) to the best of the knowledge of each of the respective parties, no event of default or event, which but for notice and the opportunity to cure or both would constitute an event of default under the Ground Lease or an event which would give SBOE or ISE the right to terminate the Ground Lease, has occurred and is continuing.

2. The Company and the Trustee each hereby agree that the Deed of Trust is now and shall remain subject and subordinate to SBOE’s fee simple interest in the Leased Premises, including under any renewals, modifications, replacements, consolidations, and executions thereof, subject to the terms of this Agreement.

3. SBOE and ISU (i) consent to the execution, delivery and performance by the Company of the Deed of Trust and the Loan Agreement, without regard as to whether the value of the Lessee Building and other improvements at the time the Bonds are issued is less than the principal amount of the Bonds, (ii) agree that the execution, delivery and performance thereof and the exercise of the rights and remedies of the Trustee thereunder will not cause a default under the Ground Lease, and (iii) agree that SBOE’s and ISU’s interest in the Company Property (including, but not limited to, any statutory landlord’s lien) shall be subordinate to any mortgage, deed of trust, security or other interest therein of the Trustee.

4. SBOE and ISU agree that, so long as no event has occurred and no condition exists which would entitle ISU to terminate the Ground Lease or would cause, without further action of ISU, the termination of the Ground Lease or would entitle ISU to dispossess the Company from the Lease Premises, then the Company’s leasehold estates under the Ground Lease shall not be terminated without the consent of the Trustee, provided that in connection with any such consent the Trustee shall be entitled to receive and rely upon an opinion of counsel to the effect that such consent is authorized or permitted by the applicable documents to which the Trustee is a party.

5. The Company, SBOE and ISU hereby agree that the Deed of Trust shall be a mortgage under the Ground Lease and the Trustee shall be a mortgagee with all rights of a mortgagee under the Ground Lease.

6. Notwithstanding any provisions of the Ground Lease to the contrary, all requirements with respect to escrows for impositions for taxes, assessments or similar charges with respect to the Leased Premises or the Company Property and contests with respect to the validity or amount thereof shall be controlled by and determined in accordance with the Deed of Trust.

7. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute and be construed as one and the same instrument.

8. All remedies which the Trustee may have against the Company provided herein, if any, are cumulative and shall be in addition to any and all other rights and remedies provided by law and by other agreements between the Trustee and the Company or others. Notwithstanding anything to the contrary herein, nothing in this Agreement shall limit or restrict the rights and protections afforded to the Company under the Ground Lease.

9. The Trustee shall be entitled to enter upon Leased Premises and the Company Property from time to time to remove some or all Company Property pledged pursuant to the Deed of Trust or the documents executed by the Company in connection with the Bonds, subject to the limitations on the Company provided in Section 32 of the Ground Lease.

10. All notices to be given under this Agreement shall be in writing and shall be deemed served upon receipt by the addressee if served personally or, if mailed, upon the first to occur of receipt or the refusal of delivery as shown on a return receipt, after deposit in the United States Postal Service certified mail, postage prepaid, addressed to the address of the Company, SBOE, ISU or the Trustee appearing below. Such addresses may be changed by notice given in the same manner at least fifteen (15) business days prior to its effectiveness.

The Trustee's Address: U.S. Bank National Association  
170 South Main Street, Suite 200  
Salt Lake City, UT 84101  
Attn: Global Corporate Trust Services

SBOE's Address: Idaho State Board of Education  
650 West State Street, Third Floor  
Boise, ID 83702.

ISU's Address: Idaho State University  
921 So. 8<sup>th</sup> Ave, Stop 8310  
Pocatello, ID 83209  
Attn: President

Company's Address: Idaho College of Osteopathic Medicine  
231 Washington Avenue, Suite C  
Santa Fe, NM 87501  
Attn: Daniel C. Burrell, Manager

11. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof and along with the Deed of Trust contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

12. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

13. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

14. The rights of the Trustee, ISU and SBOE hereunder shall be freely assignable, unless otherwise stated, and all references herein to the Trustee, ISU or SBOE (as applicable) shall be deemed to include its respective successors and assigns.

15. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

16. This Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of Idaho.

17. This Agreement shall apply to, bind and inure to the benefit of the parties hereto and their respective successors and assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

IDAHO STATE UNIVERSITY

IDAHO COLLEGE OF  
OSTEOPATHIC MEDICINE, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Daniel C. Burrell, Manager

Date: \_\_\_\_\_, 2017

Date: \_\_\_\_\_, 2017

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Vice President

Consent granted by:

BOARD OF TRUSTEES AND STATE BOARD OF  
EDUCATION OF IDAHO STATE UNIVERSITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2017

Exhibit A

Lot 2 in Block 1 of Joint No. 2 Subdivision Phase 1, according to the official plat thereof, filed in Book 99 of Plats at Page(s) 12828, through 12830, records of Ada County, Idaho.

## EXHIBIT D

## MEMORANDUM OF AMENDMENT #1 TO GROUND LEASE FOR RECORD

the Board of mortgagees and State Board of Education of Idaho State University (“**SBOE**”), Idaho State University (“**ISU**”), a state institution of higher education governed by SBOE, and Idaho College of Osteopathic Medicine, LLC, an Idaho limited liability company (“**LESSEE**”) entered into an Amendment #1 to Ground Lease concerning a certain parcel of land as described in Exhibit A (Leased Premises), attached hereto and made a part hereof.

The sole purpose of this Memorandum of Amendment #1 to Ground Lease for Record is to provide public notice of the existence of this Amendment #1 to Ground Lease. The addresses for notice to the Parties are:

ISU: President Arthur C. Vailas  
Idaho State University  
921 So. 8<sup>th</sup> Ave, Stop 8310  
Pocatello, ID 83209

LESSEE: Daniel C. Burrell, Manager  
Idaho College of Medicine  
401 Paseo de Peralta  
Santa Fe, NM 87501

IDAHO STATE UNIVERSITY

IDAHO COLLEGE OF OSTEOPATHIC  
MEDICINE

BY: \_\_\_\_\_  
Arthur C. Vailas, President

BY: \_\_\_\_\_  
Daniel C. Burrell, Manager

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

GROUND LEASE

This GROUND LEASE ("Ground Lease") is made as of the date of the last signature ("Effective Date"), by and among the Board of Trustees and State Board of Education of Idaho State University ("SBOE"), Idaho State University ("ISU"), a state institution of higher education governed by SBOE, and Idaho College of Osteopathic Medicine, LLC, an Idaho limited liability company ("LESSEE") (each a "Party" or together the "Parties"). The Parties specifically agree and acknowledge that the approval signature of the Leasing Manager, Division of Public Works, Department of Administration, is a required signature to the effectiveness of this Ground Lease.

WITNESSETH:

WHEREAS, SBOE owns that certain real property located at the ISU-Meridian Health Science Center, 1311 E. Central Drive, Meridian, ID 83642, and is more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "ISU-Meridian");

WHEREAS, SBOE hereby authorizes and appoints ISU as SBOE's authorized agent to act as landlord under the terms and conditions of this Ground Lease and SBOE provided its consent to  
to ISU to lease, on behalf of SBOE, a portion of ISU-Meridian to LESSEE at its Board meeting of August 11, 2016;

WHEREAS, LESSEE is a private company created by its organizers for (i) the purpose of creating and operating a private accredited college of osteopathic medicine in the State of Idaho and/or (ii) other purposes as set forth in Section 5.a. of this Ground Lease;

WHEREAS, the Parties entered into a Collaborative Affiliation Agreement ("CAA") on February 26, 2016 and an executed copy of such agreement is attached hereto as Exhibit B and incorporated herein by reference;

WHEREAS, it is agreed that this Ground Lease is subject to all applicable provisions of the Master Declaration Agreement and the Joint Operations and Maintenance Agreement dated December 4, 2007 (the "Declaration"), by and between SBOE and the Joint School District No. 2 (now known as West Ada School District) and an executed copy of such agreement is attached hereto as Exhibit C and incorporated herein by reference. \_

WHEREAS, LESSEE and ISU have determined that LESSEE shall locate its college of osteopathic medicine on a parcel of land located at ISU-Meridian;

NOW, THEREFORE, ISU and LESSEE do hereby agree as follows:

1. Definitions. The following terms, as used in this Ground Lease, shall have the meanings hereinafter set forth:
  - a. "Common Area" shall have the meaning ascribed to such term in the Declaration.
  - b. "Construction Documents" shall mean those certain contract documents, written plans, and specifications prepared by or on behalf of LESSEE and reasonably approved for construction by applicable local governing jurisdictions, the State of Idaho, if applicable, and ISU.
  - c. "Hazardous Substance" shall mean any substance which is toxic, ignitable, reactive, radioactive, or corrosive and which is regulated by any local government, the State of Idaho, or the United States government. Hazardous Substance includes any and all materials or substances which are defined as hazardous waste, extremely hazardous waste, or a hazardous substance pursuant to state, federal, or local government law. Hazardous Substance includes, but is not restricted to asbestos, polychlorobiphenyls (PCBs), and petroleum.
  - d. "Lessee Building" shall mean that certain building and related alterations, additions, and improvements which are to be constructed on the Leased Premises pursuant to the Construction Documents.
  - e. "Lease Year" shall mean the twelve (12) month period beginning with the Lease Commencement Date (as defined in Section 4) and ending on the date that is twelve (12) months later, then each successive twelve (12) month period.
  - f. "Effective Land Area" shall mean an Effective Land Area calculation of 5.55 acres. This area is based on a proportional ratio of the assumed building size of the Lessee Building to the land area of the overall parcel. This Effective Land Area calculation is larger than the actual Leased Premises to account for the proportional inclusion of Common Area non-exclusive ingress, egress and utility easements and Common Area non-exclusive easements for shared parking in accordance with all applicable provisions of the Declaration.
  - g. "Leased Premises" shall mean that certain 2.80 acre area, identified and described in Exhibit D attached hereto, as the designated area for location of the Lessee Building and related improvements. The construction of the Lessee Building and related improvements must be confined to the Leased Premises boundary, subject to designated building set-backs and the recorded easements and restrictions set forth in the Commitment (as defined in Section 8.b.) that apply to the Effective Land Area and Leased Premises. Any disturbance of site



improvements existing outside of the Leased Premises that are deemed necessary for utility extensions or pavement match, must receive written approval of either or both ISU and the West Ada School District, as required under the Declaration, which approval shall not be unreasonably withheld, conditioned or delayed, as any such construction work may be required to occur within their respective separate property boundaries. ISU represents and warrants that SBOE owns fee title to the Leased Premises.

- h. "Unavoidable Delay" shall mean all failures or delays in a Party's performance of its obligations hereunder, not within such Party's reasonable control, including without limitation, the impossibility of such performance which shall result from or be caused by any act of God; acts of the public enemy; wars; blockades; epidemics; earthquakes; storms; floods; explosions; strikes; labor disputes; riots; insurrections; breakage or accident to machines or lines or pipe or mains; act of any governmental agency or authority restricting or curtailing actions required under this Ground Lease or withholding or revoking necessary consents, approvals, permits, or licenses; equipment failures; inability to procure and obtain needed building materials so long as reasonable efforts are made to procure satisfactory substitute materials if practical; or delays of inclement weather; provided, that such Party shall pursue with reasonable diligence the avoidance or removal of such delay. The inability or refusal of a Party to settle any labor dispute shall not qualify or limit the effect of Unavoidable Delay. The inability of a Party to secure funds required to perform its obligations hereunder shall not constitute Unavoidable Delay.
2. Term. This Ground Lease shall commence on the Lease Commencement Date and shall remain in effect until the earlier of (i) the date that is forty (40) years after the Lease Commencement Date, (ii) the termination of this Ground Lease pursuant to Section 35; or (iii) the written agreement of the Parties (the "Expiration Date"), provided, however, that the Parties acknowledge and agree that LESSEE shall have the right to renew the term of this Ground Lease in accordance with the terms of Section 3 below. Notwithstanding the foregoing and subject to the terms and conditions of this Ground Lease, including, without limitation, Sections 8, 35, and 45 of this Ground Lease, in no event shall this Ground Lease be terminated without a Party providing at least five (5) years advance written notice to the other Party of such Party's election to terminate this Ground Lease. =
  3. Option to Renew. The Parties understand and agree that this Ground Lease, if still in effect at the Expiration Date, may be renewed by LESSEE, provided LESSEE is not at that time in breach of the CAA or this Ground Lease, for two (2) additional

ten (10) year terms. The right to renew this Ground Lease shall be exercised by written notice of extension by LESSEE to ISU, no later than sixty (60) days prior to the expiration of the then-existing term.

4. Rent Payment. In consideration of the benefit conferred upon LESSEE under this Ground Lease, and without notice or demand, offset or deduction, except as expressly provided for in this Ground Lease, LESSEE shall make payable to ISU-Meridian, on the first day of each month, beginning on the date excavation of the Lessee Building commences, but, subject to Unavoidable Delay, no later than the 1st day of March, 2017 ("Lease Commencement Date"), \$15,833.33, which is computed at the rate of \$0.79 per square foot multiplied by the Effective Land Area ("Base Land Payment"), which is a yearly amount of \$190,000.00. Notwithstanding the foregoing, in the event that LESSEE, despite its diligent efforts, has failed to obtain accreditation from COCA or any other applicable licensing authority on or prior to the date that is ten (10) business days prior to the Lease Commencement Date, the Lease Commencement Date shall be extended to the date that is ten (10) business days following the date that LESSEE obtains such accreditation. The Base Land Payment shall be adjusted at the beginning of each Lease Year by two percent (2%) of the Base Land Payment for the immediately preceding Lease Year. This Ground Lease shall be absolute net, and LESSEE shall pay or reimburse all operating expenses including property taxes, insurance, common maintenance/repairs/replacement, and management.
  
5. Use. The Parties intend for LESSEE to construct the Lessee Building on the Leased Premises for the purpose of constructing, operating and maintaining a college of osteopathic medicine (the "Permitted Use"). Except as set forth in this Ground Lease, no material changes, modifications, or alterations can be made to the use of the Lessee Building unless it is done in writing and signed by the proper authority of each Party. If LESSEE abandons the Lessee Building and ceases making the Base Land Payment and such failure continues for ninety (90) days after written notice from ISU to LESSEE, it shall be an event of default and shall be grounds for termination of this Ground Lease.
  - a. At all times during the term of this Ground Lease, LESSEE shall continuously (except for temporary closures due to casualty, condemnation or remodeling) use the Lessee Building in order to provide services and amenities to its students, faculty, and staff. LESSEE may use the Lessee Building for other uses if such uses are approved by ISU, which approval shall not be unreasonably withheld or delayed and are not inconsistent with applicable Laws and zoning uses, as well as the terms of the Declaration and the teaching, research, service, or economic development mission of ISU.

- b. Subject to the rights and obligations of ISU hereunder, the operation of the Lessee Building, including allowing the use by others, will be the sole responsibility of LESSEE. The use and occupation of the Leased Premises and Lessee Building shall at all times during the term of this Ground Lease, be conducted in compliance with federal, state, and local laws, ordinances, and regulations (collectively, "Laws"). In the event that LESSEE receives written notice that LESSEE is not in compliance with any applicable Laws, LESSEE shall have thirty (30) days to cure such non-compliance, provided, however, if such non-compliance cannot reasonably be cured within such thirty (30) day period, LESSEE shall have the time necessary to reasonably cure the same) and if LESSEE fails to cure such non-compliance within such time frame, such non-compliance shall be deemed an event of default and shall be grounds for termination of this Ground Lease. Notwithstanding the foregoing, in no event shall LESSEE be responsible for any non-compliance with Laws arising out of the acts or omissions of ISU, its agent, employees, contractors and representatives.
- c. The CAA includes agreements and legal obligations that include the fiscal, fiduciary, and marketing relationship agreed upon by LESSEE and ISU; the rights retained by LESSEE; the rights retained by ISU; the branding issues; specification of the services being provided by each entity to the other; specification that LESSEE is the final authority on the curriculum for LESSEE and the requirements for granting any degrees of students by LESSEE; the term of the CAA; a statement on how the CAA may be amended; a statement on how either Party may withdraw from the CAA; and a statement of severability. In addition, LESSEE has the final authority on the selection of LESSEE students. LESSEE has the final authority on selection of faculty members. All agreements between ISU and LESSEE, including the CAA as well as this Ground Lease represent the legal relationship between ISU and LESSEE. Furthermore, LESSEE is solely responsible for meeting the American Osteopathic Association, Commission on Osteopathic College Accreditation (COCA) standards. ISU, if requested reasonably by COCA to provide documentation concerning ISU's finances and accreditation status, will transmit such documentation to COCA. LESSEE will have the sole responsibility to verify that LESSEE students are aware of financial responsibility and student rights with regard to Title IV and will also be solely responsible to verify that LESSEE students are aware that financial aid is not processed through ISU and they are not eligible to participate in Title IV through ISU. The term of this Ground Lease is over ten (10) years in length with at least five (5) years' notice of termination required prior to a Party having the right to terminate this Ground Lease, except in an event of LESSEE's default and

except for any express termination rights set forth in this Ground Lease. Notwithstanding the foregoing, LESSEE is required to give a minimum period of three (3) years for cancellation of any services affecting LESSEE students. Upon notice of termination of this Ground Lease, a teach-out plan must be submitted to the COCA by LESSEE or LESSEE must be able to immediately demonstrate a new location or lease to be approved by the COCA. Discontinuance of operations (except for any temporary closures due to casualty, condemnation or remodeling) and LESSEE's failure to commence operations following sixty (60) days written notice from ISU shall be an event of default and shall be grounds for termination of this Ground Lease.

- d. LESSEE shall not provide or offer, directly, or through third parties, any new facilities, programs, or services, including but not limited to anatomy and physiology laboratories, without prior written approval from ISU, that would duplicate, infringe, or compete with current or planned health science academic or health science research programs and/or impact ISU's strategic planning for expansion of new, allied, or existing health science programs; provided, however, in no event shall this Section 5.d. limit or impact LESSEE's right to operate for the Permitted Use. Upon mutual, written agreement by the Parties, LESSEE will have access to ISU facilities and services, such as the anatomy and physiology laboratories, necessary for its medical education.
6. Accreditation and State Law Authorization. LESSEE understands and acknowledges that accreditation by the COCA is critical to the viability of this Ground Lease.
- a. No building materials can be delivered to the Leased Premises and no construction or ground work can commence on the Leased Premises prior to a grant of pre-accreditation by the COCA. During the time of operation of the college of osteopathic medicine, LESSEE shall maintain its accreditation, as required, as a college of osteopathic medicine by the COCA (or any successor entity), and LESSEE shall comply with any applicable Laws for authorization to operate a college of osteopathic medicine in the State of Idaho. LESSEE shall notify ISU within thirty (30) days of receipt of any written notice or communications that shall materially and adversely affect its accreditation or reaccreditation or authorization to operate a college of osteopathic medicine. Subject to LESSEE's right to change its use in accordance with the terms of Section 5.a. of this Ground Lease, LESSEE's failure to maintain accreditation and/or authorization to operate a college of osteopathic medicine following any applicable notice and cure periods provided for under applicable Laws and/or set

forth in this Ground Lease shall be an event of default and shall be grounds for termination of this Ground Lease.

7. Project Escrow. LESSEE must maintain escrow and operating reserves as required by COCA and as more particularly set forth on Exhibit E attached hereto. The failure to maintain such an escrow account following any applicable notice and cure periods provided for under applicable Laws and/or set forth in this Ground Lease shall be an event of default and shall be grounds for termination of this Ground Lease. LESSEE shall provide proof of such escrow to ISU listing the institution holding said funds and the amount of the escrow within thirty (30) days of creation of said escrow.
8. Due Diligence. LESSEE's obligations under this Ground Lease are contingent upon LESSEE either satisfying or waiving the conditions and contingencies hereinafter set forth (collectively, "LESSEE's Conditions") within the respective periods specified below. LESSEE shall diligently and in good faith pursue the satisfaction of LESSEE's Conditions. LESSEE's Conditions are as follows:
  - a. Within sixty (60) days after the Effective Date (the "Inspection Period"), LESSEE may, at LESSEE's sole cost and expense, inspect the Leased Premises and conduct any title examinations, investigations, engineering and environmental tests of the Leased Premises, as LESSEE deems necessary or advisable in connection with the leasing of the Leased Premises. LESSEE shall have the right, upon prior written notice to ISU given prior to the expiration of the Inspection Period, to either (a) terminate this Ground Lease, or (b) extend the Inspection Period for up to one (1) consecutive period of thirty (30) days. If LESSEE determines, in LESSEE's sole discretion, that the Leased Premises is not suitable for the purposes set forth in this Ground Lease, LESSEE shall have the right to terminate this Ground Lease by written notice to ISU given on or before the end of the Inspection Period, as the same may be extended, in which case this Lease shall be terminated and of no further force and effect and neither Party shall have any further rights, duties or obligations hereunder.
  - b. LESSEE shall have the right, during the Inspection Period, to obtain, at LESSEE's sole cost and expense, a commitment for title insurance ("Commitment") from a title company acceptable to LESSEE covering LESSEE's leasehold estate in an amount to be determined by LESSEE together with copies of all liens, encumbrances and other matters affecting ISU's title to the Land ("Title Documents"). Further, LESSEE shall have the right during the Inspection Period to obtain at LESSEE's sole cost and expense, a survey of the Leased Premises in a form

acceptable to LESSEE. If LESSEE determines, in LESSEE's sole discretion, following LESSEE's review of the Survey and the Commitment, that the Leased Premises is not suitable for the purposes of this Ground Lease, LESSEE shall have the right to terminate this Ground Lease by written notice to ISU given on or before the end of the Inspection Period, as the same may be extended, in which case this Lease shall be terminated and of no further force and effect and neither Party shall have any further rights, duties or obligations hereunder.

9. Condition of Land and Easements.

- a. ISU shall provide to LESSEE all reports, investigations, documents and data in ISU's possession or control regarding the soil, subsoil or environmental condition on ISU-Meridian. Except as expressly set forth herein, ISU makes no covenants or warranties respecting the condition of the soil or subsoil, any environmental condition or presence of cultural resources, or any other condition of the Leased Premises. All such tests shall be at LESSEE's expense. All costs necessary or required to make the Leased Premises suitable for development and any costs or expenses necessary to replace or repair any improvement due to the condition of the Leased Premises shall be at the sole cost of LESSEE. Notwithstanding anything to the contrary set forth in this Section 9, ISU represents and warrants to LESSEE, that as of the Effective Date, ISU has not received any written notice from a governmental agency of any uncured violations of any Laws (including environmental laws) affecting the ISU-Meridian and/or the Leased Premises, (ii) to ISU's actual knowledge (as defined below), no Hazardous Substances are stored by ISU on, in or under the ISU-Meridian and/or the Leased Premises in quantities which violate environmental laws, (iii) to ISU's actual knowledge, the ISU-Meridian and/or the Leased Premises is not used by ISU for the storage, treatment, generation or manufacture of any Hazardous Substances in a manner which would constitute a violation of applicable environmental laws, and (iv) to ISU's actual knowledge, the Premises do not contain Hazardous Substances which would constitute a violation of applicable environmental laws.
- b. LESSEE may enter ISU-Meridian and the Leased Premises before the Lease Commencement Date to make soil and structural engineering tests which shall be at LESSEE's sole expense.
- c. ISU, to the extent permitted by applicable Laws as grantor and in compliance with the Declaration, hereby grants to LESSEE, its respective contractors, employees, agents, licensees, and invitees,

and the contractors, employees, agents, licensees, and invitees of such LESSEEs, for the benefit of the real property leased by LESSEE, as grantee, a nonexclusive easement for ingress and egress by vehicular and pedestrian traffic and vehicular parking upon, over, and across portions of the Common Area located within the Effective Land Area in accordance with all applicable provisions of the Declaration and subject to the additional limitations as described in Section 9.d.

- d. At no time during the design, construction or operations of the Lessee Building and related site improvements, nor subsequent to the completion of such construction shall the LESSEE's operations cause any material restricted use or encumbered access to Common Areas within the Leased Premises nor within the Effective Land Area of the property owned by either ISU or the West Ada School District. Construction fencing, staging and construction operations must be confined to the area within the perimeter boundary of the Effective Land Area, as shown in Exhibit D or be conducted off the Effective Land Area. =
- e. ISU's future design, construction or operations of planned expansion and related site improvements, shall not cause any restricted use or encumbered access to Common Areas within the LESSEE's Leased Premises. =
- f. Subject to the restrictions and requirements affecting the Common Areas, at LESSEE's request or as may be reasonably required, ISU shall grant to public entities or public service corporations, for the purpose of serving the Leased Premises, rights-of-way or easements on or over ISU-Meridian, the Leased Premises, and adjacent property owned by ISU for telephone, electricity, water, sanitary or storm sewers or both, and for other utilities and municipal or special district services. Grants made under the authority of this provision shall be consistent with existing and necessary services. ISU shall have the right to deny any requested easements that materially and adversely interfere with the development of other ISU property, provided, however, that ISU must provide alternative easement for the benefit of LESSEE.

10. Bonds. Before commencing the initial construction of the Lessee Building and before commencing any alteration, addition, or improvement where the estimated cost of such alteration, addition or improvement shall be one hundred fifty thousand (\$150,000) or more, defined as a "Material Alteration", LESSEE shall require all contractors to provide eighty-five (85%) payment and performance bonds in accordance with Title 54, Chapter 19, Idaho Code. All surety company bonds shall guarantee the completion of the construction in accordance with Construction Documents approved by LESSEE and ISU, and guarantee the payment

of the cost of such construction. The bond must be in a form reasonably acceptable to the ISU and issued by a surety licensed to conduct business in Idaho. If the State accepts a performance and/or payment bond that is obtained by a construction contractor or other entity different from the LESSEE, and that bond(s) does not name the State in a way to allow the State to demand surety performance under the bond(s), then LESSEE shall reasonably cooperate with the State to the fullest extent possible to obtain the complete protection for the project that the bond(s) is intended to provide.

11. Insurance During Initial Construction. Prior to the initial construction of the Lessee Building, and prior to any Material Alteration of the Lessee Building on the Leased Premises:

- a. LESSEE shall cause to be maintained with responsible insurers, at LESSEE's expense, builder's risk insurance (fire with extended coverage and vandalism endorsement) in an amount not less than one hundred percent (100%) of the anticipated value of the Lessee Building as completed;
- b. LESSEE or any contractor or contractors employed by LESSEE or any other person who will perform work on or install the equipment in the Lessee Building shall be fully covered by worker's compensation insurance as required under the Idaho Worker's Compensation Act, and all certificates of worker's compensation insurance shall be furnished to LESSEE and ISU before commencement of any construction;
- c. LESSEE or any contractor or contractors employed by LESSEE or any other person who will perform work on or install the equipment in the Lessee Building shall be covered by liability coverage with minimum limits of one million dollars (\$1,000,000) per occurrence, and two million dollars aggregate with an additional insured endorsement in favor of ISU and the State of Idaho.
- d. By requiring insurance herein, ISU does not represent that coverages and limits will necessarily be adequate to protect LESSEE or any contractor or contractors employed by LESSEE. Such coverage and limits shall not be deemed as a limitation on the LESSEE'S liabilities under any of the indemnities granted in the Ground Lease.

12. Construction and Completion of Work.

- a. Prior to ISU's approval of the Plans, LESSEE shall, at no material cost or expense to LESSEE, reasonably include ISU in its design process, from preliminary concepts through the final design of the Plans.
- b. LESSEE, coincidental with its submittal to Meridian City, shall submit to ISU for ISU's approval, which approval shall not be unreasonably withheld, conditioned or delayed, all Construction Documents and a



complete set of construction plans and specifications for the Lessee Building and all material improvements, including material supplements and changes thereto (collectively, the "Plans") prepared by a licensed architect or engineer, which plans and specifications may include, copies of preliminary grading and drainage plans; soil test reports; descriptions of utilities, sewer and service connections; locations of ingress and egress to and from public thoroughfares; curbs; gutters; parkways, street lighting, designs and locations for outdoor signs; storage areas; building plans, elevations, and renderings; landscaping plans; parking stalls; and the architect's estimate of the costs of construction, all reasonably sufficient to enable ISU to make an informed judgment about the nature, design, and quality of the proposed Lessee Building and improvements. ISU shall have a period of thirty (30) days after submission of the Plans, together with a written statement of LESSEE that it deems the same complete and requests approval thereof, to advise LESSEE in writing of its approval, disapproval, or request for supplementation, amendment, or clarification of said Plans. ISU shall have the right to disapprove the Plans. Further, in the event that LESSEE materially changes or supplements the Plans, LESSEE shall provide written notice of such material change to ISU and ISU shall have five (5) business days to advise LESSEE in writing of its approval or disapproval of said modification. Two (2) hard copies and two (2) electronic copies of the Plans shall be submitted to ISU within seven (7) months of execution of this Ground Lease. One copy shall be attached hereto as Exhibit F. Failure of ISU to respond to LESSEE regarding (i) the Plans within thirty (30) days shall be deemed ISU's approval of the Plans and (ii) any material modification to the Plans within five (5) business days shall be deemed ISU's approval of such modification.

- c. Fire lane extensions for Fire Department access, ADA accessible parking stalls, drop off areas, and screened trash enclosures must be provided within the Effective Land Area to serve the Lessee Building and be in compliance with applicable Laws.
- d. Accessible pedestrian connectivity between the Lessee Building and the ISU campus must be included in the building and site design. The accessible pedestrian walkway must locate within the existing landscape parkway along the southern boundary of the Leased Premises so that no part of the current Common Area ingress/egress or Common Area parking are used for the proposed accessible pedestrian route.
- e. LESSEE shall provide ISU with written notification of its intention to commence development of the Lessee Building at least ten (10) business days before commencement of any such work to the Leased

- Premises or delivery of any materials to the designated staging area.
- f. LESSEE shall furnish ISU with a true copy of LESSEE's executed contract with the general contractor, who is appropriately licensed in the State of Idaho with any confidential or proprietary information redacted. The construction contract shall give ISU the right, but not the obligation, to assume LESSEE's obligations and rights under the contract if LESSEE should be in default past any applicable notice and cure periods therein, and such default is not waived by the contractor or otherwise cured within the applicable time frame set forth in such construction contract. The contract shall also require the general contractor to copy ISU upon any notification of LESSEE's default past any applicable notice and cure periods.
  - g. LESSEE shall furnish ISU with a list of all major subcontractors who will be involved in the construction of the Lessee Building.
  - h. ISU hereby grants to LESSEE a right to enter upon ISU-Meridian and to construct, at its own cost and expense, the Lessee Building as described in the Construction Documents. In addition to constructing the Lessee Building, LESSEE shall, at its own cost and expense, ensure that all other improvements, including parking areas, common lighting, and landscaping built by or on behalf of LESSEE on the Leased Premises, are in accordance with applicable Laws affecting the Leased Premises.
  - i. LESSEE shall comply with, and shall cause its contractors and subcontractors to comply with, all applicable Laws, including, without limitation, those Laws pertaining to licensing and permitting, public works, building construction, building codes, employment, and conditions and hours of employment.
  - j. All construction shall comply with the Declaration regarding staging areas, construction parking, and plans to ensure the safety of all faculty, staff, and students of ISU and the school district. Construction shall not materially and adversely interfere with the on-going business of ISU and the school district.
  - k. All defects, deficiencies, errors, and omissions associated with the construction, reconstruction, or repair of the Lessee Building rests solely upon LESSEE to the extent the same are not caused by the acts or omissions of ISU, its employees, contractors, agents, representatives or invitees, and all costs to correct the same shall be paid by LESSEE.
  - l. Once the work has begun, LESSEE shall, with reasonable diligence, prosecute to completion all construction of the Lessee Building, subject to conditions of Unavoidable Delay.
  - m. LESSEE shall provide to ISU a schedule of all on-site testing and inspections, including independent testing firms and government

agencies (e.g., soil compacting, concrete tests, etc.). LESSEE shall provide to ISU, within fifteen (15) business days of its receipt thereof, copies of the results of all said testings and inspections. LESSEE shall notify ISU of any significant deviations from the schedule. In the event of any finding by ISU that construction materials or workmanship are not in substantial accordance with the Plans, LESSEE shall immediately cease such unauthorized work and repair or replace such items.

- n. If LESSEE shall not have completed the construction of the Lessee Building on the Leased Premises by the date that is thirty-six (36) months following the Effective Date (as the same may be extended by any Unavoidable Delay, the "Date of Completion") in accordance with the Construction Documents, unless caused by Unavoidable Delay, ISU has the option to, at its sole discretion and as its sole and exclusive remedy, with ten (10) days written notice, terminate this Ground Lease.
- o. If construction is not completed because of Unavoidable Delay or because LESSEE has not obtained accreditation from COCA, the Parties shall work together to amend this Ground Lease, in writing, with a new Date of Completion.
- p. During the term of this Ground Lease, LESSEE may, but shall not be obligated to, construct additions or make alterations to the Leased Premises. Notice of any Material Alterations shall be provided to ISU at least ninety (90) days prior to any solicitation of bids for construction of the Material Alteration. All Material Alterations shall be made in accordance with the terms of this Ground Lease and the applicable provisions of the Declaration and all costs shall be paid by LESSEE. No Material Alteration shall materially and adversely impair the ability of ISU to further develop ISU-Meridian. ISU may, at its reasonable discretion, disapprove any such Material Alteration. LESSEE shall have the right to make Minor Alterations to the Leased Premises and the Lessee Building in accordance with the applicable provisions of the Declaration without the prior written consent of ISU. "Minor Alterations" means any alterations, improvements or additions constructed by or on behalf of LESSEE that are not a Material Alteration.
- q. During the term of this Ground Lease, LESSEE shall maintain and keep current accurate "as-built" drawings, which may include hand-drawn modifications to existing drawings.
- r. Fee title to the Lessee Building, together with all additions, alterations, and improvements thereto, constructed on the Leased Premises, even though a part of the realty, shall be and remain in LESSEE name during the term of this Ground Lease.
- s. LESSEE shall not purchase any property surrounding ISU-Meridian that would limit the future growth of ISU-Meridian unless the Parties agree

to such purchase in writing that is signed by the proper authority of each Party.

- t. LESSEE shall defend, indemnify, and hold ISU and the State of Idaho harmless from any and all liability, claims, damages, expenses (including reasonable attorney's fees and costs), liens, claims of lien, judgments, proceedings, and causes of action, arising out of or in any way connected with the construction of the Lessee Building, unless caused by the negligent or willful act or omission of ISU, its agents, contractors, or employees.
- u. To the extent allowed by law, ISU shall defend, indemnify, and hold LESSEE harmless from any and all liability, claims, damages, expenses (including reasonable attorney's fees and costs), liens, claims of lien, judgments, proceedings, and causes of action, arising out of or in any way connected with (i) ISU's breach of its obligations under the Declaration and/or this Ground Lease and/or (ii) the acts and omissions of ISU, its agents, contractors or employees, unless caused by the negligent or willful act or omission of LESSEE, its agents, contractors, or employees.

13. LESSEE's Insurance After Initial Construction. After the Lessee Building has been constructed and written notice of substantial completion is delivered to LESSEE and ISU, LESSEE shall, during the term of this Ground Lease and the subsequent renewal terms of this Ground Lease, if any, maintain through a responsible insurer(s) licensed to do business in Idaho, at LESSEE's sole expense, the following insurance coverages:

- a. Fire and extended coverage insurance in an amount equal to at least one hundred percent (100%) of the full replacement cost of the Lessee Building;
- b. Worker's compensation insurance for all employees and staff of LESSEE, insuring against claims under the Idaho Worker's Compensation Act; and
- c. Premises liability coverage in an amount of one million dollars (\$1,000,000) per occurrence, two million aggregate with an additional insured endorsement in favor of ISU and the State of Idaho.
- d. The insurance policies shall not be subject to cancellation except upon at least thirty (30) days' prior written notice to ISU. If LESSEE fails to comply with any insurance requirements set forth in this Ground Lease, ISU may obtain insurance and keep it in effect, and upon demand, LESSEE shall pay ISU its actual, out of pocket cost of procuring such insurance.
- e. By requiring insurance herein, ISU does not represent that coverages and limits will necessarily be adequate to protect LESSEE. Such

coverage and limits shall not be deemed as a limitation on the LESSEE'S liabilities under any of the indemnities granted in the Ground Lease.

14. Repairs/Maintenance/Security. Except for any maintenance or repair obligations of ISU under the Declaration, LESSEE shall have sole responsibility to maintain or caused to be maintained the Lessee Building and all improvements within the Leased Premises in good and clean condition and repair, ordinary wear and tear excepted, said maintenance to include, without limitation, the following:

- a. Maintaining all exterior site improvements, including fences and gates;
- b. Maintaining, repairing, resurfacing, and restriping, when reasonably necessary, in accordance with the Declaration, all paved surfaces in a level, smooth, and evenly covered condition with the type of surfacing material originally installed or such substitute as shall in all material respects be equal or superior in quality, use, and durability;
- c. Maintaining, repairing, and replacing general building structure and related equipment (interior and exterior), including tuck-pointing, painting and caulking as reasonably needed, as determined by LESSEE;
- d. Removing substantially all snow, papers, debris, filth, and refuse, and reasonably sweeping the area to the extent reasonably necessary to keep the area in a clean and orderly condition;
- e. Operating, maintaining, repairing, and replacing, when necessary, as reasonably determined by LESSEE, the heating, cooling, and air handling systems and related equipment, including filter replacement, routine service, and monitoring air quality and comfort standards;
- f. Operating, maintaining, repairing, and replacing, when necessary, as reasonably determined by LESSEE, electrical systems and related equipment;
- g. Sewer and plumbing systems and related equipment shall be maintained in a safe, sanitary, and functional condition. Stacks, vents, and lines shall be kept substantially free from obstructions, leaks, and defects. The water supply shall be maintained substantially free from contamination;
- h. Operating, maintaining, repairing, and replacing, when necessary, as reasonably determined by LESSEE, the roof, flashing, gutters, and drains.
- i. Operating, maintaining, repairing, and replacing, when necessary, such exterior lighting facilities as shall be reasonably required, as reasonably determined by LESSEE, plus seasonal adjustment of timers. Exterior lighting shall include landscaped areas, parking areas, building exterior lights, walkways, and delivery areas;
- j. Maintaining, repairing, and replacing, when necessary, as reasonably

- determined by LESSEE, all directional signs, markers, and lines;
- k. Operating, maintaining, repairing, and replacing, when necessary, as reasonably determined by LESSEE, fire sprinkler system, including fire extinguishers and smoke detectors;
- l. Maintaining all landscaped areas, and maintaining, repairing, and replacing, when necessary, as reasonably determined by LESSEE, automatic sprinkler systems and water lines; and replacing shrubs and other landscaping as necessary, as reasonably determined by LESSEE; \_
- m. All maintenance and service of equipment shall be performed by a licensed firm. LESSEE shall use commercially reasonable efforts to endeavor that all maintenance and service providers shall comply with OSHA requirements, including wearing of protective clothing and following MSDS procedures.
- n. The LESSEE shall provide re-certification of life safety equipment including, without limitation, the building fire detection and fire suppression systems in accordance with applicable Laws. Additionally the LESSEE shall have elevators inspected by a licensed provider as required by applicable Laws. If requested by ISU, copies of each re-certification shall be provided to the ISU within thirty (30) days of such applicable written request.
- o. Maintaining, repairing, and replacing, when necessary, all storm drains, sewers, and other utility lines and facilities located on the Leased Premises and not dedicated to the public or conveyed to any public or private utility which are necessary for the operation of the Lessee Building;
- p. Employing security personnel as deemed appropriate by LESSEE.

Notwithstanding the foregoing, ISU, at ISU's sole cost and expense, covenants and agrees to perform its obligations under the Declaration. ISU hereby acknowledges and agrees that in no event shall LESSEE be responsible for any fees, charges, expenses, or assessments under the Declaration and that ISU shall pay for the same as required by the Declaration.

15. Maintenance Plan, Maintenance Records and Inspections. LESSEE acknowledges and agrees to prepare and implement, during the term of this Ground Lease and to the extent the same is required by applicable Laws, a preventative maintenance and service program for the interior and exterior of the Lessee Building (the "Maintenance Plan"), which Maintenance Plan shall be acceptable to LESSEE's investors and lenders. The Parties agree to meet periodically, at a minimum, annually, to review this Ground Lease, and any property and maintenance issues. LESSEE shall deliver a copy of the Maintenance Plan to ISU at this meeting. The Maintenance Plan may cover, as required by applicable

Laws, the inspection, service and repair of the Lessee Building, including, without limitation, the following:

- a. The heating and cooling system, including safety devices, water treatment, lubrication, alignment, gaskets, calibration, filter replacement, cleaning, adjustments, coil cleaning, damper cleaning and adjustment, and pressure readings.
- b. The plumbing systems, including water quality, running water, leaks, drains, cleanliness, and roof drains. Ground depressions over sewer lines shall be repaired immediately.
- c. The electrical systems, including monthly amp draws or bi-annual infrared scanning of electrical system to detect any overload conditions and monthly exterior lighting inspection in the evenings. A schedule of timer adjustments shall be established to account for seasonal changes.
- d. The roof, including monthly assessment of conditions, in addition to special inspections after snow, hail, or heavy winds. Inspections to watch traffic patterns of maintenance/service people on roof, to alleviate standing moisture, blisters, debris on roof, leaks, loose flashings, gutters and downspouts and to check to see if roof equipment is securely fastened and clean. Roof drains shall be cleaned on a reasonable basis. Repairs shall be made in accordance with roof warranty provisions.
- e. The paved areas, to correct any ponding, sprinkler run-off, pothole issues. If pavement issues are a concern in dumpster or delivery areas, concrete pads shall be considered. Routine maintenance of asphalt such as crack filling, re-sealing, and re-striping shall be completed as reasonably necessary, as determined by LESSEE.
- f. The fire safety system, to recharge all fire extinguishers, test fire alarms and pull boxes as required by applicable Laws. A fire sprinkler firm must perform a testing of the fire sprinkler system as required by applicable Laws.
- g. All doors, including the adjustment of door closers.
- h. Projection of timing of carpeting, flooring, and furniture, fixtures, and equipment replacement, in addition to future capital improvement projects. Exterior building joints, glazing and caulking windows, mildew, trip hazards, overhead door adjustment, and lubrication.
- i. The fencing and gates.
- j. Performance of any touch-up painting, especially on bare wood and exposed metals.

- k. Recommendations to increase building efficiency by decreasing utility consumption or by implementing additional energy management procedures.
  - l. An inspection shall also be made of all electric motors, transmission and drive systems, laboratory equipment, and water consuming systems as required by applicable Laws.
  - m. Maintenance of warranty records and established service schedules that substantially comply with warranty and manufacturer's guidelines. LESSEE shall use commercially reasonable efforts to keep all instruction manuals for all installed equipment, including maintenance guides and parts lists. LESSEE shall maintain and keep current all plans and specifications.
  - n. LESSEE will schedule inspections of the Lessee Building during the term of the Ground Lease as required by applicable Laws.
  - j. The building authority having jurisdiction and the Idaho State Fire Marshal shall inspect the Lessee Building as required by applicable Laws. The LESSEE shall provide copies of each inspection report to ISU within thirty (30) days of inspection date. LESSEE shall comply promptly with any actions required by these entities.
16. Failure to Repair, Maintain or Service. In the event that the LESSEE shall fail or refuse to make such repairs, perform such maintenance, provide such services, or to take any other action required of the LESSEE under this Ground Lease, ISU shall give LESSEE reasonable notice and time to cure and, failing such cure, ISU may, at its option, make such repairs, perform such maintenance, provide such services, or take any such action, and recover such reasonable sums expended directly from the LESSEE upon presentation of an invoice. ISU's decision to exercise this remedy shall not be deemed to limit its exercise of any other remedy available under this Ground Lease, at law or in equity.
17. Utilities. LESSEE hereby covenants and agrees to pay all charges for heat, light, gas, telephone, trash service, telecommunications services, water, and sewer, and for all other public or private utilities which shall be used in or charged against the Lessee Building during the term of this Ground Lease, including any hookup or installation charges, whether or not the same constitute liens.
18. Destruction of Leased Premises or Lessee Building.
- a. In the event the Leased Premises or the Lessee Building shall be damaged or destroyed during the term of this Ground Lease by fire or any other casualty, LESSEE may, at LESSEE's sole option, elect to



continue this Ground Lease in effect and shall cause the damaged portion of the Leased Premises or Lessee Building to be repaired and restored to substantially the same condition which existed before any fire or other casualty. Should LESSEE exercise its option to continue this Ground Lease and to restore the Leased Premises or Lessee Building, LESSEE shall be entitled to apply all or any portion of insurance proceeds owed to it toward repair and restoration of the Leased Premises or the Lessee Building and shall proceed with due diligence to restore and reconstruct the Leased Premises and LESSEE Building.

- b. In the event LESSEE doesn't exercise its option to continue this Ground Lease upon the occurrence of damage to or destruction of the Leased Premises or Lessee Building by fire or other casualty, then LESSEE may, at LESSEE's sole option, declare this Ground Lease terminated. In such event, all obligations to perform the covenants of this Ground Lease shall terminate, and all insurance proceeds payable with respect to such loss shall be applied first to the cost, in an amount not to exceed \$500,000, of demolition of the remaining improvements and restoration of the real property to substantially the same condition existing as of the commencement of this Ground Lease, with the balance of insurance proceeds, if any, to be paid to LESSEE and/or its lenders.

#### 19. Eminent Domain.

- a. If the entire Leased Premises or Lessee Building shall be taken by condemnation or right of eminent domain, or conveyed in lieu thereof, or, in the event such portion of the Leased Premises or such portion of the Lessee Building shall be so taken or conveyed that prohibits or substantially impairs LESSEE's use, LESSEE shall give notice to such effect, then, in either or such events, this Ground Lease shall be terminated as of the date possession of the property is taken by the condemning authority.
- b. However, if a portion of the Leased Premises is taken by condemnation or right of eminent domain, or conveyed in lieu thereof, and this Ground Lease is not terminated by LESSEE as set forth in Section 19(a) above, this Ground Lease shall remain in effect. In the event a partial taking occurs and this Ground Lease is not terminated by LESSEE as set forth in Section 19(a) above, LESSEE shall make such alterations or repairs, at LESSEE's own cost and expense or from any insurance proceeds, as applicable, as are necessary to make the Leased Premises or Lessee Building usable by LESSEE.
- c. LESSEE shall be entitled to LESSEE's part of any award and payment for

the taking by condemnation or right of eminent domain or conveyance in lieu thereof of the Leased Premises or Lessee Building. ISU shall be entitled to ISU's remainderman interest of any award and payment for the taking of the Leased Premises or Lessee Building by condemnation or right of eminent domain or conveyance in lieu thereof to the extent the same does not diminish LESSEE's award. LESSEE shall be entitled to make a claim to the condemning authority for a separate award for damage to LESSEE's Building and interest, including, without limitation, any relocation expense.

- d. Nothing contained herein shall prevent ISU and LESSEE from prosecuting claims in any condemnation proceedings, or filing a collateral claim or action if such Party is not named as a Party in the proceeding, for the value of all of their respective interests, provided, however, in no event shall ISU's claim reduce the proceeds or award due and owing LESSEE.

20. LESSEE's Assignment or Transfer of Interest. LESSEE shall not assign or sublease its interest in this Ground Lease without the prior written approval of ISU, which consent and approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Lessee shall have the right, without ISU's prior consent,

(i) to assign the Lease to any Affiliate (as defined below) of LESSEE or (ii) to mortgage or collaterally assign its leasehold interest and its interest in the Lessee Building and other improvements constructed on the Leased Premises (each, a "Permitted Transfer"). For the purposes of this Section 20, an "Affiliate" shall be any entity that (a) is controlled by, controlling or under common control of LESSEE and (ii) has a reasonable amount of experience and knowledge in operating a business for the Permitted Use. Except for a Permitted Transfer, the factors to be considered by ISU in granting or withholding its consent and approval to the proposed assignment or sublease are limited to (i) the assignee's or sublessee's financial condition; and (ii) a determination of whether the assignee's or sublessee's proposed use is consistent with the restrictions of Section 5 of this Ground Lease. LESSEE shall bear the burden and expense of establishing that the proposed assignee or sublessee satisfies the foregoing criteria.-

21. Liens. LESSEE shall not permit any mechanic's, materialmen's, or other lien, encumbrances, consensual liens, to attach to the Lessee Building, Leased Premises, or ISU-Meridian. In the event that any such mechanic's, materialmen's, or other liens are filed against the Leased Premises, the Lessee Building, or ISU-Meridian by reason of actions of LESSEE, LESSEE shall cause all such liens to be discharged by payment, bond, or otherwise within sixty (60)

days after LESSEE has knowledge of or receives written notice of the filing of such liens or security interests. LESSEE shall defend, indemnify, and hold ISU and the State of Idaho harmless from any and all liability, claims, damages, expenses (including reasonable attorney's fees and costs), liens, claims of lien, judgments, proceedings, and causes of action, arising out of or in any way connected with the construction of the Lessee Building, unless caused by the negligent or willful act or omission of ISU, its agents, contractors, or employees.

22. Telephone. LESSEE shall be responsible for the installation, alterations, repair, or maintenance of all telephone and telephone systems, and all other telecommunication systems, including wiring, to the Lessee Building.

23. Exterior Signs. LESSEE may install upon the exterior of the Lessee Building or the grounds surrounding the Lessee Building, such signs and displays as LESSEE shall deem advisable; provided, all such signs and displays shall be in compliance with all applicable laws, rules, covenants, and regulations and shall be subject to the prior written approval by ISU. Signage cannot unduly impact or diminish the image and/or visibility of the ISU-Meridian Health Center. LESSEE should provide all graphic presentations, shop drawings, and final signage design for ISU's approval. The signs or displays shall be limited to designating the Lessee Building name and parking and traffic control signs.

24. Taxes and Assessments.

- a. LESSEE shall, if necessary and as required by applicable Laws, pay any personal property taxes which may be assessed, if any local taxing authority may assert such authority. It is the understanding of the Parties hereto that ad valorem real property taxes and other assessments levied and assessed against the Leased Premises or Lessee Building shall not be payable, due to the ownership interest of ISU in the Leased Premises. However, if for any reason any type of real estate taxes are levied against the Leased Premises or Lessee Building, LESSEE shall reimburse ISU the amount of any real estate taxes so levied and assessed. Any reimbursement due ISU hereunder shall be paid within thirty (30) days after delivery to LESSEE of copies of the tax bills evidencing the assessment of such taxes reimbursable under this Section 24. ISU agrees to pay, when due, before delinquency, directly to the tax collecting authority, all taxes and assessments levied and assessed against the Leased Premises. In the event ISU fails to pay such taxes and assessments when due, LESSEE shall have the right, but not the obligation, to pay the same directly to the taxing authority.
- b. In the event ad valorem real property taxes are levied and assessed

against the Leased Premises or Lessee Building, LESSEE, at LESSEE's expense, shall have the right to contest the amount or validity of all or any part of the ad valorem real property taxes and assessments required to be paid by ISU hereunder; provided, however, LESSEE shall indemnify ISU against any loss or liability by reason of such contest. Notwithstanding such a contest, all taxes otherwise due and payable to ISU by LESSEE shall be paid within thirty (30) days of written demand, but any refund thereof by the taxing authority shall be the property of LESSEE. ISU and LESSEE agree to assist each other as may be reasonably necessary in any contest of ad valorem real property taxes and assessments.

- c. LESSEE shall be required to reimburse ISU within thirty (30) days of written demand for any and all taxes and other charges payable by ISU to any governmental entity (other than income, capital levy, estate, succession, inheritance or transfer taxes or similar tax of ISU) whether or not now customarily paid or within the contemplation of the Parties hereto, by reason of or measured by any and all taxes levied or assessed and which become payable during the term of this Ground Lease upon any of LESSEE's property or LESSEE's income derived from the Leased Premises. The Parties acknowledge and agree that ISU shall be responsible for any and all income, profits or revenue tax, assessment or charge imposed upon the rent or other benefit received by ISU under this Ground Lease.

#### 25. Compliance With Laws and Regulations.

- a. LESSEE shall, at its own cost and expense, promptly comply with, or cause to be complied with, all Laws, whether or not the same require structural repairs or alterations, which may be applicable to LESSEE, the Leased Premises or the Lessee Building or the use of or manner of use of the Leased Premises or the Lessee Building. This provision specifically includes LESSEE's obligation to comply with all statutes, rules, and regulations regarding the handling, storage, and disposal of any hazards or regulated substance used by LESSEE on the Leased Premises. LESSEE shall also observe and comply with the requirements of all policies and arrangements of insurance that LESSEE is required to carry under this Ground Lease.
- b. LESSEE shall defend, indemnify, and hold ISU and the State of Idaho harmless from any and all liability, claims, damages, expenses (including reasonable attorney's fees and costs), judgments, proceedings, and causes of action, arising out of or in any way connected with the failure to comply with applicable Laws, unless the same is caused by the negligence or willful acts or omissions of ISU, its

employees, agents, contractors or representatives.

26. Hazardous Materials.

- a. LESSEE shall not accumulate, use, or store on the Leased Premises, Hazardous Substances or materials classified as hazardous, biomedical, or toxic waste, except in compliance with all applicable Laws. LESSEE shall comply with any lawful order by an entity reposed with authority to regulate the use, accumulation, storage, or disposal of a Hazardous Substance.
- b. LESSEE will comply with all reporting requirements and applicable Laws for Hazardous Substances. LESSEE will provide copies of applicable MSDS sheets to ISU and the Meridian Fire Department. LESSEE shall work with ISU, the Meridian Fire Department, and any other local emergency planners on appropriate response planning.
- c. LESSEE agrees to indemnify and hold harmless ISU and the State of Idaho, its agents, employees, contractors, experts, licensees, and affiliates from any and all environmental claims, damages, fines, judgments, penalties, costs, liabilities, or losses, including, without limitation, any and all sums paid for settlement of claims, court costs, attorney's fees, consultant fees, and expert fees, arising during or after the term of this Ground Lease from or in connection with the presence or suspected presence of Hazardous Substances in or on the Leased Premises, unless the Hazardous Substances are present as a result of the negligence, willful misconduct, or other acts of ISU, its agents, employees, contractors, or invitees. Without limitation of the foregoing, this indemnification shall include any and all costs incurred due to any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, local agency, or political subdivision.
- d. To the extent allowed by law, ISU shall indemnify, protect, defend and hold LESSEE harmless from and against any and all orders, penalties, fines, administrative actions, or other proceedings (collectively, a "Compliance Obligation") commenced by any governmental agency including, without limitation, the United States Environmental Protection Agency, as a result of the existence of any environmental condition in violation of an environmental law that (i) exists as of the Effective Date, on, under or at the Leased Premises or (ii) results from ISU or ISU's agents, contractors or employees releasing, generating, or disposing of any Hazardous Substances in, on, or about the Leased Premises in violation of any environment laws, except to the extent that such environmental condition is caused or aggravated by the act or omission of LESSEE, its agents, contractors, servants, employees,

customers or invitees.

27. Zoning and Building Restrictions. It is understood and agreed that this Ground Lease is subject to all applicable zoning ordinances and restrictions and all limitations of record and is subject to any and all easements for public utilities which are of record. If there are any such restrictions which make construction of the Lessee Building unfeasible in the opinion of the Parties, the Parties may mutually terminate this Ground Lease. All construction, parking, or signage shall conform to any applicable zoning or building regulations.

28. Waste and Nuisance Prohibited. LESSEE shall not commit or suffer to be committed any waste or any nuisance on the Leased Premises or on the remainder of ISU-Meridian.

29. Waiver of ISU's Lien. ISU hereby waives any lien on LESSEE's personal property, including, without limitation, any furniture, furnishings or equipment on the Leased Premises, whether granted by statute or otherwise.

30. Mortgage Financing.

- a. Leasehold Mortgages and Encumbrances; Leased Fixtures. LESSEE shall have the right, without the consent of ISU, to mortgage, collaterally assign or otherwise encumber any interest that LESSEE has in this Lease, the Building or any other improvements on the Leased Premises, including, without limitation, its leasehold interest or any part thereof, as collateral security for financing, provided that (i) LESSEE shall remain liable for performance of all of its obligations under this Ground Lease, and (ii) any financing obtained by LESSEE for the Lessee Building and/or any other improvements may not, without the written consent of ISU, which consent shall not be unreasonably withheld, conditioned or delayed, exceed the value of the Lessee Building and other improvements at the time such financing is obtained, or the term of this Ground Lease. Notwithstanding the foregoing, any Mortgage shall only be upon LESSEE's leasehold estate hereunder and LESSEE's interest in this Ground Lease, the Building and any improvements and shall not encumber ISU's fee simple title to ISU-Meridian. =

The term "mortgage", when used in this Section, shall include, without limitation, leasehold mortgages and deeds of trust; the term "mortgagee" shall include, without limitation, a mortgagee under a mortgage or the trustee or beneficiary of a deed of trust, but only those whose names and addresses have been furnished in writing to ISU; and the term "foreclosure" shall include, without limitation, judicial or non-

judicial foreclosure, sale upon default under nonjudicial powers of sale, and conveyances or assignments in lieu of foreclosure. Provided that ISU shall have been furnished with a true and correct copy of the mortgage (and any and all amendments or modifications thereto) meeting the requirements of this Section 30(b), the name and address of the mortgagee, and the date of recording of the mortgage, until ISU receives notice that the mortgage has been satisfied or released, the following provisions shall apply.

- (i) Upon and during the occurrence of any LESSEE default under any mortgage past the applicable notice and cure period, ISU may, in its sole discretion, within ninety (90) days of receipt of a notice of mortgage default from the mortgagee, take whatever action is necessary to cure the LESSEE's default, or undertake, in good faith, to cure the default if the default is not of a nature as can be cured within ninety (90) days, with like effect as if LESSEE had cured or undertaken cure of the default. LESSEE shall indemnify ISU for all actual, out-of-pocket costs and expenses incurred in curing the default.
- (ii) No Termination By Reason of Sale, Foreclosure or Surrender. So long as the mortgagee pays all rent due and otherwise complies with LESSEE's obligations under this Ground Lease in accordance with the terms and conditions to cure any default contained in this paragraph including payment of any rent due and owing by LESSEE, this Ground Lease shall not be subject to termination by ISU by reason of foreclosure or by resort to any remedy for default under or pursuant to a mortgage. No sale or transfer of the Leased Premises or ISU's interest in this Ground Lease, or any portion thereof, to the LESSEE and no purchase or other acquisition of this Ground Lease, or any interest herein or in the Lessee Building and improvements, by ISU, shall terminate this Ground Lease by merger or otherwise and this Ground Lease shall continue in full force and effect notwithstanding any such transfers so long as any mortgage encumbers the LESSEE's leasehold interest. Except with respect to provisions of this Ground Lease not material to the security of any mortgagee, this Ground Lease may not be amended or any provision of this Ground Lease waived by ISU or the LESSEE without the prior written consent of each mortgagee and any such amendment or waiver made without the prior written consent of each mortgagee may be declared void and of no force or effect by the mortgagee. Consent to amendment or waiver may only be withheld by such mortgagee if such amendment or waiver would impair its security interest.

- (iii) No Voluntary Cancellation. So long as a mortgage is in effect, ISU shall not accept a surrender, cancellation or other voluntary termination of this Ground Lease by the LESSEE without the prior written consent of all mortgagees of record, unless upon such surrender or cancellation ISU expressly assumes the LESSEE's obligations under such mortgages or, if such termination is on account of a default by the LESSEE of the Ground Lease hereunder, and ISU has given each mortgagee of record the opportunity to exercise its rights as provided in this Section 30.
- (iv) Right of Mortgagee on Default. No act or failure to act on the part of the LESSEE which would entitle ISU under the terms of this Ground Lease, or by law, to be relieved of ISU's obligations hereunder or to terminate this Ground Lease, shall result in a release or termination of such obligations or a termination of this Ground Lease as to any mortgagee unless:
  - (A) Notice. ISU shall have first given written notice of the LESSEE's act or failure to act to each such mortgagee, specifying the act or failure to act on the part of the LESSEE to the address of the mortgagee last supplied to ISU by such mortgagee; and
  - (B) No Cure. Such mortgagee, after receipt of such notice (i) has failed or refused to correct or cure the condition complained of within the time permitted the LESSEE hereunder, plus an additional thirty (30) days thereafter in the case of default consisting solely of a failure to pay a sum of money due from the LESSEE to ISU, or required to be paid by the LESSEE under this Ground Lease; (ii) in the case of any other default by the LESSEE hereunder, other than an Uncurable Default (as defined below) has failed or refused to correct or cure the condition complained of within the time permitted by the Ground Lease plus and additional thirty (30) days; or (iii) has failed, in the case of a default by LESSEE which by its nature cannot be cured or corrected by mortgagee (an "Uncurable Default"), including, without limitation, LESSEE's bankruptcy or insolvency, to lawfully assume possession of the Leased Premises within a reasonable time (as defined below).

As used in subsection (B) above, "reasonable time" means and includes the time necessary, using reasonable diligence, to obtain possession of the leasehold interest, including, without limitation, possession of the Lessee Building, in the manner required by law under the mortgage, if the mortgagee, by written notice to ISU



within thirty (30) days after receipt of ISU's notice to mortgagee, elects to do so, but no more than sixty (60) days after such written notice to ISU unless the mortgagee may be prevented from foreclosing and/or obtaining possession as a result of bankruptcy proceedings or other proceedings initiated by the LESSEE or its creditors), and, as used in subsection (B) above, also means and includes such time as is necessary to correct or cure the condition using reasonable diligence. =

- (v) Mortgagee Succeeds to LESSEE's Interest; Liability of Mortgagee Limited. Upon any lawful assumption of possession of the LESSEE's leasehold interest or the acquisition of LESSEE's interest in the Lessee Building, such mortgagee shall have all of the rights of the LESSEE and the duty to perform all of the LESSEE's obligations hereunder accruing thereafter, but only for so long as it holds such possession of the leasehold interest or LESSEE's interest in the Building.

Provided, however, to the extent that a mortgagee elects to undertake any cure pursuant hereto, such mortgagee shall act with reasonable diligence in accordance with the terms and conditions herein specified. Any timely actions by a mortgagee to cure a default of the LESSEE shall be accepted by ISU as if performed by the LESSEE.

- (vi) Assignment And Assumption After Foreclosure. Any purchaser at a foreclosure sale other than a mortgagee shall assume all of the obligations of the LESSEE hereunder and shall have no right in respect of the Lessee Building and the Leased Premises unless the purchaser so assumes and delivers within ten (10) days of the sale (or order approving the sale, in the event such order is required by law) an instrument of assumption in recordable form assuming all of the LESSEE's obligations hereunder.
- (vii) Enforcement Rights. Any mortgagee shall be entitled to enforce the provisions of this Section 30(a) in its own name as a third party beneficiary.
- (viii) Notice by ISU. Any mortgagee shall be entitled to all of the rights and benefits of this Section including the right to receive any notices required to be given by ISU under this Section. ISU shall mail or deliver to such mortgagee a copy of any and all written notices which ISU may from time to time give to or serve upon the LESSEE under and pursuant to the terms and provisions of this Ground Lease pertaining to a default by the LESSEE hereunder. All notices and copies of notices required to be served pursuant to

this Section shall be delivered to the address of the mortgagee last supplied to ISU by such mortgagee.

(ix) Legal Proceedings. ISU shall give each mortgagee prompt notice of any legal proceedings between ISU and LESSEE involving obligations under this Ground Lease. Each mortgagee shall have the right to intervene in any such proceedings and be made a party to such proceedings, and ISU and LESSEE shall consent to such intervention. If any mortgagee shall not elect to intervene or become a party to any such proceedings, ISU shall give the mortgagee notice of, and a copy of, any award or decision made in any such proceedings, which shall be binding on all mortgagees not intervening after receipt of notice of proceedings.

(b) Cooperation for Mortgagee Protection. ISU and LESSEE shall cooperate in including in this Ground Lease by suitable amendment from time to time any provision which may reasonably be requested by the proposed leasehold mortgagee for the purpose of implementing the mortgagee protection provisions contained in this Ground Lease and allowing such mortgagee reasonable means to protect or preserve the lien of this leasehold mortgage on the occurrence of a default under the terms of this Ground Lease. ISU and LESSEE each agree to execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the term or rent under this Ground Lease, subordinate ISU's fee interest to the ISU-Meridian to the mortgagee nor otherwise in any material respect adversely affect any rights of ISU under this Ground Lease.

31. Remedies and Forbearance/Waivers. No delay or omission on the part of ISU or LESSEE to exercise any right or power granted herein shall impair any such right or power nor shall be construed as a waiver thereof, and every such right or power may nevertheless be exercised.

This Ground Lease shall not be construed as obligating the State of Idaho to make future appropriations for the performance of any obligations under this Ground Lease. In the event that appropriated funds are not legally available and ISU no longer possesses the property at ISU-Meridian, then the new owner of the fee simple shall have all the rights of ISU under this Ground Lease as well as the duty to perform all of ISU's obligations accruing thereafter.

32. Disposition of Lessee Building Upon Lease Termination. The Lessee Building and all alterations, improvements, changes, or additions made in or to such Leased

Premises shall be the property of LESSEE subject to the terms of this Ground Lease. Upon termination or expiration of this Ground Lease, ISU shall have the option of requiring LESSEE, at LESSEE's sole expense, to remove any or all of the Lessee Building and/or improvements to the Leased Premises or require that the Lessee Building and/or improvements shall remain in place. LESSEE shall have up to one hundred eighty (180) days after the expiration of this Ground Lease in which to remove improvements if requested by ISU in writing. After expiration of this Ground Lease, LESSEE shall have the right to occupy the Leased Premises for the sole purpose of removing the improvements and such occupancy shall not be considered holding over nor shall rent be due for such period of removal of improvements. In the event ISU elects to require Lessee's Building and/or improvements to remain in place, the Lessee Building and any other structures, improvements, and installations, which have been placed upon the Leased Premises, shall be deemed to be a part of the Leased Premises, and a copy of all Construction Documents and instruments, including all "as-built" plans shall be delivered to ISU and title to the Lessee Building shall be vested with the State of Idaho.

33. Termination and Removal of Property. Upon termination of this Ground Lease, all trade fixtures, equipment, and personal property ("LESSEE Property") installed in or affixed to the Leased Premises may be removed by LESSEE. LESSEE shall be responsible for the reasonable repair of damage caused to the Leased Premises by removal of any such property. If LESSEE elects to remove such LESSEE Property, it must remove the LESSEE Property no later than ninety (90) days after termination of this Ground Lease. In the event LESSEE fails to remove the LESSEE Property within the allowed ninety (90) days, the LESSEE Property shall then belong to ISU. If ISU elects to have the Lessee Property removed, the costs of removal shall be borne by LESSEE.

34. Disputes and Remedies. ISU and LESSEE agree that all claims for default or breach of this Ground Lease or other dispute of the Parties hereto shall first be submitted to nonbinding mediation. The Parties agree that such mediation may be requested by either Party and shall be conducted by the American Arbitration Association in accordance with Commercial Arbitration Rules of the American Arbitration Association. This agreement to mediate shall be specifically enforceable by either Party under Idaho law. The Parties hereto shall share equally the costs for any mediation. Such mediation shall commence within fourteen (14) days of demand to the American Arbitration Association.

35. Default.

- a. Default by LESSEE. In the event of any breach of this Ground Lease by LESSEE, ISU shall have all rights and remedies provided by law or

statute, subject to Section 35 herein. LESSEE shall not be deemed to be in default hereunder unless ISU shall first give to LESSEE thirty (30) days' written notice of such default and LESSEE fails to cure such default within such thirty (30) day calendar day period, or if the default is of such a nature that it cannot be cured within thirty (30) days, LESSEE fails to commence to cure such default within such period of thirty (30) days or fails thereafter to proceed to the curing of such default with all possible diligence. In the event of a default or breach of this Ground Lease by ISU, LESSEE shall have all rights and remedies provided by law or statute, subject to Section 35 herein. No remedy herein conferred upon or reserved to ISU or LESSEE shall exclude any other remedy, but each shall be cumulative.

- b. Default by ISU. Failure of ISU to perform any of its obligations hereunder shall be a default by ISU thirty (30) days after written notice from LESSEE of such failure without cure by ISU. Nonappropriation of funds pursuant to Section 31.a. shall not be considered a default. Upon default, LESSEE shall have the right to enforce ISU's obligations by specific performance or obtain injunctive relief related to the default.

36. Warranty. ISU warrants that it has the power and authority to enter into this Ground Lease, subject to the existing laws and constitutional provisions of the State of Idaho, and that no consents not already obtained are required. LESSEE warrants it has the power and authority to enter into this Ground Lease, and further warrants that following the date that LESSEE obtains a construction loan to construct the LESSEE Building, it shall have the funds necessary to complete the construction of the Lessee Building in accordance with the terms of this Ground Lease.

37. Quiet Enjoyment. So long as LESSEE pays its rent when due under this Ground Lease and observes all other provisions of this Ground Lease, ISU shall not interfere with the peaceful and quiet enjoyment of the Leased Premises by LESSEE.

38. Memorandum of Ground Lease. This Ground Lease shall not be recorded; however, it is mutually agreed that the Parties, upon request by any one Party, will execute a written Memorandum of Ground Lease, a form of which is attached hereto as Exhibit G, acknowledging the tenancy hereby created, which shall be recorded in the official records of Ada County, Idaho.

39. Attorney Fees and Costs. In the event that either Party to this Ground Lease shall enforce any of the provisions hereof in any action at law or in equity, the

prevailing Party in such litigation may be entitled to recover from the other Party all costs and expenses incurred therein, including reasonable attorney's fees and all such fees and costs on appeal.

40. Integration. This Ground Lease embodies the entire agreement and understanding of the Parties relating to the subject matter herein and supersedes all prior understandings relating thereto. This Ground Lease shall not be modified except in writing signed by all Parties. In the event of any inconsistency among the terms and provisions of this Ground Lease to those of the CAA, the terms and provisions of this Ground Lease shall control.
41. Rules of Construction. In the event any conflict may be found to exist between this Ground Lease and any of the documents attached as exhibits hereto and incorporated herein by reference, including any written modifications to any of the documents that are signed by the Parties, then the provisions of this Ground Lease shall take precedence over the exhibits which shall at all times be subservient to this Ground Lease. This Ground Lease and all exhibits and any modifications have been negotiated by ISU and LESSEE, and as such, any ambiguity should be construed as if each Party was the drafter.
42. Execution of Documents. The Parties agree that they shall sign or cause to be signed, all documents necessary to the effectuation of this Ground Lease or any of the provisions herein as may be required from time to time.
43. Notices. Any notice under this Ground Lease shall be in writing and be delivered in person or by public or private courier service, including U.S. Postal Service Express Mail, by registered or certified mail, or by facsimile. Any notice given by registered or certified mail shall be sent with return receipt requested. 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.

ISU: President Arthur C. Vailas  
Idaho State University  
921 So. 8<sup>th</sup> Ave, Stop 8310  
Pocatello, ID 83209

LESSEE: Daniel C. Burrell, Manager  
Idaho College of Medicine  
401 Paseo de Peralta  
Santa Fe, NM 87501

Any notice shall be deemed to have been given on (i) actual delivery or refusal; (ii) the day of mailing, if delivery is by regular, registered, or certified mail; or (iii) the day facsimile delivery is verified. A copy of any notice shall also be sent to the Department of Administration, Division of Public Works, Attn: Statewide Leasing Manager, Post Office Box 83720, Boise, ID 83720-0072. In the event of a change of address by either ISU or LESSEE, the Parties agree to notify each

other in writing within ten (10) days of the date of any such change.

44. Waiver of Subrogation. ISU and LESSEE each hereby release each other from any and all liability to the other or to anyone claiming by, through, or under them by way of subrogation or otherwise for any loss or damage to property or person caused by (i) any existing or future condition, defect, or matter in or about the Leased Premises, (ii) fire or any other casualty even if such fire or other casualty shall have been caused by the willful or negligent act or omission of the other Party or anyone for whom such Party may be responsible, or (iii) any act or neglect of the applicable Party.

45. Effectiveness Condition.

- a. Effectiveness Condition. Notwithstanding anything in this Ground Lease to the contrary, the effectiveness of this Ground Lease is expressly conditioned on the satisfaction of the following condition (the "Effectiveness Condition"):

  - i. The School District (as defined in the Declaration) providing its written approval to the terms and conditions of this Ground Lease in accordance with the terms of the Declaration, including without limitation, approval of the construction of the Lessee Building and other improvements on the Leased Premises.

- b. Failure of Effectiveness Condition. If the Effectiveness Condition set forth in this Section 45 has not been satisfied on or before the date that is ninety (90) days following the Effective Date, then this Ground Lease shall terminate and be of no further force or effect.
- c. Satisfaction of Effectiveness Condition. Once the Effectiveness Condition set forth in this Section 45 has been satisfied, then ISU shall notify LESSEE that such Effectiveness Condition has been satisfied and this Section 45 shall be null and void and of no further force or effect.

46. Binding Effect, Heirs, and Successors. This Ground Lease shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors, and assigns of the Parties, subject to the provisions herein relating to assignments.

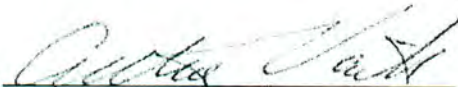
47. Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable according to the law, the validity, legality, or enforceability of the remaining provisions and the application thereof shall not in any way be affected or impaired.

48. Headings. Section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Ground Lease.
49. Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
50. Time of the Essence. Time is of the essence of this Ground Lease and of each and every covenant, term, condition, and provision hereof.
51. Use of Names and Relationship. Nothing contained herein shall give LESSEE the right to the use of the name of ISU or make any statement which could be construed as an affiliation therewith, unless specifically prescribed in other agreements between the Parties. The relationship created by this Ground Lease is one of lessor and lessee.
52. Negation of Partnership. ISU shall not become or be deemed a partner or a joint venture with LESSEE by reason of any of the provisions of this Ground Lease, and the Parties expressly negate any such intention.
53. Governing Law. This Ground Lease and any amendments thereto shall be governed by the laws of the State of Idaho.

*(signature page follows on next page)*


IN WITNESS WHEREOF, ISU and LESSEE hereto have executed this Ground Lease as of the Effective Date.

IDAHO STATE UNIVERSITY

BY:   
Arthur C. Vailas, President

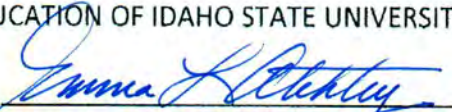
DATE: 8/23/16

IDAHO COLLEGE OF OSTEOPATHIC  
MEDICINE

BY:   
Daniel C. Burrell, Manager

DATE: 9/15/16

Consent to Lease granted by:  
BOARD OF TRUSTEES AND STATE BOARD OF  
EDUCATION OF IDAHO STATE UNIVERSITY

BY:   
Emma Atchley, President

DATE: 9/14/16

DIVISION OF PUBLIC WORKS, DEPARTMENT OF ADMINISTRATION

BY:   
Linda Miller, Leasing Manager

DATE: 9/12/2016



**EXHIBIT A**

**ISU-Meridian Legal Description**

Lot 2 in Block 1 of Joint No. 2 Subdivision Phase 1, according to the official plat thereof, filed in Book 99 of Plats at Page(s) 12828, through 12830, records of Ada County, Idaho.

---

**EXHIBIT B**

**Collaborative Affiliation Agreement**

*(attached)*

EXHIBIT C

Master Declaration Agreement and Joint Operations and Maintenance Agreement

(attached)

EXHIBIT D  
Leased Premises

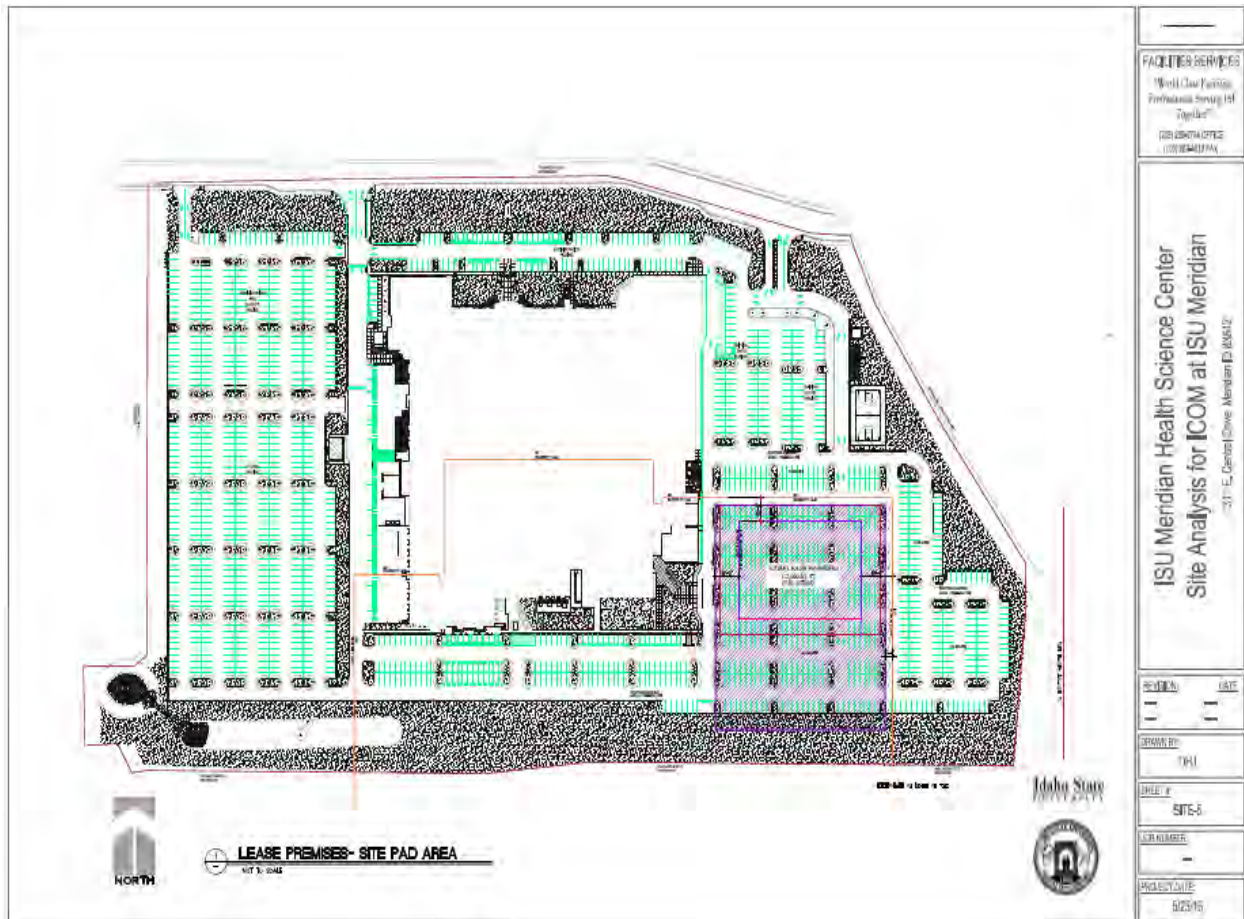




EXHIBIT E

COMA Accreditation Standards and Procedures

*(attached)*

EXHIBIT F

Site Development Plans

*(to be attached)*

## EXHIBIT G

## MEMORANDUM OF GROUND LEASE FOR RECORD

Idaho State University and \_\_\_\_\_ entered into a Ground Lease concerning a certain parcel of land as described in Exhibit A (Leased Premises), attached hereto and made a part hereof. The Ground Lease began on the \_\_\_\_\_ day of \_\_\_\_\_, 2016, with an initial term of forty (40) years, with the option to renew for two additional terms of ten (10) years. The Ground Lease contains terms and conditions which affect the use and occupancy of the Leased Premises.

The sole purpose of this Memorandum of Ground Lease for Record is to provide public notice of the existence of this Ground Lease. The addresses for notice to the Parties are:

ISU: President Arthur C. Vailas  
Idaho State University  
921 So. 8<sup>th</sup> Ave, Stop 8310  
Pocatello, ID 83209

LESSEE: Daniel C. Burrell, Manager  
Idaho College of Medicine  
401 Paseo de Peralta  
Santa Fe, NM 87501

IDAHO STATE UNIVERSITY

IDAHO COLLEGE OF OSTEOPATHIC  
MEDICINE

BY: \_\_\_\_\_  
Arthur C. Vailas, President

BY: \_\_\_\_\_  
Daniel C. Burrell, Manager

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_



## 30. Mortgage Financing.

- a. Leasehold Mortgages and Encumbrances; Leased Fixtures. LESSEE shall have the right, without the consent of ISU, to mortgage, collaterally assign or otherwise encumber any interest that LESSEE has in this Lease, the Building, all LESSEE's equipment and other personal property located within the Building, or any other improvements on the Leased Premises, including, without limitation, its leasehold interest or any part thereof, as collateral security for financing, provided that (i) LESSEE shall remain liable for performance of all of its obligations under this Ground Lease, and (ii) any financing obtained by LESSEE for the Lessee Building and/or any other improvements may not, without the written consent of ISU, which consent shall not be unreasonably withheld, conditioned or delayed, exceed the value of the Lessee Building and other improvements at the time such financing is obtained, or the term of this Ground Lease. Notwithstanding the foregoing, any Mortgage shall only be upon LESSEE's leasehold estate hereunder and LESSEE's interest in this Ground Lease, the Building and any improvements and shall not encumber ISU's fee simple title to ISU-Meridian.

The term “**mortgage**”, when used in this Section, shall include, without limitation, leasehold mortgages and deeds of trust; the term “**mortgagee**” shall include, without limitation, a mortgagee under a mortgage or the trustee or beneficiary of a deed of trust, but only those whose names and addresses have been furnished in writing to ISU; and the term “**foreclosure**” shall include, without limitation, judicial or non-judicial foreclosure, sale upon default under nonjudicial powers of sale, and conveyances or assignments in lieu of foreclosure. Provided that ISU shall have been furnished with a true and correct copy of the mortgage (and any and all amendments or modifications thereto) meeting the requirements of this Section 30(a**b**), the name and address of the mortgagee, and the date of recording of the mortgage, until ISU receives notice that the mortgage has been satisfied or released, the following provisions shall apply.

- (i) Assumption. Upon and during the occurrence of any LESSEE default under any mortgage past the applicable notice and cure period, ISU may, in its sole discretion, within ninety (90) days of receipt of a notice of mortgage default from the mortgagee, take whatever action is necessary to cure the LESSEE's default, or undertake, in good faith, to cure the default if the default is not of a nature as can be cured within ninety (90) days, with like effect as if LESSEE had cured or undertaken cure of the default. LESSEE shall indemnify ISU for all actual, out-of-pocket costs and expenses incurred in curing the default.
- (ii) No Termination By Reason of Sale, Foreclosure or Surrender. ~~So long as the mortgagee pays all rent due and otherwise complies with LESSEE's obligations under this Ground Lease in accordance with the terms and conditions to cure any default contained in this paragraph including payment of any rent due and owing by LESSEE, this Ground Lease shall not be subject to termination by ISU by reason of foreclosure or by resort to any remedy for default under or pursuant to a mortgage.~~ No sale or transfer of the Leased Premises or ISU's interest in this Ground Lease, or any portion thereof, to the LESSEE and no purchase or other

acquisition of this Ground Lease, or any interest herein or in the Lessee Building and improvements, by ISU, shall terminate this Ground Lease by merger or otherwise and this Ground Lease shall continue in full force and effect notwithstanding any such transfers so long as any mortgage encumbers the LESSEE's leasehold interest. Except with respect to provisions of this Ground Lease not material to the security of any mortgagee, this Ground Lease may not be amended or any provision of this Ground Lease waived by ISU or the LESSEE without the prior written consent of each mortgagee and any such amendment or waiver made without the prior written consent of each mortgagee may be declared void and of no force or effect by the mortgagee. Consent to amendment or waiver may only be withheld by such mortgagee if such amendment or waiver ~~would~~, as determined by the mortgagee, impair its security interest.

- (iii) No Voluntary Cancellation. So long as a mortgage is in effect, ISU shall not accept a surrender, cancellation or other voluntary termination of this Ground Lease by the LESSEE without the prior written consent of all mortgagees of record, unless upon such surrender or cancellation ISU expressly assumes the LESSEE's obligations under such mortgages ~~or, if such termination is on account of a default by the LESSEE of the Ground Lease hereunder, and ISU has given each mortgagee of record the opportunity to exercise its rights as provided in this Section 30.~~
- ~~(iv)~~ (iv) Right of Mortgagee on Default. In the event of any default under this Ground Lease by the Lessee which would give ISU the right, either immediately or after the lapse of a period of time, to terminate the Ground Lease, ISU will not exercise such right (i) until ISU has given written notice of such act, omission or default to the mortgagee by delivering notice of such act, omission or default, and (ii) until a period of not less than sixty days (60) for a monetary default and one hundred and twenty (120) days for a non-monetary default for remedying such act, omission or default shall have elapsed following the later of (a) giving of such notice for any default of the LESSEE's obligation or (b) expiration of the LESSEE's cure period, if any, under this Ground Lease. Notwithstanding the foregoing, in the case of any default of the LESSEE described in the preceding clause (ii) that cannot be cured within the applicable cure periods described in the prior sentence, if the mortgagee shall within such applicable period proceed promptly to cure the same (including such time as may be necessary to acquire possession of the Leased Premises if possession is necessary to effect such cure) and thereafter shall prosecute the curing of such default with diligence, then the time within which such default may be cured by the mortgagee shall be extended for such period as may be necessary to complete the curing of the same with diligence; provided, however, that such extension shall not exceed an additional one hundred twenty (120) days (other than with respect to an event of default arising under Section 12(n) of the Ground Lease, which shall have no such limitation), and further provided that the mortgagee shall have no

obligation to effect such cure. ~~No act or failure to act on the part of the LESSEE which would entitle ISU under the terms of this Ground Lease, or by law, to be relieved of ISU's obligations hereunder or to terminate this Ground Lease, shall result in a release or termination of such obligations or a termination of this Ground Lease as to any mortgagee unless:~~

- (A) ~~Notice. ISU shall have first given written notice of the LESSEE's act or failure to act to each such mortgagee, specifying the act or failure to act on the part of the LESSEE to the address of the mortgagee last supplied to ISU by such mortgagee; and~~
- (B) ~~No Cure. Such mortgagee, after receipt of such notice (i) has failed or refused to correct or cure the condition complained of within the time permitted the LESSEE hereunder, plus an additional thirty (30) days thereafter in the case of default consisting solely of a failure to pay a sum of money due from the LESSEE to ISU, or required to be paid by the LESSEE under this Ground Lease; (ii) in the case of any other default by the LESSEE hereunder, other than an Uncurable Default (as defined below) has failed or refused to correct or cure the condition complained of within the time permitted by the Ground Lease plus and additional thirty (30) days; or (iii) has failed, in the case of a default by LESSEE which by its nature cannot be cured or corrected by mortgagee (an "Uncurable Default"), including, without limitation, LESSEE's bankruptcy or insolvency, to lawfully assume possession of the Leased Premises within a reasonable time (as defined below).~~

~~As used in subsection (B) above, "reasonable time" means and includes the time necessary, using reasonable diligence, to obtain possession of the leasehold interest, including, without limitation, possession of the Lessee Building, in the manner required by law under the mortgage, if the mortgagee, by written notice to ISU within thirty (30) days after receipt of ISU's notice to mortgagee, elects to do so, but no more than sixty (60) days after such written notice to ISU unless the mortgagee may be prevented from foreclosing and/or obtaining possession as a result of bankruptcy proceedings or other proceedings initiated by the LESSEE or its creditors), and, as used in subsection (B) above, also means and includes such time as is necessary to correct or cure the condition using reasonable diligence.~~

- (v) (v) Mortgagee Succeeds to LESSEE's Interest; Liability of Mortgagee Limited. Unless the mortgagee otherwise agrees in writing, the LESSEE shall remain solely liable to perform the LESSEE's obligations under the Ground Lease, both before and after the mortgagee's exercise of any right or remedy under this Agreement. If the mortgagee or any successor or assign acquiring the mortgagee's interest under the mortgage (a "Purchaser") becomes obligated to perform as the lessee under the Ground Lease, such person or entity will be released from those obligations when such person or entity assigns, sells or otherwise transfers its interest in the Leased Property pursuant to and in

~~compliance with the Ground Lease. Upon any lawful assumption of possession of the LESSEE's leasehold interest or the acquisition of LESSEE's interest in the Lessee Building, such mortgagee shall have all of the rights of the LESSEE and the duty to perform all of the LESSEE's obligations hereunder accruing thereafter, but only for so long as it holds such possession of the leasehold interest or LESSEE's interest in the Building.~~

~~Provided, however, to the extent that a mortgagee elects to undertake any cure pursuant hereto, such mortgagee shall act with reasonable diligence in accordance with the terms and conditions herein specified. Any timely actions by a mortgagee to cure a default of the LESSEE shall be accepted by ISU as if performed by the LESSEE.~~

- (vi) Assignment And Assumption After Foreclosure. Without limitation of any of the provisions of the Ground Lease, in the event that the mortgagee or any Purchaser succeeds to the interest of the LESSEE or any successor to the LESSEE as a result of exercising any remedy available in connection with the Ground Lease under the mortgage (including, without limitation, acquisition by a deed in lieu of foreclosure) or executing and delivering an agreement in favor of ISU to lease the Leased Premises on substantially the same terms as the LESSEE following any rejection of the Ground Lease in any proceeding in respect of the LESSEE, as debtor, under the United States Bankruptcy Code, then the Ground Lease shall nevertheless continue in full force and effect and ISU shall and does hereby agree to recognize the mortgagee or such Purchaser as lessee under the Ground Lease for the then remaining balance of the term thereof; provided, however, that the mortgagee or such Purchaser shall have assumed in writing all obligations of the LESSEE under the Ground Lease, within one hundred twenty (120) days of succeeding to the interests of the LESSEE, and further provided that enforcement of any obligations of the mortgagee as successor shall be limited to the mortgagee's interest in property subject to the mortgage and to the Trust Estate (as defined in the Indenture) and no claim shall be brought against the mortgagee personally in connection with such obligations. Until such successor is appointed and has so assumed all such obligations, ISU may appoint a temporary operator to maintain and shutdown or operate the Leased Facilities (in ISU's sole discretion), and the expenses thereof incurred by ISU or its temporary operator shall be reimbursed to ISU by such successor within ten (10) days after written request from ISU. No consent of or by ISU shall be required with respect to any transfer of the Leased Premises or the LESSEE Property except as provided in the Ground Lease.~~Any purchaser at a foreclosure sale other than a mortgagee shall assume all of the obligations of the LESSEE hereunder and shall have no right in respect of the Lessee Building and the Leased Premises unless the purchaser so assumes and delivers within ten (10) days of the sale (or order approving the sale, in the event such order is required by law) an instrument of assumption in recordable form assuming all of the LESSEE's obligations hereunder.~~

(vii) Attornment. Upon the foreclosure of the mortgage as provided therein, ISU does hereby agree to recognize the mortgagee or any Purchaser as the lessee under the Ground Lease, said recognition to be effective and self-operative without the execution of any further instruments upon the mortgagee's or such Purchaser's succeeding to the interest of the LESSEE under the Ground Lease other than agreeing in writing to assume the obligations of the LESSEE thereunder as set forth herein.

(viii) Limitation on Liability. If the mortgagee or any Purchaser succeeds to the interest of the LESSEE or any successor to the LESSEE, neither the mortgagee nor any such Purchaser shall have any liability for any act or omission of any prior tenant under the Ground Lease which occurs prior to the date the mortgagee or such Purchaser succeeds to the rights of the LESSEE under the Ground Lease, unless such act or omission is continuing following the date the mortgagee or such Purchaser shall succeed to the interests of the LESSEE under the Ground Lease, but only for the time from the date the mortgagee or such Purchaser shall succeed to the interests of the LESSEE under the Ground Lease, nor any liability for claims, offsets or defenses which ISU or SBOE might have had against the LESSEE; provided that, such mortgagee or Purchaser assuming the obligations of the LESSEE shall be obligated to pay any unpaid Base Land Payment.

~~(vii)~~ (ix) Enforcement Rights. Any mortgagee shall be entitled to enforce the provisions of this Section 30(a) in its own name as a third party beneficiary.

~~(viii)~~ (x) Notice by ISU. Any mortgagee shall be entitled to all of the rights and benefits of this Section including the right to receive any notices required to be given by ISU under this Section. ISU shall mail or deliver to such mortgagee a copy of any and all written notices which ISU may from time to time give to or serve upon the LESSEE under and pursuant to the terms and provisions of this Ground Lease pertaining to a default by the LESSEE hereunder. All notices and copies of notices required to be served pursuant to this Section shall be delivered to the address of the mortgagee last supplied to ISU by such mortgagee.

~~(ix)~~ (xi) Legal Proceedings. ISU shall give each mortgagee prompt notice of any legal proceedings between ISU and LESSEE involving obligations under this Ground Lease. Each mortgagee shall have the right to intervene in any such proceedings and be made a party to such proceedings, and ISU and LESSEE shall consent to such intervention. If any mortgagee shall not elect to intervene or become a party to any such proceedings, ISU shall give the mortgagee notice of, and a copy of, any award or decision made in any such proceedings, which shall be binding on all mortgagees not intervening after receipt of notice of proceedings.

- (b) Cooperation for Mortgagee Protection. ISU and LESSEE shall cooperate in including in this Ground Lease by suitable amendment from time to time any provision which may reasonably be requested by the proposed leasehold mortgagee for the purpose of implementing the mortgagee protection provisions contained in this Ground Lease and allowing such mortgagee reasonable means to protect or preserve the lien of this leasehold mortgage on the occurrence of a default under the terms of this Ground Lease. ISU and LESSEE each agree to execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the term or rent under this Ground Lease, subordinate ISU's fee interest to the ISU-Meridian to the mortgagee nor otherwise in any material respect adversely affect any rights of ISU under this Ground Lease.