

**BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017**

TAB	DESCRIPTION	ACTION
1	AMENDMENT TO BOARD POLICY Section V.B. – Budget Policies – First Reading	Motion to approve
2	AMENDMENT TO BOARD POLICY Section V.E. – Gifts and Affiliated Foundations – First Reading	Motion to approve
3	FY2019 PERMANENT BUILDING FUND Permanent Building Fund Advisory Council (PBFAC) Recommendations	Information item
4	BOISE STATE UNIVERSITY Authorization for Issuance of General Revenue Bonds	Motion to approve
5	IDAHO STATE UNIVERSITY One-time Transfer of NCAA Endowment Funds Through the ISU Foundation	Motion to approve
6	UNIVERSITY of IDAHO Authorization for Issuance of General Revenue Bonds	Motion to approve

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BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017

SUBJECT

Amendment to State Board of Education Policy V.B.—first reading

REFERENCE

October 2012	Idaho State Board of Education (Board) approved revisions to Occupancy Cost policy in Policy V.B.
December 2015	Board approved second reading of amendment to Policy V.B., revising Occupancy Cost request notification procedures

APPLICABLE STATUTES, RULE OR POLICY

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

BACKGROUND / DISCUSSION

This proposed amendment to Board Policy V.B. revises and clarifies the process for notification and verification of Occupancy Cost requests. The amendment also incorporates a new paragraph to place the Board’s earlier-approved guidelines on minimum institutional financial reserve targets within Board policy.

The proposed revisions to Paragraph 10 of the policy clarify that the Occupancy Cost formula for the custodial costs of newly eligible space is a linear formula based on one custodian per each 26,000 square feet. An example is provided illustrating the computation for an incremental increase of 13,000 square feet. This wording aligns the text of the policy with current practice and does not increase or decrease the computed costs for custodial support. [Note: custodial cost computations can change from one year to another if the State’s pay grade for classified staff custodians are adjusted.] The policy recognizes that eligible new space, regardless of size, requires custodial support, and this requires allocation of custodians’ time, regardless of whether new custodians are hired or if the incremental workload is distributed among an institution’s pool of custodial employees.

An additional revision is proposed to Paragraph 10 to provide guidance to institutions to facilitate timely and accurate “verification” reports on Occupancy Costs, once an institution occupies a facility. This change complements the recent initiative to standardize Occupancy Cost request “notification” reports to the Division of Financial Management (DFM) and the Legislative Services Office (LSO). The streamlined process should significantly improve verification reporting. A link is provided to a standardized data sheet (Attachment 2), developed by Board Staff in coordination with the institutions, for consistent reporting of both initial notification and final verification for Occupancy Cost requests.

A new Paragraph 12 on “Target Reserves” is proposed to capture the Board’s previous guidance (that the affected institutions maintain at least 5% financial reserve levels, as computed by dividing available unrestricted funds by annual

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operating expenses) which is relocated from its previous location in an earlier version of the Board's Strategic Plan.

IMPACT

Approval of the proposed amendments will clarify and streamline Occupancy Cost request procedures and will improve the associated notification and verification reports submitted to DFM and LSO. There should be no fiscal impact to current budgets as a result of the proposed changes, beyond improving the accuracy of estimates and final computations of Occupancy Costs. The amendments also incorporate the Board's guidance on minimum financial reserve levels into Board policy, thereby documenting the earlier-established minimum reserve level for use by institutions as they develop and implement their strategic plans.

ATTACHMENTS

Attachment 1 – Amendment to Board policy V.B. – first reading Page 3
Attachment 2 – Occupancy Cost notification/verification data sheet Page 11

STAFF COMMENTS AND RECOMMENDATIONS

The proposed revisions to Board Policy V.B. were reviewed by the Business Affairs and Human Resources Committee and Financial Vice Presidents on December 8, 2017. The revisions will improve the Occupancy Cost request process and assist the institutions as they manage financial reserves.

Staff recommends approval.

BOARD ACTION

I move to approve the first reading of the proposed amendments to Board policy V.B., Budget Policies, as presented in Attachment 1.

Moved by _____ Seconded by _____ Carried Yes ___ No ___

1. Budget Requests

For purposes of Items 1. and 10., the College of Southern Idaho, College of Western Idaho, and North Idaho College are included.

a. Submission of Budget Requests

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

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

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

c. Preparation and Submission of Annual Budget Requests

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

d. Presentation to the Board

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

2. Budget Requests and Expenditure Authority

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

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

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

3. Operating Budgets (Appropriated)

a. Availability of Appropriated Funds

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

b. Approval of Operating Budgets

- i. The appropriated funds operating budgets for the institutions and agencies under Board supervision are based on a fiscal year, beginning July 1 and ending on June 30 of the following year.
- ii. During the spring of each year, the chief executive officer of each institution or agency prepares an operating budget for the next fiscal year based upon guidelines adopted by the Board. Each budget is then submitted to the Board in a summary format prescribed by the Executive Director for review and formal approval before the beginning of the fiscal year.

c. Appropriation Transactions

i. Chief Executive Officer Approval

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

ii. Institution Requests

Requests for appropriation transactions are submitted by the institutions to the Division of Financial Management and copies provided concurrently to the Office of the State Board of Education.

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

a. Auxiliary Enterprises Defined

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

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

b. Operating Budgets

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

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

a. Local Service Operations Defined

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

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

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

6. Operating Budgets (Non-appropriated -- Other)
 - a. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.
 - b. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.
7. Agency Funds
 - a. Agency funds are assets received and held by an institution or agency, as custodian or fiscal agent for other individuals or organizations, but over which the institution or agency exercises no fiscal control.
 - b. Agency funds may be expended for any legal purpose prescribed by the individual or organization depositing the funds with the institution or agency following established institutional disbursement procedures.

8. Major Capital Improvement Project -- Budget Requests

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

a. Definition

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

b. Preparation and Submission of Major Capital Improvement Requests

i. Permanent Building Fund Requests

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

ii. Other Requests

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

c. Submission of Approved Major Capital Budget Requests

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

9. Approval by the Board

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

10. Occupancy Costs.

a. Definitions.

- i. "Auxiliary Enterprise" is an entity that exists to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to the cost of the goods or services.
- ii. "Eligible Space" means all owner-occupied space other than auxiliary enterprise space. Space owned by an institution but leased to another entity is not eligible space. Occupancy costs for "common use" space (i.e. space which shares eligible and auxiliary enterprise space) will be prorated based on its use. When funds are used to expand, remodel, or convert existing space, the eligible space shall be limited to the new, incremental square footage of the expanded, remodeled or converted space, only.
- iii. "Gross Square Feet" (GSF) means the sum of all areas on all floors of a building included within the outside faces of its exterior walls.
- iv. "Occupancy costs" means those costs associated with occupying eligible space including custodial, utility, maintenance and other costs as outlined in the occupancy costs formula.

- v. "Remodel" means the improvement, addition, or expansion of facilities by work performed to change the interior alignment of space or the physical characteristics of an existing facility.
- b. Notification of Eligible Space
- i. Prior written notification must be provided to the Division of Financial Management (DFM) and the Legislative Services Office Budget and Policy Analysis Division (LSO-BPA) before an institution requests funding for occupancy costs for eligible space in a capital improvement project in which the institution acquires, builds, takes possession of, expands, remodels, or converts facility space. This written notification to DFM and LSO-BPA will be provided following final approval of the project and not later than the first business day of September for occupancy cost requests which would take effect in the subsequent fiscal year. Written notification will be by one of the following entities, using the Occupancy Cost Notification data sheet provided at the Board website at <http://boardofed.idaho.gov>:
- 1) the State Board of Education or its executive director for projects approved by the Board;
 - 2) the community college board of trustees for projects approved under their authority; or
 - 3) the institution's financial vice president (or functional equivalent) for projects for which, by virtue of their smaller scope, approval authority has been delegated to the institution's chief executive.
- ii. Written notification shall include:
- a) description of the eligible space, its intended use, and how it relates to the mission of the institution;
 - b) estimated cost of the building or facility, and source(s) of funds;
 - c) estimated occupancy costs; and
 - d) estimated date of completion.
- iii. If an approving authority approves a project after the first business day of September, the notification and/or funding request shall be submitted the following September. If by error or oversight the approving authority fails to submit notification by the September deadline, there is a one-time, one-year grace period such that the approving authority may submit the notification as soon as possible, to be followed by a funding request not later than the first business day of the following September.
- c. Sources of Funds: Institutions may request occupancy costs regardless of the source(s) of funds used to acquire or construct eligible space.

- d. Required Information: Requests for occupancy costs shall include the following information: (i) projected date of occupancy of the eligible space; (ii) gross square feet of eligible space; and (iii) number of months of the fiscal year the eligible space will be occupied (i.e. identify occupancy of eligible space for a full or partial fiscal year).
- e. Once an institution has taken occupancy of a facility, or the remodeled or expanded area of a facility, the institution shall provide verification to DFM and LSO-BPA of the gross square footage, construction costs, current replacement value, and, if applicable, current or proposed lease space.
- f. Occupancy Costs Formula
- ~~i.~~ i. Custodial: ~~For the first 13,000 GSF and in 13,000 GSF increments thereafter, one-half (.50) custodial FTE~~Based on the personnel costs (including
 - ~~ii.~~ ii. ~~benefits) for one custodian, pro-rated for each 26,000 GSF [For example, a 13,000 GSF eligible facility would equate to one-half (.50) custodial FTE].~~ In addition, 10¢ per GSF may be requested for custodial supplies.
 - ~~iii.~~ iii. Utility Costs: \$1.75 per GSF.
 - ~~iv.~~ iv. Building Maintenance: 1.5% of the construction costs, excluding pre-construction costs (e.g. architectural/engineering fees, site work, etc.) and moveable equipment.
 - ~~v.~~ v. Other Costs:
 - 1) 77¢ per GSF for information technology maintenance, security, general safety, and research and scientific safety;
 - 2) .0005 current replacement value for insurance; and
 - 3) .0003 current replacement value for landscape maintenance.
 - ~~vi.~~ vi. The formula rates may be periodically reviewed against inflation.
 - ~~vii.~~ vii. Reversions:
 - 1) If eligible space which received occupancy costs is later:
 - a) razed and replaced with non-eligible space; or
 - b) converted to non-eligible space, then the institution shall revert back to the state the occupancy cost funding at the base level originally funded.
 - 2) If eligible space is razed and replaced with new eligible space, then the institution may retain the base occupancy costs, net the funded GSF against any additional GSF, and request funding for the difference.
- g. Unfunded Occupancy Costs: If occupancy costs for eligible space have been requested but not funded due to budgetary reasons, institutions may request

occupancy costs again in the following year. If, however, occupancy costs are denied for non-budgetary reasons, no further requests for occupancy costs related to the space in question will be considered.

11. Program Prioritization

- a. "Program Prioritization" is a process adopted by the Board in setting priorities and allocating resources among programs and services with a specific focus on Mission, Core Themes and Strategic Plans.
- b. Program Prioritization shall be incorporated in the colleges and universities' annual budgeting and program review process.
- c. Annual Program Prioritization updates are to be submitted to the Board by the colleges and universities on the date and in a format established by the Executive Director.

12. Target Reserves

The volatility of state funding, as well as fluctuations in enrollment and tuition revenue, necessitate that institutions maintain fund balances sufficient to stabilize their operating budgets. As such, the Board has set a minimum target reserve of 5%, defined as unrestricted funds available divided by operating expenditures, as defined in the institution's unrestricted net position report, which will be submitted to the Board each year in accordance with the timing and format established by the Executive Director.

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Occupancy Cost Notification and Verification Data Sheet

This data sheet is used to provide the Occupancy Cost information required by Board Policy (V.B.10.b—“Notification of Eligible Space”) in initial notifications to the Legislative Services Office-Budget & Policy Analysis (LSO-BPA) and to the Division of Financial Management (DFM); as well as to provide the verification information required in Board Policy (V.B.10.e) to confirm actual occupancy cost information after the institution has taken occupancy of a facility.

For initial notification of a request for occupancy costs, complete items 1-4, below, and any additional notification remarks. After taking occupancy of the facility, resubmit this data sheet (include the information previously provided in 1-4), completing items 5-8 to verify the final occupancy information.

Facility/Building:

Institution:

Point of contact at the institution (in the event of questions on the notification package):

- **Name and Title:**
- **Office:**
- **Phone:**
- **Email:**

Required information for initial notification:

1. **Description of the eligible space, its intended use, and how it relates to the mission of the institution** [note: “eligible space” for Occupancy Costs is defined in Board Policy V.B.10.a as *“all owner-occupied space other than auxiliary enterprise space. Space owned by an institution but leased to another entity is not eligible space. Occupancy costs for ‘common use’ space (i.e., space which shares eligible and auxiliary enterprise space) will be prorated based on its use. When funds are used to expand, remodel, or convert existing space, the eligible space shall be limited to the new, incremental square footage of the expanded, remodeled or converted space, only.*]:
 - a. **Number of new eligible gross square feet:** _____ gsf.
 - b. **Description:**
2. **Estimated cost of the building or facility, and source(s) of funds:**
 - a. **Estimated Cost:** Value of construction for this space is _____.
 - b. **Source(s) of Funds:**
3. **Estimated Occupancy Costs:**
4. **Estimated Date of Completion:**

Additional notes/remarks/information [If applicable, briefly summarize any other special factors related to this notification. If any additional documents or exhibits accompany this notification, list them below]:

Post-Construction Verification

The following information is to be provided upon taking occupancy of the facility. Leave the sections below blank for initial notification to DFM and LSO.

- 5. Actual gross square footage:**
- 6. Actual construction cost:**
- 7. Current replacement value:**
- 8. Square footage of any current/proposed lease space or other non-eligible space:**

Additional notes/remarks/information [If applicable, briefly summarize any other special factors related to this verification report. If any additional documents or exhibits accompany this verification report, list them below]:

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SUBJECT

Amendment to Idaho State Board of Education Policy V.E. – First Reading

REFERENCE

February 2006 Board approved the second reading of amendment to Board policy V.E.

APPLICABLE STATUTE, RULE, OR POLICY

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

BACKGROUND/DISCUSSION

Board Policy V.E. provides guidance on institutions' relationships with their affiliated foundations, and the Board's role in approving institution-foundation operating agreements. Affiliated foundations operate as Idaho nonprofit organizations that are legally separate from the institutions and are recognized as 501(c)(3) public charities by the Internal Revenue Service. The institution is required to enter into a written operating agreement with each of its affiliated foundations.

Current practice, in place since the main provisions of Policy V.E. were established, is that in cases where an affiliated foundation routes all donations, gifts, monies, properties, etc., to the host institution through another recognized foundation (e.g., if a booster organization routes all funds to the institution through the institution's primary foundation), the Board must periodically approve the institution-operating agreement only for the foundation which transfers funds directly to the institution. The proposed amendment clarifies policy to conform to current practice, and it provides a template for use by institutions and the Board in developing and updating operating agreements submitted to the Board for approval.

IMPACT

Under the proposed amendment, institutions and their affiliated foundations will continue to have the option to provide foundation-raised funding directly to the institution, on the basis of Board-approved operating agreements. Affiliated foundations that prefer to route all funds/gifts to the institution through another Board-approved foundation, could do so, and recurring approval of their operating agreements would not be required. This arrangement ensures continued Board oversight over resources provided to institutions under its authority, while maintaining a degree of flexibility in the operation of various foundations which support the institutions. This clarification to policy should have no direct financial impact on the institution's finances/budget.

ATTACHMENTS

Attachment 1: V.E. Gifts and Affiliated Foundations Page 3
Attachment 2: Affiliated Foundation Agreement Template Page 15

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STAFF COMMENTS AND RECOMMENDATIONS

The proposed amendment brings the text of the policy into conformance with current practice and the stated intent of the Board at the time the applicable sections of policy V.E. were established in 2006. The updated policy enables continued close oversight of funds/gifts/properties being conveyed between an institution and an affiliated foundation. The amendment also incorporates a number of minor technical revisions and a reorganization of material to improve clarity and user-friendliness. A standard template for foundation operating agreements has been developed in order to streamline the current review and approval process, and is provided at Attachment 2.

Staff recommends approval.

BOARD ACTION

I move to approve the first reading revisions to Board policy V.E. and use of the associated affiliated foundation agreement template, as presented in Attachments 1 and 2, respectively.

Moved by _____ Seconded by _____ Carried Yes ___ No ___

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SECTION: V. FINANCIAL AFFAIRS
SUBSECTION: E. Gifts and Affiliated Foundations

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1. Purpose of the Policy

- a. The Board recognizes the importance of voluntary private support and encourages grants and contributions for the benefit of the institutions and agencies under its governance. Private support for public education is an accepted and firmly established practice throughout the United States. Tax-exempt foundations are one means of providing this valuable support to help the institutions and agencies under the Board's governance raise money through private contributions. Foundations are separate, legal entities, tax-exempt under Section 501(c) of the United States Internal Revenue Code of 1986, as amended, associated with the institutions and agencies under the Board's governance. Foundations are established for the purpose of raising, receiving, holding, and/or using funds from the private sector for charitable, scientific, cultural, educational, athletic, or related endeavors that support, enrich, and improve the institutions or agencies. The Board wishes to encourage a broad base of support from many sources, particularly increased levels of voluntary support. To achieve this goal, the Board will cooperate in every way possible with the work and mission of recognized affiliated foundations
- b. The Board recognizes that foundations:
 - i. Provide an opportunity for private individuals and organizations to contribute to the institutions and agencies under the Board's governance with the assurance that the benefits of their gifts supplement, not supplant, state appropriations to the institutions and agencies;
 - ii. Provide assurance to donors that their contributions will be received, distributed, and utilized as requested for specified purposes, to the extent legally permissible, and that donor records will be kept confidential to the extent requested by the donor and as allowed by law;
 - iii. Provide an instrument through which alumni and community leaders can help strengthen the institutions and agencies through participation in the solicitation, management, and distribution of private gifts; and
 - iv. Aid and assist the Board in attaining its approved educational, research, public service, student loan and financial assistance, alumni relations, and financial development program objectives.
- c. The Board, aware of the value of tax-exempt foundations to the well being of the institutions and agencies under the Board's governance, adopts this policy with the following objectives:

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- i. To preserve and encourage the operation of recognized foundations associated with the institutions and agencies under the Board's governance; and
- ii. To ensure that the institutions and agencies under the Board's governance work with their respective affiliated foundations to make certain that business is conducted responsibly and according to applicable laws, rules, regulations, and policies, and that such foundations fulfill their obligations to contributors, to those who benefit from their programs, and to the general public.

2. Institutional Foundations

~~The foregoing provisions are designed to promote and strengthen the operations of foundations that have been, and may be, established for the benefit of the public colleges and universities in Idaho. The intent of this policy is to describe general principles that will govern institutional relationships with their affiliated foundations. It is intended that a more detailed and specific description of the particular relationship between an institution and its affiliated foundation will be developed and committed to a written operating agreement, which must be approved by the Board. For application of this policy to affiliated research foundations and technology transfer organizations, including the Idaho Research Foundation, see paragraph 6 below.~~

~~a. Board Recognition of Affiliated Foundations~~

~~The Board may recognize an entity as an affiliated foundation if it meets and maintains the requirements of this policy. The chief executive officer of each institution must ensure that any affiliated foundation recognized by the Board ascribes to these policies. The Board acknowledges that it cannot and should not have direct control over affiliated foundations. These foundations must be governed separately to protect their private, independent status. However, because the Board is responsible for ensuring the integrity and reputation of the institutions and their campuses and programs, the Board must be assured that any affiliated foundation adheres to sound business practices and ethical standards appropriate to such organizations in order to assure the public that the foundation is conducting its mission with honesty and integrity.\~~

~~ba. General Provisions Applicable to all Affiliated Foundations recognized by the Board~~

- i. All private support of an institution not provided directly to such institution shall be through a Board approved recognized affiliated foundation. While an institution may accept gifts made directly to the institution or directly to the Board, absent unique circumstances making a direct gift to the institution more appropriate, donors shall be requested to make gifts to the Board approved affiliated foundations.

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- ii. Each affiliated foundation shall operate as an Idaho nonprofit corporation that is legally separate from the institution and is recognized as a 501(c)(3) public charity by the Internal Revenue Service. The management and control of a foundation shall rest with its governing board. All correspondence, solicitations, activities, and advertisements concerning a particular foundation shall be clearly discernible as from that foundation, and not the institution.
- iii. The institutions and foundations are independent entities and neither will be liable for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members, or staff.
- iv. It is the responsibility of the foundation to support the institution at all times in a cooperative, ethical, and collaborative manner; to engage in activities in support of the institution; and, where appropriate, to assist in securing resources, to administer assets and property in accordance with donor intent, and to manage its assets and resources.
- v. Foundation funds shall be kept separate from institution funds. No institutional funds, assets, or liabilities may be transferred directly or indirectly to a foundation without the prior approval of the Board except as provided herein. Funds may be transferred from an institution to a foundation without prior Board approval when:
 - 1) A donor inadvertently directs a contribution to an institution that is intended for the foundation. If an affiliated foundation is the intended recipient of funds made payable to the Board or to an institution, then such funds may be deposited with or transferred to the affiliated foundation, provided that accompanying documents demonstrate that the foundation is the intended recipient. Otherwise, the funds shall be deposited in an institutional account, and Board approval will be required prior to transfer to an affiliated foundation; or
 - 2) The institution has gift funds that were transferred from and originated in an affiliated foundation, and the institution wishes to return a portion of funds to the foundation for reinvestment consistent with the original intent of the gift.
 - 3. The transfer is of a *de minimis* amount not to exceed \$10,000 from the Institution to the Foundation and the transferred funds are for investment by the Foundation for scholarship or other general Institution/Agency support purposes.

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- vi. Transactions between an institution and an affiliated foundation shall meet the normal tests for ordinary business transactions, including proper documentation and approvals. Special attention shall be given to avoiding direct or indirect conflicts of interest between the institution and the affiliated foundation and those with whom the foundation does business. Under no circumstances shall an institution employee represent both the institution and foundation in any negotiation, sign for both the institution and foundation in a particular transaction, or direct any other institution employee under their immediate supervision to sign for the related party in a transaction between the institution and the foundation.
- vii. Prior to the start of each fiscal year, an affiliated foundation must provide the institution chief executive officer with the foundation's proposed annual budget, as approved by the foundation's governing board.
- viii. Each foundation shall conduct its fiscal operations to conform to the institution's fiscal year. Each foundation shall prepare its annual financial statements in accordance with Government Accounting Standards Board (GASB) or Financial Accounting Standards Board (FASB) principles, as appropriate.
- ix. Institution chief executive officers shall be invited to attend all meetings of an affiliated foundation's governing board in an advisory role. On a case by case basis, other institution employees may also serve as advisors to an affiliated foundation's governing board, as described in the written foundation operating agreement approved by the Board.
- x. The foundation, while protecting personal and private information related to private individuals, is encouraged, to the extent possible or reasonable, to be open to public inquiries related to revenue, expenditure policies, investment performance and/or other information that would normally be open in the conduct of institution affairs.
- xi. A foundation's enabling documents (e.g., articles of incorporation and bylaws) and any amendments are to be provided to the institution. These documents must include a clause requiring that in the event of the dissolution of a foundation, its assets and records will be distributed to its affiliated institution, provided the affiliated institution is a qualified charitable organization under relevant state and federal income tax laws. To the extent practicable, the foundation shall provide the institution with an advance copy of any proposed amendments, additions, or deletions to its articles of incorporation or bylaws. The institution shall be responsible for providing all of the foregoing documents to the Board.

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- xii. Foundations may not engage in activities that conflict with federal or state laws, rules and regulations; the policies of the Board; or the role and mission of the institutions. Foundations shall comply with applicable Internal Revenue Code provisions and regulations and all other applicable policies and guidelines.
- xiii. Fund-raising campaigns and solicitations of major gifts for the benefit of an institution by its affiliated foundation shall be developed cooperatively between the institution and its affiliated foundation. Before accepting contributions or grants for restricted or designated purposes that may require administration or direct expenditure by an institution, a foundation will obtain the prior approval of the institution chief executive officer or a designee.
- xiv. Foundations shall obtain prior approval in writing from the institution chief executive officer or a designee if gifts, grants, or contracts include a financial or contractual obligation binding upon the institution.
- xv. Foundations shall make clear to prospective donors that:
 - 1) The foundation is a separate legal and tax entity organized for the purpose of encouraging voluntary, private gifts, trusts, and bequests for the benefit of the institution; and
 - 2) Responsibility for the governance of the foundation, including investment of gifts and endowments, resides in the foundation's governing board.
- xvi. Institutions shall ensure that foundation-controlled resources are not used to acquire or develop real estate or to build facilities for the institution's use without prior Board approval. The institution shall notify the Board, at the earliest possible date, of any proposed purchase of real estate for such purposes, and in such event should ensure that the foundation coordinates its efforts with those of the institution. Such notification to the Board may be through the institution's chief executive officer in executive session pursuant to Idaho Code ~~, Section 74-206(1)(c). 67-2345 (1) (c).~~

eb. Foundation Operating Agreements

Each institution shall enter into a written operating agreement with each of its recognized affiliated foundations that ensures compliance with this Policy. ~~that is affiliated with the institution.~~

Board approval of affiliated foundation operating agreements is required if an affiliated foundation will receive donations, membership dues, gifts or other funds (collectively "funds") and delivers those funds directly to the institution. If an

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affiliated foundation will not receive or maintain funds, or if it routes all funds received to the institution through another Board-approved affiliated foundation, Board approval of the operating agreement is not required. In such cases, the institution shall ensure that services provided by a Board approved affiliated foundation to another affiliated foundation are provided pursuant to a service agreement between the affiliated foundations which complies with Board policy, a copy of which is available to the institution and to the Board.

Operating agreements must be signed by the chairman or president of the foundation's governing board, and by the institution chief executive officer. ~~The e~~Operating agreements requiring Board approval must be approved by the Board prior to execution and must be re-submitted to the Board for re-approval every three (3) years, or as otherwise requested by the Board, ~~for review and re-approval.~~ Operating agreements shall follow the operating agreement template approved by the Board and found at <http://boardofed.idaho.gov/>. When an operating agreement is presented to the Board for review, an institution must include a redline to the Board's operating agreement template, as well as a redline to the previously Board approved version of the operating agreement, if there is one.

Foundation operating agreements shall establish the operating relationship between the parties, and shall, at a minimum, address the following topics:

- i. Institution Resources and Services.
 - 1) Whether, and how, an institution intends to provide contract administrative and/or support staff services to an affiliated foundation. When it is determined that best practices call for an institution employee to serve in a capacity that serves both the institution and an affiliated foundation, then the operating agreement must clearly define the authority and responsibilities of this position within the foundation. Notwithstanding, no employee of an institution who functions in a key administrative or policy making capacity (including, but not limited to, any institution vice-president or equivalent position) shall be permitted to have responsibility or authority for foundation policy making, financial oversight, spending authority, investment decisions, or the supervision of foundation employees. The responsibility of this position within the foundation that is performed by an institution employee in a key administrative or policy making capacity shall be limited to the coordination of institution and affiliated foundation fundraising efforts, and the provision of administrative support to foundation fundraising activities.
 - 2) Whether, and how, an institution intends to provide other resources and services to an affiliated foundation, which are permitted to include:

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- a) Access to the institution's financial systems to receive, disburse, and account for funds held (with respect to transactions processed through the institution's financial system, the foundation shall comply with the institution's financial and administrative policies and procedures manuals);
 - b) Accounting services, to include cash disbursements and receipts, accounts receivable and payable, bank reconciliation, reporting and analysis, auditing, payroll, and budgeting;
 - c) Investment, management, insurance, benefits administration, and similar services; and
 - d) Development services, encompassing research, information systems, donor records, communications, and special events.
- 3) Whether the foundation will be permitted to use any of the institution's facilities and/or equipment, and if so, the details of such arrangements.
 - 4) Whether the institution intends to recover its costs incurred for personnel, use of facilities or equipment, or other services provided to the foundation. If so, then payments for such costs shall be made directly to the institution. No payments shall be made directly from a foundation to institution employees in connection with resources or services provided to a foundation pursuant to this policy.
- ii. Management and Operation of Foundations.
 - 1) Guidelines for receiving, depositing, disbursing and accounting for all funds, assets, or liabilities of a foundation, including any disbursements/transfers of funds to an institution from an affiliated foundation. Institution officials into whose department or program foundation funds are transferred shall be informed by the foundation of the restrictions, if any, on such funds and shall be responsible both to account for them in accordance with institution policies and procedures, and to notify the foundation on a timely basis regarding the use of such funds.
 - 2) Procedures with respect to foundation expenditures and financial transactions, which must ensure that no person with signature authority shall be an institution employee in a key administrative or policy making capacity (including, but not limited to, an institution vice-president or equivalent position).

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- 3) The liability insurance coverage the foundation will have in effect to cover its operations and the activities of its directors, officers, and employees.
 - 4) Description of the investment policies to be utilized by the foundation, which shall be conducted in accordance with prudent, sound practice to ensure that gift assets are protected and enhanced, and that a reasonable return is achieved, with due regard for the fiduciary responsibilities of the foundation's governing board. Moreover, such investments must be consistent with the terms of the gift instrument.
 - 5) Procedures that will be utilized to ensure that institution and foundation funds are kept separate.
 - 6) Detailed description of the organization structure of the foundation, which addresses conflict of interest in management of funds and any foundation data.
- iii. Foundation Relationships with the Institutions
- 1) The institution's ability to access foundation books and records.
 - 2) The process by which the institution chief executive officer, or designee, shall interact with the foundation's board regarding the proposed annual operating budget and capital expenditure plan prior to approval by the foundation's governing board.
 - 3) Whether, and how, supplemental compensation from the foundation may be made to institutional employees. Any such payments must have prior Board approval, and shall be paid by the foundations to the institutions, which in turn will make payments to the employee in accordance with normal practice. Employees shall not receive any payments or other benefits directly from the foundations.
- iv. Audits and Reporting Requirements.
- 1) The procedure foundations will utilize for ensuring that regular audits are conducted and reported to the Board. Unless provided for otherwise in the written operating agreement, such audits must be conducted by an independent certified public accountant, who is not a director or officer of the foundation. The independent audit shall be a full scope audit, performed in accordance with generally accepted auditing standards.
 - 2) The procedure foundations will use for reporting to the institution chief executive officer the following items:

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- a) Regular financial audit report;
 - b) Annual report of transfers made to the institution, summarized by department;
 - c) Annual report of unrestricted funds received, and of unrestricted funds available for use in that fiscal year;
 - d) A list of foundation officers, directors, and employees;
 - e) A list of institution employees for whom the foundation made payments to the institution for supplemental compensation or any other approved purpose during the fiscal year, and the amount and nature of that payment;
 - f) A list of all state and federal contracts and grants managed by the foundation; and
 - g) An annual report of the foundation's major activities;
 - h) An annual report of each real estate purchase or material capital lease, investment, or financing arrangement entered into during the preceding foundation fiscal year for the benefit of the institution; and
 - i) An annual report of any actual litigation involving the foundation during its fiscal year, as well as legal counsel used by the foundation for any purpose during such year. This report should also discuss any potential or threatened litigation involving the foundation.
- v. Conflict of Interest and Code of Ethics and Conduct.

A description of the foundation's conflict of interest policy approved by the foundation's governing board and applicable to all foundation directors, officers, and staff members, and which shall also include a code of ethics and conduct. Such policy must assure that transactions involving the foundation and the personal or business affairs of a trustee, director, officer, or staff member should be approved in advance by the foundation's governing board. In addition, such policy must provide that directors, officers, and staff members of a foundation disqualify themselves from making, participating, or influencing a decision in which they have or would have a financial interest. Finally, such policy must assure that no director, trustee, officer, or staff member of a foundation shall accept from any source any material gift or gratuity in excess

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of fifty dollars (\$50.00) that is offered, or reasonably appears to be offered, because of the position held with the foundation; nor should an offer of a prohibited gift or gratuity be extended by such an individual on a similar basis.

vi. Affiliated Research Foundations and Technology Transfer Organization for Institutions of Higher Education

The Board wishes to encourage research and technology transfer and the corresponding economic development potential for the state of Idaho. The Board acknowledges that independent, affiliated foundations operating to support an institution's research and technology transfer efforts can be useful tools to provide institutions with avenues for engagement with the private sector as well as with public and private entities interested in funding research, funding technology transfer and promoting spin-off enterprises arising from institutional intellectual property and technology. Such affiliated foundations should operate substantially within the framework for affiliated foundations set out in paragraph 1 and 2 of this policy, with such variances as are reasonable based on the nature of the anticipated function of the specific foundation.

a. The institutions under the Board's governance may affiliate with non-profit entities which generally meet the criteria set forth in paragraph 2.b. of this policy and which operate for the purpose of supporting the research and technology transfer efforts of one or more of the institutions.

b. Research and Technology Transfer Foundation Operating Agreements. The requirement of a foundation operating agreement under paragraph 2.c. of this policy shall also apply to foundations supporting research and technology transfer. Institutions proposing to affiliate with a particular foundation may propose reasonable variances from specific requirements under paragraph 2.c. based upon the anticipated function of the foundation, provided that any such variances are specifically identified by the institution in materials presented to the Board when requesting approval of the foundation.

3. Foundations for Other Agencies

Other agencies under the Board's jurisdiction may establish foundations to accept gifts made for the benefit of the agencies' operating purposes. These agencies are subject to the same policies as the institutional foundations. However, agency foundations with annual revenues less than \$100,000 are not required to obtain an independent audit. These agencies must instead submit an annual report to the Board of gifts received and the disposition of such gifts.

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4. Idaho Educational Public Broadcasting System Foundations and Friends Groups

Foundations and Friends groups that exist for the benefit of the Idaho Educational Public Broadcasting System (IEPBS) are required by Federal Communications Commission (FCC) regulations to have specific spending authority designated by the Board. Audits of the IEPBS Foundation and Friends groups will be conducted by the State Legislative Auditor.

- a. By action of the Board, the Idaho Educational Public Broadcasting System Foundation, Inc., has been designated to accept gifts made for the benefit of public television in the state of Idaho. The Foundation will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the Board.
- b. By action of the Board, the Friends of Channel 4, Inc., has been designated to accept gifts made for the Benefit of KAID TV, Channel 4. The Friends of Channel 4, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the Board.
- c. By action of the Board, the Friends of Channel 10, Inc., has been designated to accept gifts made for the benefit of KISU TV, Channel 10. The Friends of Channel 10, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the Board.
- d. By action of the Board, the Friends of KUID, Inc., has been designated to accept gifts made for the benefit of KUID TV, Channel 12. The Friends of Channel 12, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the Board.

5. Acceptance of Direct Gifts

Notwithstanding the Board's desire to encourage the solicitation and acceptance of gifts through affiliated foundations, the Board may accept donations of gifts, legacies, and devises (hereinafter "gifts") of real and personal property on behalf of the state of Idaho that are made directly to the Board or to an institution or agency under its governance. Gifts worth more than \$250,000 must be reported to and approved by the executive director of the Board before such gift may be expended or otherwise used by the institution or agency. Gifts worth more than \$500,000 must be approved by the Board. The chief executive officer of any institution or agency is authorized to receive, on behalf of the Board, gifts that do not require prior approval by the executive director or the Board and that are of a routine nature. This provision does not apply

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to transfers of gifts to an institution or agency from an affiliated foundation (such transfers shall be in accordance with the written operating agreement between the institution or agency and an affiliated foundation, as described more fully herein).

~~6. Affiliated Research Foundations and Technology Transfer Organization for Institutions of Higher Education~~

~~The Board wishes to encourage research and technology transfer and the corresponding economic development potential for the state of Idaho. The Board acknowledges that independent, affiliated foundations operating to support an institution's research and technology transfer efforts can be useful tools to provide institutions with avenues for engagement with the private sector as well as with public and private entities interested in funding research, funding technology transfer and promoting spin-off enterprises arising from institutional intellectual property and technology. Such affiliated foundations should operate substantially within the framework for philanthropic affiliated foundations set out in paragraph 1 and 2 of this policy, with such variances as are reasonable based on the nature of the anticipated function of the specific foundation.~~

~~a. The public college and universities may affiliate with non-profit entities which generally meet the criteria set forth in paragraph 2.b. of this policy and which operate for the purpose of supporting the research and technology transfer efforts of one or more of the institutions.~~

~~b. Research and Technology Transfer Foundation Operating Agreements. The requirement of a foundation operating agreement under paragraph 2.c. of this policy shall also apply to foundations supporting research and technology transfer. Institutions proposing to affiliate with a particular foundation may propose reasonable variances from specific requirements under paragraph 2.c. based upon the anticipated function of the foundation, provided that any such variances are specifically identified by the institution in materials presented to the Board when requesting approval of the foundation.~~

**OPERATING AGREEMENT
BETWEEN
FOUNDATION, INC.
AND
INSTITUTION/AGENCY**

This Operating Agreement between Foundation, Inc. and Institution/Agency (“Operating Agreement”) is entered into as of this ____ day of _____, 201_, by and between Institution, herein known as “Institution/Agency” and the Foundation, Inc., herein known as “Foundation”.

WHEREAS, the Foundation was organized and incorporated in ____ for the purpose of stimulating voluntary private support from _____, _____, friends, corporations, foundations, and others for the benefit of the Institution/Agency.

WHEREAS, the Foundation exists to raise and manage private resources supporting the mission and priorities of the Institution/Agency, and provide opportunities for _____ (e.g. students) and a degree of institutional excellence unavailable with state funding levels.

WHEREAS, the Foundation is dedicated to assisting the Institution/Agency in the building of the endowment to address, through financial support, the long-term academic and other priorities of the Institution/Agency.

WHEREAS, as stated in its articles of incorporation, the Foundation is a separately incorporated 501(c)(3) organization and is responsible for identifying and nurturing relationships with potential donors and other friends of the Institution/Agency; soliciting cash, securities, real and intellectual property, and other private resources for the support of the Institution/Agency; and acknowledging and stewarding such gifts in accordance with donor intent and its fiduciary responsibilities.

WHEREAS, furthermore, in connection with its fund-raising and asset-management activities, the Foundation utilizes, in accordance with this Operating Agreement, personnel experienced in planning for and managing private support.

WHEREAS, the mission of the Foundation is to secure, manage and distribute private contributions and support the growth and development of the Institution/Agency.

WHEREAS, the Institution/Agency desire to set forth in writing various aspects of their relationship with respect to matters such as the solicitation, receipt, management, transfer and expenditure of funds.

WHEREAS, the parties hereby acknowledge that they will at all times conform to and abide by, the Idaho State Board of Education's Governing Policies and Procedures, Gifts and Affiliated Foundations Policy V.E., and that they will submit this Operating Agreement for initial State Board of Education ("State Board") approval, and thereafter every three (3) years, or as otherwise requested by the State Board, for review and re-approval.

WHEREAS, the Foundation and the Institution/Agency intend for this Operating Agreement to be the written operating agreement required by Board Policy V.E.2.c. of the State Board's Policies and Procedures.

NOW THEREFORE, in consideration of the mutual commitments herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

ARTICLE I
Foundation's Purposes

The Foundation is the primary affiliated foundation responsible for securing, managing and distributing private support for the Institution/Agency. Accordingly, to the extent consistent with the Foundation's Articles of Incorporation and Bylaws, and the State Board's Policies and Procedures, the Foundation shall: (1) solicit, receive and accept gifts, devises, bequests and other direct or indirect contributions of money and other property made for the benefit of the Institution/Agency from the general public (including individuals, corporations, other entities and other sources); (2) manage and invest the money and property it receives for the benefit of the Institution/Agency; and (3) support and assist the Institution/Agency in fundraising and donor relations.

In carrying out its purposes, the Foundation shall not engage in activities that conflict with (1) federal or state laws, rules and regulations (including, but not limited to all applicable provisions of the Internal Revenue Code and corresponding Federal Treasury Regulations); (2) applicable polices of the State Board; or (3) the role and mission of the Institution/Agency.

ARTICLE II
Foundation's Organizational Documents

The Foundation shall provide copies of its current Articles of Incorporation and Bylaws to the Institution/Agency. The Foundation, to the extent practicable, also shall provide the Institution/Agency with an advance copy of any proposed amendments to the Foundation's Articles of Incorporation and Bylaws. The Institution/Agency shall provide all such documents to the State Board.

ARTICLE III
Institution/Agency Resources and Services

1. Institution/Agency Employees.
 - a. *Institution/Agency/Foundation Liaison:* The Institution/Agency's Vice President for Institution/Agency Advancement shall serve as the Institution/Agency's Liaison to the Foundation.
 - i. The Institution/Agency's Vice President for Institution/Agency Advancement shall be responsible for coordinating the Institution/Agency's and the Foundation's fundraising efforts and for

supervising and coordinating the administrative support provided by the Institution/Agency to the Foundation.

- ii. The Vice President for Institution/Agency Advancement or her/his designee shall attend each meeting of the Foundation's Board of Directors and shall report on behalf of the Institution/Agency to the the Foundation's Board of Directors regarding the Institution/Agency's coordination with the Foundation's fundraising efforts.

b. *Managing Director*: The *Managing Director* of the Foundation is an employee of the Institution/Agency loaned to the Foundation. All of the *Managing Director*'s services shall be provided directly to the Foundation as follows:

- i. The *Managing Director* shall be responsible for the supervision and control of the day-to-day operations of the Foundation. More specific duties of the *Managing Director* may be set forth in a written job description prepared by the Foundation and attached to the Loaned Employee Agreement described in paragraph (iii) below. The *Managing Director* shall be subject to the control and direction of the Foundation.
- ii. The *Managing Director* shall be an employee of the Institution/Agency and entitled to Institution/Agency benefits to the same extent and on the same terms as other full-time Institution/Agency employees of the same classification as the *Managing Director*. The Foundation shall reimburse the Institution/Agency for all costs incurred by the Institution/Agency in connection with the Institution/Agency's employment of the *Managing Director* including such expenses as salary, payroll taxes, and benefits.
- iii. The Foundation and the Institution/Agency shall enter into a written agreement, in the form of Exhibit "A" hereto, establishing that the *Managing Director* is an employee of the Institution/Agency but subject to the direction and control of the Foundation (generally a "Loaned Employee Agreement"). The Loaned Employee Agreement shall also set forth the relative rights and responsibilities of the Foundation and the Institution/Agency with respect to the *Managing Director*, including the following:

1. The Foundation shall have the right to choose to terminate the Loaned Employee Agreement in accordance with Foundation Procedures and applicable law, such termination may include election by the Foundation for non-renewal of the Loaned Employee Agreement.
2. Termination of the Loaned Employee Agreement in accordance with the Foundation procedures and applicable law shall constitute grounds for a termination proceeding by the Institution/Agency or for non-renewal of any obligation of the Institution/Agency to employ the Loaned Employee, subject to applicable legal and procedural requirements of the State of Idaho and the Institution/Agency.
3. The Loaned Employee shall be subject to the supervision, direction and control of the Foundation Board of Directors and shall report directly to the Foundation president or her/his designee.

c. *Other Loaned Employees.* Other loaned employees providing services pursuant to this Operating Agreement shall also serve pursuant to a Loaned Employee Agreement which shall set forth their particular responsibilities and duties.

d. *Other Institution/Agency Employees Holding Key Foundation or Administrative or Policy Positions:* In the event the Institution/Agency and the Foundation determine it is appropriate for one or more additional Institution/Agency employees who function in a key administrative or policy making capacity for the Institution/Agency (including, but not limited to, any Institution/Agency Vice-President or equivalent position) to serve both the Institution/Agency and the Foundation, then, pursuant to Board Policy V.E., this Operating Agreement shall be amended to clearly set forth the authority and responsibilities of the position of any such Institution/Agency employee.

e. *Limited Authority of Institution/Agency Employees.* Notwithstanding the foregoing provisions, no Institution/Agency employee who functions in a key administrative or policy making capacity for the Institution/Agency (including, but not limited to, any Institution/Agency Vice-President or equivalent position) shall be permitted to have responsibility or authority for Foundation policy making, financial oversight, spending authority, investment decisions, or the supervision of Foundation employees.

2. Support Services. The Institution/Agency shall provide administrative, financial, accounting, investment, and development services to the Foundation, as set forth in the Service Agreement attached hereto as Exhibit "B" ("Service Agreement"). All Institution/Agency

employees who provide support services to the Foundation shall remain Institution/Agency employees under the direction and control of the Institution/Agency, unless agreed that the direction and control of any such employee will be vested with the Foundation in a written Loaned Employee Agreement. The Foundation will pay directly to the Institution/Agency the portion of the overhead costs associated with the services provided to the Foundation pursuant to the Service Agreement. The portion of such costs shall be determined by the agreement of the Parties.

3. Institution/Agency Facilities and Equipment. The Institution/Agency shall provide the use of the Institution/Agency's office space and equipment to the Foundation upon the terms agreed to by the Institution/Agency and the Foundation. The terms of use (including amount of rent) of the Institution/Agency's office space and equipment shall be as set forth in the Service Agreement.

4. No Foundation Payments to Institution/Agency Employees. Notwithstanding any provision of this Operating Agreement to the contrary, the Foundation shall not make any payments directly to an Institution/Agency employee in connection with any resources or services provided to the Foundation pursuant to this Operating Agreement.

ARTICLE IV Management and Operation of Foundation

The management and control of the Foundation shall rest with its Board of Directors.

1. Gift Solicitation.

Authority of Vice President for Institution/Agency Advancement. All Foundation gift solicitations shall be subject to the direction and control of the Vice President for Institution/Agency Advancement.

a. *Form of Solicitation.* Any and all Foundation gift solicitations shall make clear to prospective donors that (1) the Foundation is a separate legal and tax entity organized for the purpose of encouraging voluntary, private gifts, trusts, and bequests for the benefit of the Institution/Agency; and (2) responsibility for the governance of the Foundation, including the investment of gifts and endowments, resides in the Foundation's Board of Directors.

b. *Foundation is Primary Donee.* Absent unique circumstances, prospective donors shall be requested to make gifts directly to the Foundation rather than to the Institution/Agency.

2. Acceptance of Gifts.

a. *Approval Required Before Acceptance of Certain Gifts.* Before accepting contributions or grants for restricted or designated purposes that may require administration or

direct expenditure by the Institution/Agency, the Foundation shall obtain the prior written approval of the Institution/Agency. Similarly, the Foundation shall also obtain the prior written approval of the Institution/Agency of the acceptance of any gift or grant that would impose a binding financial or contractual obligation on the Institution/Agency.

b. *Acceptance of Gifts of Real Property.* The Foundation shall conduct adequate due diligence on all gifts of real property that it receives. All gifts of real property intended to be held and used by the Institution/Agency shall be approved by the State Board before acceptance by the Institution/Agency and the Foundation. In cases where the real property is intended to be used by the Institution/Agency in connection with carrying out its proper functions, the real property may be conveyed directly to the Institution/Agency, in which case the Institution/Agency and not the Foundation shall be responsible for the due diligence obligations for such property.

c. *Processing of Accepted Gifts.* All gifts received by the Institution/Agency or the Foundation shall be delivered (if cash) or reported (if any other type of property) to the Foundation's designated gift administration office (a unit of the Foundation) in accordance with the Service Agreement.

3. Fund Transfers. The Foundation agrees to transfer funds, both current gifts and income from endowments, to the Institution/Agency on a regular basis as agreed to by the Parties. The Foundation's Treasurer or other individual to whom such authority has been delegated by the Foundation's Board of Directors shall be responsible for transferring funds as authorized by the Foundation's Board of Directors.

a. *Restricted Gift Transfers.* The Foundation shall inform the Institution/Agency officials into whose program or department funds are transferred of any restrictions on the use of such funds and provide such officials with access to any relevant documentation concerning such restrictions. Such Institution/Agency officials shall account for such restricted funds separate from other program and department funds in accordance with applicable Institution/Agency policies and shall notify the Foundation on a timely basis regarding the uses of such restricted funds.

b. *Unrestricted Gift Transfers.* The Foundation may utilize any unrestricted gifts it receives for any use consistent with the Foundation's purposes as generally summarized in Article I of this Operating Agreement. If the Foundation elects to use unrestricted gifts to make grants to the Institution/Agency, such grants shall be made at such times and in such amounts as the Foundation's Board of Directors may determine in the Board's sole discretion.

4. Foundation Expenditures and Financial Transactions.

a. *Signature Authority.* The Foundation designates the Foundation Treasurer as the individual with signature authority for the Foundation in all financial transactions. The

Foundation may supplement or change this designation with written notice to the Institution/Agency; provided, however, in no event may the person with Foundation signature authority for financial transactions be an Institution/Agency employee.

b. *Expenditures.* All expenditures of the Foundation shall be (1) consistent with the charitable purposes of the Foundation, and (2) not violate restrictions imposed by the donor or the Foundation as to the use or purpose of the specific funds.

5. Institution/Agency Report on Distributed Funds. On a regular basis, which shall not be less than annually, the Institution/Agency shall report to the Foundation on the use of restricted and unrestricted funds transferred to the Institution/Agency. This report shall specify the restrictions on any restricted funds and the uses of such funds.

6. Transfer of Institution/Agency Assets to the Foundation. No Institution/Agency funds, assets, or liabilities may be transferred directly or indirectly to the Foundation without the prior approval of the State Board except when:

- a. A donor inadvertently directs a contribution to the Institution/Agency that is intended for the Foundation in which case such funds may be transferred to the Foundation so long as the documents associated with the gift indicate the Foundation was the intended recipient of the gift. In the absence of any such indication of donor intent, such funds shall be deposited in an institutional account, and State Board approval will be required prior to the Institution/Agency's transfer of such funds to the Foundation.
- b. The Institution/Agency has gift funds that were originally transferred to the Institution/Agency from the Foundation and the Institution/Agency wishes to return a portion of those funds to the Foundation for reinvestment consistent with the original intent of the gift.
- c. Transfers of a *de minimis* amount not to exceed \$10,000 from the Institution to the Foundation provided such funds are for investment by the Foundation for scholarship or other general Institution/Agency support purposes. This exception shall not apply to payments by the Institution to the Foundation for obligations of the Institution to the Foundation, operating expenses of the Foundation or other costs of the Foundation.

7. Separation of Funds. All Foundation assets (including bank and investment accounts) shall be held in separate accounts in the name of the Foundation using Foundation's Federal Employer Identification Number. The financial records of the Foundation shall be kept using a separate chart of accounts. For convenience purposes, some Foundation expenses may be paid through the Institution/Agency such as payroll and campus charges. These expenses will be paid

through accounts clearly titled as belonging to the Foundation and shall be reimbursed by the Foundation on a regular basis.

8. Insurance. To the extent that the Foundation is not covered by the State of Idaho Retained Risk program, the Foundation shall maintain insurance to cover the operations and activities of its directors, officers and employees. The Foundation shall also maintain general liability coverage.

9. Investment Policies. All funds held by the Foundation, except those intended for short term expenditures, shall be invested in accordance with the Uniform Prudent Management of Institutional Funds Act, Idaho Code Sections 33-5001 to 33-5010, and the Foundation's investment policy which is attached hereto as Exhibit "C"; provided, however, the Foundation shall not invest any funds in a manner that would violate the applicable terms of any restricted gifts. The Foundation shall provide to the Institution/Agency any updates to such investment policy which updates shall also be attached hereto as Exhibit "C". Further, the Parties expressly acknowledge the Indenture, attached hereto as Exhibit "E", between the Institution/Agency and Foundation, dated May 20, 1975, transferring the assets of certain funds, trusts and endowments from the Institution/Agency to the Foundation and further acknowledge such shall be invested pursuant to the terms of this paragraph of this Operating Agreement.

10. Organization Structure of the Foundation. The organizational structure of the Foundation is set forth in the Foundation's Articles of Incorporation which are attached hereto as Exhibit "D" and the Foundation's Amended and Restated Bylaws which are attached as Exhibit "F." The Foundation agrees to provide copies of such Articles and Bylaws as well as any subsequent amendments to such documents to both the Institution/Agency and the State Board. Any such amendments to the Articles and By-Laws shall be attached hereto as additions to Exhibit "F", respectively.

ARTICLE V

Foundation Relationships with the Institution/Agency

At all times and for all purposes of this Operating Agreement, the Institution and the Foundation shall act in an independent capacity and not as an agent or representative of the other party, provided, however, the Institution and the Foundation acknowledge that the Association carries out functions for the benefit of the Institution. As such, the parties shall share certain information as provided below.

1. Access to Records. Subject to recognized legal privileges, each Party shall have the right to access the other Party's financial, audit, donor and related books and records as needed to properly conduct its operations.

2. Record Management.

a. The Parties recognize that the records of the Foundation relating to actual or potential donors contain confidential information. Such records shall be kept by the Foundation in such a manner as to protect donor confidentiality to the fullest extent allowed by law. Notwithstanding the access to records permitted above, access to such confidential information by the Institution/Agency shall be limited to the Institution/Agency's President and any designee of the Institution/Agency's President.

b. The Foundation shall be responsible for maintaining all permanent records of the Foundation including but not limited to the Foundation's Articles, Bylaws and other governing documents, all necessary documents for compliance with IRS regulations, all gift instruments, and all other Foundation records as required by applicable laws.

c. Except to the extent that records are confidential (including confidential donor information), the Foundation agrees to be open to public inquiries for information that would normally be open in the conduct of Institution/Agency affairs and to provide such information in a manner consistent with the Idaho Public Records Law, set forth in Idaho Code Title 74, Chapter 1, except where otherwise required by state and federal law.

3. Name and Marks. Consistent with its mission to help to advance the plans and objectives of the Institution, the Institution grants the Association the limited, non-exclusive use of the name Institution, for use in its support of the Institution. The Association shall operate under the Institution's logotype in support of its organizational business and activities. Any use by the Association of the Institution's logotypes or other trademarks must be with prior approval of the Institution through the Office of Trademark Licensing and Enforcement.

4.

5. Identification of Source. The Foundation shall be clearly identified as the source of any correspondence, activities and advertisements emanating from the Foundation.

6. Establishing the Foundation's Annual Budget. The Foundation shall provide the Institution/Agency with the Foundation's proposed annual operating budget and capital expenditure plan (if any) prior to the date the Foundation's Board of Directors meeting at which the Foundation's Board of Directors will vote to accept such operating budget. Any of the Institution/Agency's funding requests to the Foundation shall be communicated in writing to the Foundation's Treasurer and Assistant Treasurer by April 1 of each year.

7. Attendance of Institution/Agency's President at Foundation's Board of Director Meetings. The Institution/Agency's President shall be invited to attend all meetings of the Foundation's Board of Directors and may act in an advisory capacity in such meetings.

8. Supplemental Compensation of Institution/Agency Employees. Any supplemental compensation of Institution/Agency employees by the Foundation must be preapproved by the

State Board. Any such supplemental payment or benefits must be paid by the Foundation to the Institution/Agency, and the Institution/Agency shall then pay compensation to the employee in accordance with the Institution/Agency's normal practice. No Institution/Agency employee shall receive any payments or other benefits directly from the Foundation.

ARTICLE VI Audits and Reporting Requirements

1. Fiscal Year. The Foundation and the Institution/Agency shall have the same fiscal year.

2. Annual Audit. On an annual basis, the Foundation shall have an audit conducted by a qualified, independent certified public accountant who is not a director or officer of the Foundation. The annual audit will be provided on a timely basis to the Institution/Agency's President and the Board, in accordance with the Board's schedule for receipt of said annual audit. The Foundation's Annual Statements will be presented in accordance with standards promulgated by the Financial Accounting Standards Board (FASB). The Foundation is a component unit of the Institution/Agency as defined by the Government Accounting Standards Board (GASB). Accordingly, the Institution/Agency is required to include the Foundation in its Financial Statements which follow a GASB format. Therefore, the Foundation will include in its audited Financial Statement, schedules reconciling the FASB Statements to GASB standards in the detail required by GASB Standards. The annual audited Financial Statements, including the auditor's independent opinion regarding such financial statements, and schedules shall be submitted to the Institution/Agency Office of Finance and Administration in sufficient time to incorporate the same into the Institution/Agency's statements. All such reports and any accompanying documentation shall protect donor privacy to the extent allowable by law.

3. Separate Audit Rights. The Institution/Agency agrees that the Foundation, at its own expense, may at any time during normal business hours conduct or request additional audits or reviews of the Institution/Agency's books and records pertinent to the expenditure of donated funds. The Foundation agrees that the Institution/Agency and the State Board, at its own expense, may, at reasonable times, inspect and audit the Foundation's books and accounting records.

4. Annual Reports to Institution/Agency President. On a regular basis, which shall not be less than annually, the Foundation shall provide a written report to the Institution/Agency President setting forth the following items:

- a. the annual financial audit report;
- b. an annual report of Foundation transfers made to the Institution/Agency, summarized by Institution/Agency department;
- c. an annual report of unrestricted funds received by the Foundation;

- d. an annual report of unrestricted funds available for use during the current fiscal year;
- e. a list of all of the Foundation's officers, directors, and employees;
- f. a list of Institution/Agency employees for whom the Foundation made payments to the Institution/Agency for supplemental compensation or any other approved purpose during the fiscal year, and the amount and nature of that payment;
- g. a list of all state and federal contracts and grants managed by the Foundation;
- h. an annual report of the Foundation's major activities;
- i. an annual report of each real estate purchase or material capital lease, investment, or financing arrangement entered into during the preceding Foundation fiscal year for the benefit of the Institution/Agency; and
- j. an annual report of (1) any actual litigation involving the Foundation during its fiscal year; (2) identification of legal counsel used by the Foundation for any purpose during such year; and (3) identification of any potential or threatened litigation involving the Foundation.

ARTICLE VII

Conflict of Interest and Code of Ethics and Conduct

1. Conflicts of Interest Policy and Code of Ethics and Conduct. The Foundation's Conflict of Interest Policy is attached as Exhibit "G", and its Code of Ethical Conduct is set forth as Exhibit "H".

2. Dual Representation. Under no circumstances may an Institution/Agency employee represent both the Institution/Agency and the Foundation in any negotiation, sign for both entities in transactions, or direct any other institution employee under their immediate supervision to sign for the related party in a transaction between the Institution/Agency and the Foundation. This shall not prohibit Institution/Agency employees from drafting transactional documents that are subsequently provided to the Foundation for its independent review, approval and use.

3. Contractual Obligation of Institution/Agency. The Foundation shall not enter into any contract that would impose a financial or contractual obligation on the Institution/Agency without first obtaining the prior written approval of the Institution/Agency. Institution/Agency approval of any such contract shall comply with policies of the State Board of Education with respect to Board approval of Institution/Agency contracts.

4. Acquisition or Development or Real Estate. The Foundation shall not acquire or develop real estate or otherwise build facilities for the Institution/Agency's use without first obtaining approval of the State Board. In the event of a proposed purchase of real estate for such purposes by the Foundation, the Institution/Agency shall notify the State Board and where appropriate, the Idaho Legislature, at the earliest possible date, of such proposed purchase for such purposes. Furthermore, any such proposed purchase of real estate for the Institution/Agency's use shall be a coordinated effort of the Institution/Agency and the Foundation. Any notification to the State Board required pursuant to this paragraph may be made through the State Board's chief executive officer in executive session pursuant to Idaho Code Section 67-2345(1)(c).

ARTICLE VIII General Terms

1. Effective Date. This Operating Agreement shall be effective on the date set forth above.

2. Right to Terminate. This Operating Agreement shall terminate upon the mutual written agreement of both parties. In addition, either party may, upon 90 days prior written notice to the other, terminate this Operating Agreement, and either party may terminate this Operating Agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within 30 days after receiving written notice from the non-defaulting party specifying the nature of the default. Should the Institution/Agency choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the Foundation that is not cured within the time frame set forth above, the Foundation may require the Institution/Agency to pay, within 180 days of written notice, all debt incurred by the Foundation on the Institution/Agency's behalf including, but not limited to, lease payments, advanced funds, and funds borrowed for specific initiatives. Should the Foundation choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the Institution/Agency that is not cured within the time frame set forth above, the Institution/Agency may require the Foundation to pay any debt it holds on behalf of the Foundation in like manner. The parties agree that in the event this Operating Agreement shall terminate, they shall cooperate with one another in good faith to negotiate a new agreement within six (6) months. In the event negotiations fail, the parties will initiate the Dispute Resolution mechanism described below (through reference to the Foundation Chair and the State Board) to further attempt to negotiate a new agreement within the time period specified herein, they will refer the matter to the State Board for resolution. Termination of this Operating Agreement shall not constitute or cause dissolution of the Foundation.

3. Dispute Resolution. The parties agree that in the event of any dispute arising from this Operating Agreement, they shall first attempt to resolve the dispute by working together with the appropriate staff members of each of the parties. If the staff cannot resolve the

dispute, then the dispute will be referred to the Chair of the Board of the Foundation and the Institution/Agency President. If the Board Chair and Institution/Agency President cannot resolve the dispute, then the dispute will be referred to the Foundation Chair and the State Board for resolution. If they are unable to resolve the dispute, the parties shall submit the dispute to mediation by an impartial third party or professional mediator mutually acceptable to the parties. If and only if all the above mandatory steps are followed in sequence and the dispute remains unresolved, then, in such case, either party shall have the right to initiate litigation arising from this Operating Agreement. In the event of litigation, the prevailing party shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including court costs, attorney fees, and other professional expenses.

4. Dissolution of Foundation. Consistent with provisions appearing in the Foundation's bylaws and its articles of incorporation, should the Foundation cease to exist or cease to be an Internal Revenue Code §501(c) (3) organization, the Foundation shall transfer to the State Board the balance of all property and assets of the Foundation from any source, after the payment of all debts and obligations of the Foundation, shall and such property shall be vested in the State Board in trust for the use and benefit of the Institution/Agency. Any such assets not so disposed of shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

5. Board Approval of Operating Agreement. Prior to the Parties' execution of this Operating Agreement, an unexecuted copy of this Operating Agreement must be approved to the State Board. Furthermore, this Operating Agreement, including any subsequent modifications and restatements of this Operating Agreement, shall be submitted to the State Board for review and approval no less frequently than once every three (3) years or more frequently if otherwise requested by the State Board

6. Modification. Any modification to the Operating Agreement or Exhibits hereto shall be in writing and signed by both Parties.

7. Providing Document to and Obtaining Approval from the Institution/Agency. Unless otherwise indicated herein, any time documents are to be provided to the Institution/Agency or any time the Institution/Agency's approval of any action is required, such documents shall be provided to, or such approval shall be obtained from, the Institution/Agency's President or an individual to whom such authority has been properly delegated by the Institution/Agency's President.

8. Providing Documents to and Obtaining Approval from the Foundation. Unless otherwise indicated herein, any time documents are to be provided to the Foundation or any time the Foundation's approval of any action is required, such document shall be provided to, or such approval shall be obtained from, the Foundation's Board of Directors or an individual to whom such authority has been properly delegated by the Foundation's Board of Directors.

9. Notices. Any notices required under this Operating Agreement may be mailed or delivered as follows:

To the Institution/Agency:

President
Institution/Agency
Street Address
City, State and Zip

To the Foundation:

Managing Director
Foundation, Inc.
Street Address
City, State and Zip

10. No Joint Venture. At all times and for all purposes of this Memorandum of Understanding, the Institution/Agency and the Foundation shall act in an independent capacity and not as an agent or representative of the other party.

11. Liability. The Institution/Agency and Foundation are independent entities and neither shall be liable for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members or employees.

12. Indemnification. The Institution/Agency and the Foundation each agree to indemnify, defend and hold the other party, their officers, directors, agents and employees harmless from and against any and all losses, liabilities, and claims, including reasonable attorney's fees arising out of or resulting from the willful act, fault, omission, or negligence of the party, its employees, contractors, or agents in performing its obligations under this Operating Agreement. This indemnification shall include, but not be limited to, any and all claims arising from an employee of one party who is working for the benefit of the other party. Nothing in this Operating Agreement shall be construed to extend to the Institution/Agency's liability beyond the limits of the Idaho Tort Claims Act, Idaho Code §6-901 et seq.

13. Assignment. This Operating Agreement is not assignable by either party, in whole or in part.

14. Governing Law. This Operating Agreement shall be governed by the laws of the State of Idaho.

15. Severability. If any provision of this Operating Agreement is held invalid or unenforceable to any extent, the remainder of this Operating Agreement is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

16. Entire Agreement. This Operating Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior agreements and understandings pertaining thereto.

IN WITNESS WHEREOF, the Institution/Agency and the Foundation have executed this Operating Agreement on the above specified date.

Institution/Agency

By: _____
Its: President

Institution/Agency Foundation, Inc.

By: _____
Its: Chairman

EXHIBIT "A"

Loaned Employee Agreement

EXHIBIT "B"

Service Agreement

EXHIBIT "C"

Investment Policy

EXHIBIT "D"

Articles of Incorporation

EXHIBIT "E"

Indenture Dated May 20, 1975

EXHIBIT "F"

Amended and Restated Bylaws

EXHIBIT "G"

Conflict of Interest Policy

EXHIBIT "H"
Code of Ethical Conduct

BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017

SUBJECT

FY 2019 Permanent Building Fund Advisory Council recommendations

REFERENCE

August 2017 State Board of Education (Board) approved the FY2019 Permanent Building Fund (PBF) capital project requests submitted by the universities and noted the capital project requests submitted by the community colleges

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.8. and Section V.K.

BACKGROUND/DISCUSSION

Annual budget requests for major construction projects—i.e. capital projects, alteration and repair (A&R) projects, and Americans with Disabilities Act (ADA) projects—follow a dual-track approval process. In addition to the oversight and approval process provided by the Board, major construction project budget requests are also subject to review and prioritization by the Permanent Building Fund Advisory Council (PBFAC), with staff assistance provided by the Division of Public Works (DPW). After the Board deliberated upon and approved PBF requests from the colleges and universities in August 2017, the requests were submitted to DPW for review, and DPW then developed recommendations for the distribution of limited PBF dollars for FY2019 which were considered and approved by the PBFAC on November 2, 2017.

The infrastructure needs of the higher education institutions significantly exceed the available resources within the PBF. Deferred maintenance needs at the institutions are calculated to be on the order of hundreds of millions of dollars. Idaho institutions' needs reflect the national trend in which average deferred maintenance per square foot at public institutions is approximately \$110 dollars per square foot. The four 4-year institutions in Idaho own and maintain over 15 million square feet of facilities, suggesting a deferred maintenance level (not counting the community colleges' facilities) of over \$1 billion. The PBF dollars available for allocation to all state agencies in FY2019 total approximately \$33.2 million. Within that amount, the PBFAC has recommended approximately \$3.0M for capital construction projects, \$28.9M for A&R projects, and \$1.3M for ADA projects.

The recommended PBF allocation for FY2019 differs sharply from the FY2018 approach. For FY2018 a typical number of A&R and ADA requests were funded, while over \$42M in additional funding was provided for new capital construction projects for higher education, including \$10M for BSU's Center for Materials Science; \$10M for LCSC's Career Technical Education Facility; \$10M for UI's Center for Agriculture, Food and the Environment; \$10M for ISU's Gale Life Sciences Building; and \$2.4M for the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) facility expansion in Moscow. This exceptional level of one-time capital project funding was made possible by the infusion of over \$45M of General Fund dollars to supplement the FY2018 PBF pool.

**BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017**

The PBFAC’s recommendations for FY2019 emphasize A&R projects. The Governor and representatives of the Division of Financial Management (DFM) and Legislative Services Office (LSO) met with the PBFAC, the Director of the Department of Administration, DPW Staff, and Board Staff on the morning of November 2, 2017 to discuss the Governor’s PBF priorities for FY2019. The Governor stressed the need for increased focus on deferred maintenance needs, and he suggested that PBF support for construction of new facilities be limited. He stressed the need to maintain the facilities we have, even though that function often appears to be less glamorous and less likely to earn matching funds from external donors than building and naming brand new facilities. In response to the Governor’s questions, Board staff providing a brief outline of the higher education facilities Occupancy Cost process (which includes ongoing funding to maintain facilities), the scope of deferred maintenance needs at the institutions, and the significant resources that the colleges and universities have provided from internal and external sources to leverage the limited PBF pool of dollars—which has remained essentially constant for decades. Board staff also emphasized that addressing deferred maintenance needs and keeping higher education facilities in safe working order to support the education of students has been—and continues to be—a priority for the State Board of Education.

The table below summarizes the higher education capital project requests for FY2019.

FY2019 Permanent Building Fund Requests	Project Cost	
	PBF Request	Total Project Cost
Boise State University		
New Academic Building	10,000,000	30,000,000
College of Innovation and Design	10,000,000	15,000,000
Science Laboratory Building	10,000,000	15,000,000
Idaho State University		
ISU Health and Wellness Center	3,500,000	3,500,000
Relocate COT programs to Eames bldg (Phase 2)	6,510,000	6,510,000
Remodel Frazier Hall basement	1,299,700	1,299,700
Meridian dental expansion	2,300,000	2,300,000
University of Idaho		
Library Renovations/Student Success Improvements	2,800,000	2,800,000
Research and Classroom Facility	4,000,000	20,000,000
College of Southern Idaho		
Canyon Building Remodel and Modernization	829,000	829,000
College of Western Idaho		
Nampa Campus Health Science Building	2,500,000	46,000,000
Boise Campus Building & Site Development	750,000	60,000,000
North Idaho College		
Meyer Health Science Bldg addition	4,875,950	4,875,950
Total	59,364,650	208,114,650

LCSC and EITC had no capital project PBF requests for FY 2019

**BUSINESS AFFAIRS AND HUMAN RESOURCES
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The PBFAC’s FY2019 PBF recommendations for higher education conform to the Governor’s emphasis on deferred maintenance. Out of the \$59.4 million in PBF requests by the colleges and universities for capital projects, only one institution (College of Southern Idaho) was recommended for PBF support—and that \$830,000 recommendation was for the remodel of an existing facility. No “brand new” facility projects made the PBFAC recommendation list. In contrast to the austere recommendation for capital (new building) projects, the FY2019 PBF list provides a healthy allocation of funds for A&R projects and ADA requests. The PBF allocations to the higher education institutions in these categories is, on average, higher than the typical funding levels of recent years. The list of the PBFAC’s recommendations is summarized in the table below, and an itemized list of recommended projects for FY2019 is provided in Attachment 1.

FY2019 PBF Recommendations	Capital Projects	Alteration & Repair	ADA
Boise State University	-	4,439,791	350,000
Idaho State University (incl. \$733,139 for CHE in IF)	-	5,152,279	350,000
University of Idaho	-	4,346,300	330,600
Lewis-Clark State College	-	900,000	-
Eastern Idaho Technical College	-	592,000	-
College of Southern Idaho	830,000	926,000	-
College of Western Idaho	-	385,000	-
North Idaho College	-	770,000	-
Total	830,000	17,511,370	1,030,600

The PBFAC will continue its efforts to educate lawmakers on the need for additional funding to support Idaho’s infrastructure, and the Council echoed the Governor’s point that deferred funding for maintenance of facilities is shifting a major burden onto the backs of future generations of Idahoans. The Council intends to explore avenues in which additional infusions of General Fund dollars into the PBF would be possible.

The next phase in the facilities funding process will be centered on the Joint Finance-Appropriations Committee’s consideration of the recommendations from the PBFAC and the Governor’s FY2019 budget request.

IMPACT

The PBFAC’s FY2019 PBF recommendations will be helpful to the institutions as they work to address the highest priority items on their deferred maintenance lists. The focus

BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017

on A&R projects for the FY2019 funding cycle complements the approach taken in FY2018 in which higher education received exceptional support for major capital projects. Regardless of the balance point between new facilities construction and maintenance of current facilities in annual PBF budgets, the total dollars available from the state at the current PBF funding levels are insufficient to sustain the infrastructure needs of higher education and sister agencies in the state.

ATTACHMENTS

Attachment 1-FY2019 PBFAC PBF recommendations

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STAFF COMMENTS AND RECOMMENDATIONS

Efforts by the Board and the institutions and agencies under its authority to educate lawmakers and the public on infrastructure support needs should continue. The Governor has expressed his interest in revisiting the facility sustainment approaches and formulas established in the higher education Occupancy Cost process to improve the current system. Board staff will continue to point out the costs/benefits trade-off analysis that drives decisions to demolish and replace some of the system's oldest, maintenance-intensive facilities with new, safe, and efficient facilities. There should be a balance of funding for capital projects, A&R projects, and ADA projects within annual budget cycles and over time. A process which could tap sufficient reserves to take advantage of economic cycles (the ability to continue infrastructure investments during economic downturns, when construction costs are most favorable) would be helpful.

BOARD ACTION

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

FY2019 AGENCY CAPITAL REQUESTS

AGENCY / INSTITUTION	DPW RECOMMENDATIONS	PREVIOUS LY PROVIDED FUNDING	CURRENT AGENCY REQUESTS	TOTAL PROJECT COST	AGENCY PRIORITY	AGENCY FUNDS
AGRICULTURE, DEPARTMENT OF						
Replace Animal, Dairy, and Pathology Lab			7,000,000	10,000,000	2	3,000,000
TOTAL	-		7,000,000	10,000,000		3,000,000
CORRECTION, DEPARTMENT OF						
Water Lagoon Improvements due to New EPA Requirements, NICI	1,220,000		1,212,553	1,212,553	1	
Replace Roof and Roof Top HVAC Units, Phase 1, ISCC			1,000,000	1,000,000	2	
TOTAL	1,220,000	0	2,212,553	2,212,553		
EDUCATION, STATE BOARD OF						
BOISE STATE UNIVERSITY						
New Academic Building, School of Public Service			10,000,000	30,000,000	1	20,000,000
Expand College of Innovation and Design			10,000,000	15,000,000	2	5,000,000
New Laboratory Building			10,000,000	15,000,000	3	5,000,000
SUBTOTAL	-	0	30,000,000	60,000,000		30,000,000
IDAHO STATE UNIVERSITY						
New Health and Wellness Center (rvsd. 9-26-17)			3,500,000	3,500,000	1	
Relocate COT Programs to RISE Building, Phase 2			6,510,000	6,510,000	2	
Remodel Basement, Frazier Hall			1,299,700	1,299,700	3	
Dental Hygiene Expansion, Meridian			2,300,000	2,300,000	4	
SUBTOTAL	-	0	13,609,700	13,609,700		
UNIVERSITY OF IDAHO						
Library Renovations and Student Success Improvements			2,800,000	2,800,000	1	
Research and Classroom Facility (AF=\$16M)			4,000,000	20,000,000	2	16,000,000
SUBTOTAL	-	0	6,800,000	22,800,000		16,000,000
LEWIS-CLARK STATE COLLEGE						
CTE Building			20,000,000	20,000,000	1	
SUBTOTAL	-	0	20,000,000	20,000,000		
NORTH IDAHO COLLEGE						
Addition to Meyer Health Science Building			4,875,950	4,875,950	1	
SUBTOTAL	-	0	4,875,950	4,875,950		
COLLEGE OF SOUTHERN IDAHO						
Canyon Building Remodel and Modernization (revised scope 9-25-17)	830,000		829,000	829,000	1	
SUBTOTAL	830,000	0	829,000	829,000		
COLLEGE OF WESTERN IDAHO						
New Health Science Building, Nampa Campus			2,500,000	46,000,000	1	43,500,000
Building & Site Development, Boise Campus (Other Funds=\$59,250,000)			750,000	60,000,000	2	
SUBTOTAL	-	0	3,250,000	106,000,000		43,500,000
	830,000	TOTAL	79,364,650			
		SBE:				
HEALTH AND WELFARE, DEPARTMENT OF						
Construct New Skilled Nursing Facility, SHS			27,000,000	27,000,000	1	
TOTAL	-	0	27,000,000	27,000,000		
IDAHO STATE HISTORICAL SOCIETY						
Complete Restoration and Enhance Public Access to Stricker Ranch & Rock Creek Station, Phase 3, (Request moved to A&R with additional phases)			0	0	1	
TOTAL	-	0	0	0		
IDAHO STATE POLICE						
Construction Of A 60 Unit, 120 Bed Dorm Facility, P.O.S.T. , Meridian			6,513,421	6,513,421	1	
TOTAL	-	0	6,513,421	6,513,421		
MILITARY, DIVISION OF						
Morale, Welfare, and Recreation (MWR) Facility	250,000		250,000		1	
TOTAL	250,000		250,000			
PARKS AND RECREATION, DEPARTMENT OF						
New Park Administrative Center, Thousand Springs S.P., Hagerman			600,000	1,200,000	1	600,000
New Administrative Support Building, Lake Walcott S.P.			294,000	294,000	2	
Replace Vehicle Storage Unit, Priest Lake S.P.			52,500	52,500	3	
New Vehicle Storage Unit, North Region Office			42,725	42,725	4	
TOTAL	-	0	989,225	1,589,225		600,000
PUBLIC SAFETY COMMUNICATIONS						
Development and Construction of New Communications Site, Lewiston Hill	700,000		700,000	750,000	1	50,000
Replace and Upgrade Tower, Mica Peak Communications Site, Coeur d'Alene			270,000	300,000	2	30,000
Replace and Upgrade Tower, Howard Mountain Communications Site, Pocatello			270,000	300,000	3	30,000
TOTAL	700,000	0	1,240,000	1,350,000		110,000
TOTAL FY19 AGENCY REQUESTS	3,000,000	0	124,319,849	276,779,849		

PBFAC
RECOMMENDATION

FY2019 ALTERATION AND REPAIR PROJECT REQUESTS

REVISED 11-10-2017

AGENCY / INSTITUTION

DPW AGENCY PRIORITY
RECOMMENDATIONS REQUESTS**MULTI-AGENCY**

Old Penitentiary Road Improvements, Phase 3

	562,000	562,000	1
TOTAL	562,000	562,000	

ADMINISTRATION, DEPARTMENT OF

Complete Replacement of Domestic Water Service, JRW Bldg

(Note: \$316,206 was provided in FY18)

600,000 600,000 1

Complete Replacement of Domestic Water Service, LBJ Building

800,000 2

Replace 5th Floor Surface Coating, Garage #1

300,000 3

Replace Roof, Alexander House

30,000 4

Replace Switch Gear, JRW Bldg

250,000 5

Replace Switch Gear, LBJ Bldg

250,000 6

Replace Switch Gear, Borah Bldg

250,000 7

Complete Replacement of Domestic Water Service, Lewiston Bldg

350,000 8

HVAC, Replace 14 AHUs, 954 Jefferson

700,000 9

HVAC, Replace VFD and DDC Controls

450,000 10

(Note: Project can be performed in 3 phases, \$500K each)

Replace Flooring, 1st Floor and Basement Lobbies, LBJ Bldg

1,500,000 11

Paint Complete Exterior, Alexander House

300,000 12

Replace Exterior Windows, JRW Bldg

30,000 13

HVAC, Complete System Air Balance and DDC Controls, JRW Bldg

1,000,000 14

HVAC, Replace Chillers #1 and #2, Central Plant, Capitol Mall

600,000 15

TOTAL	600,000	8,010,000	16
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AGRICULTURE, DEPARTMENT OF

Replace Sub-Surface & Replace Paving, Areas 4, and 5, Old Pen Rd.

(Note, this project can be performed in phases)

200,000 200,000 1

TOTAL	200,000	200,000	
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CORRECTION, DEPARTMENT OF

Replace Roof, McKelway, ICIO (revised 9-7-2017)

410,036 410,036 1

Upgrade Fire Life Safety System, IMSI

935,345 935,345 2

Upgrade Fire Life Safety System, NICI

269,697 269,697 3

Repair Hydronic Pipes, A & J Block, Phase II, IMSI

220,796 220,796 4

Upgrade Restrooms, Unit 8 & 10, ISCI

802,762 802,762 5

Remodel Restrooms, Unit 3, NICI

275,748 275,748 6

Replace Roof, Work Camp Main Bldg., St. Anthony

469,720 469,720 7

Remodel Bathroom, North Dorm, SICI

866,877 8

Remodel McKelway Showers and Install I-Con Fixtures, ICIO

421,854 9

Replace 13 RTUs, Main Building & 2 FAU/Condensers at CCU + DDC Controls,

287,937

PWCC

10

Replace Roof, Chapel, ISCI

148,870 11

Replace Cell Doors and Call Light Wiring, B Block, IMSI

203,598 12

Mechanical Screening System Addition, Waste Water Lagoons, ISCC

797,196 13

Replace 198 Porelain Sinks/Toilets, IMSI

740,276 14

Remodel Restrooms, Unit 2 and 5, PWCC

691,860 15

TOTAL	3,384,104	7,542,572	
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EDUCATION, STATE BOARD OF

BOISE STATE UNIVERSITY

Rewire Albertsons Library (OIT)

100,000 100,000 1

Access Control Replacement, Phase 2, Campus Wide

500,000 500,000 2

Replace Roof, Yanke Center

366,791 450,000 3

Lab Space Conversions & Renovations, Multiple Buildings

500,000 4

Campus Lighting, Campus Wide

500,000 5

Irrigation Central Pumping Station & Irrigation Main Line, South Campus

400,000 400,000 6

Upgrade HVAC, Riverfront Hall

900,000 900,000 7

FY2019 ALTERATION AND REPAIR PROJECT REQUESTS

REVISED 11-10-2017

AGENCY / INSTITUTION	DPW	AGENCY REQUESTS	PRIORITY
	RECOMMENDATIONS		
BOISE STATE UNIVERSITY CONTINUED		0	
Upgrade Electrical, Riverfront Hall	930,000	930,000	8
Water Upgrade, Phase 2, Science Building	475,000	475,000	9
Outdoor Plant Upgrades, OIT	68,000	68,000	10
Upgrade Fire Alarm & Emergency Notification, Phase 8, Multiple Buildings		148,000	11
Classroom Renewal & Pedagogical Improvements, Multiple Buildings		150,000	12
Repair Southeast Air Handler, Albertsons Library	450,000	450,000	13
Environmental Safety Alarm Pull Stations, ERB	250,000	250,000	14
Renovate 4th & 6th Floors, Phase 2, Education Building		100,000	15
Replace High Voltage Loop, Phase 1 of 5		500,000	16
Recurring Elevator Repair/Upgrade, Multiple Buildings		500,000	17
Recurring Refrigerant Systems Replacement, Multiple Buildings		700,000	18
Theater Curtain Fire Resistance Assessment & Replacement, Multiple Buildings		100,000	19
Information Technology Infrastructure, Phase 2, Campus Wide		500,000	20
Recurring Concrete and Masonry Repair, Campus Wide		360,000	21
Replace Electrical Switch Gear, SPEC		100,000	22
Rooftop Access & Fall Protection Upgrades, Multiple Buildings		250,000	23
Pool Dehumidification & Ventilation System Replacement, Kinesiology Annex		800,000	24
Fume Control/Paint Booth, HML		50,000	25
Infrastructure Phase 1 Assessment/Master Plan Study		80,000	26
HVAC Validation, Science Building		50,000	27
Laboratory Deionized Water Distribution System Upgrade, Science Building		895,000	28
Sub C2117, Rewire Communications Room Build, OIT		60,000	29
Recurring Flooring Abatement & Replacement, FY19 Priority Buildings		495,000	30
Renovation for CID, Phase 2, Albertsons Library		300,000	31
Concrete Sealant, University Parking Structures		200,000	32
Pneumatic Controls to DDC Upgrade, Science Building		250,000	33
Exterior Wayfinding Signage, Phase 1, Campus Wide		500,000	34
Replace Pneumatic HVAC Controls with DDC, Multiple Buildings, SPEC, &		800,000	35
Replace Main Air Handler, Liberal Arts		275,000	36
Upgrade Plumbing System, Bronco Gym		140,000	37
Upgrade Building Emergency Power System, Campus Wide		150,000	38
Replace Boiler, Yanke Family Research Park		400,000	39
Irrigation Main Line Distribution & Point of Use Controls, Campus Wide		290,000	40
Window Film, SMASH		30,000	41
Replace Storefront, Campus Wide		150,000	42
EIFS Repair, MEC		197,000	43
Upgrade Electrical Power Service Entrance, Admin Building		198,000	44
Upgrade HVAC, Yanke Family Research Park		850,000	45
Replace Doors, Campus School		75,000	46
Electrical Feed to Switch Gear, Taco Bell Arena		50,000	47
Integrated Security System, Phase 2, Campus Wide		500,000	48
Mass Notification, Campus Wide		230,000	49
Pedestrian Safety, Cesar Chavez		300,000	50
Emergency Phone Replacement & Additions, Phase 3, Campus Wide		130,000	51
Pedestrian/Bicycle Circulation Master Plan & Safety Improvements, Campus Wide		300,000	52
HVAC System Operation Analysis & Validation, MEC		30,000	53
Update Master Key Project, Phase 3		230,000	54
Remove Smokestack, Heat Plant		100,000	55
Elevator Shaft Damper Study and Install, Campus Wide		250,000	56
Emergency Notification System, Multiple Buildings		105,000	57
Parking Lot Asphalt Overlay, Campus Wide		250,000	58
Complete South Campus Power Loop		350,000	59
Steam Tunnel Lid Renovations, Campus Wide		100,000	60
Stucco, Child Care Center		150,000	61
Assess Safety Shut-Off, MEC		50,000	62

FY2019 ALTERATION AND REPAIR PROJECT REQUESTS

REVISED 11-10-2017

AGENCY / INSTITUTION	DPW	AGENCY	PRIORITY
	RECOMMENDATIONS	REQUESTS	
BOISE STATE UNIVERSITY CONTINUED		0	
Assess Emergency Shower Systems, MEC		50,000	63
Single Mode Fiber Termination, Taco Bell Arena, OIT		5,000	64
Connect All Emergency Generators via Network, Campus Wide		100,000	65
Furr Out Walls, Insulate & Windows, Math		350,000	66
Emergency Generator, Heat Plant		150,000	67
Furr Out Walls/Insulate, Admin		200,000	68
Electronic Access Project, Phase 4		295,000	69
Electronic Access Project, Phase 5		293,000	70
Renovations for Teaching and Research Space for COAS, COEN, COE, COSSPA (cont.)		455,000	71
Environmental Artifact Display Gallery		1,000,000	72
School of Public Service, Barnes Towers		450,000	73
Siding Replacement, Yanke		500,000	74
Electrical Expansion, Albertsons Library		0	75
Genset Backup, Science		200,000	76
Assess Emergency Lighting, Science Building		50,000	77
Renovate Academic and Career Services		100,000	78
Flooring Repairs and Remodel, Computer Classroom 103, MEC		250,000	79
Infrastructure Upgrade, Taco Bell Arena		700,000	80
Remodel Engineering, 103 and 110		1,750,000	81
Vivarium Buildout		900,000	82
Vacated Space Renovation, Culinary Arts		460,000	83
Research Facility Human Environment Systems, Location TBD		350,000	84
Replace Lab Casework, Science Building		631,000	85
Replace Obsolete HVAC Controllers, Multiple Buildings		250,000	86
Exterior Repairs, Multiple Buildings		180,000	87
Replace Windows and Aluminum Frames, Albertsons Library		850,000	88
Windows and Doors, Albertsons Library		30,000	89
Install 4-Pipe Heating/Cooling Systems, Liberal Arts		600,000	90
HVAC Upgrade, Campus School		150,000	91
Renovate 2 First Floor Labs, Math		200,000	92
High Density Stacks with Retrieval System, Pioneer Hall		0	93
Renovate Vacated Space, Liberal Arts		200,000	94
Upgrades IML Facilites Vacuum, Engineering		150,000	95
1st Floor Renovations, Albertsons Library		0	96
Lobby Entry Finishes, Ceiling, Science Education		150,000	97
Ceiling Tile Renewal, Various Buildings		250,000	98
Upgrade Entry and Corridor, Science		150,000	99
Replace Ceiling Tile, Engineering		250,000	100
Replace 1x1 Ceiling Tiles in Lobby, Education		200,000	101
Replace Remaining 1x1 Ceiling Tiles, Science Building		275,000	102
Exterior Repairs, Morrison Center		50,000	103
Replace 1x1 Ceiling Tile System, Morrison Center, Academic		97,000	104
Lobby Entry Finishes, Ceiling, Morrison Center		100,000	105
Modificaton to Space for a Scale Up Classroom		150,000	106
Upgrade Student Study Areas, Engineering		150,000	107
Conversation Labs, Location TBD		150,000	108
Terrace, Second Floor Library S, Albertsons Library		75,000	109
Renovate Vacated Space, Hemingway		256,000	110
Landscape and Parking Improvements, South Campus		150,000	111
Renovate Vacated Space, Yanke		200,000	112
Remodel Entry, SMASH		250,000	113
Upgrade Process Chilled Water, MEC		170,000	114
Multiple Projects, Special Events Center		148,000	115
Upgrade, Towers		750,000	116
2nd or 3rd Floor Library N, Frank Church, Albertsons Library		75,000	117
Renovation for Library Acoustics, Albertsons Library		0	118
Remodel Pod 8, Yanke		250,000	119
Renovate Office Suite 210/215, Albertsons Library		0	120
Renovate and Consolidate Space, Admin. Building		780,000	121

ATTACHMENT 1

FY2019 ALTERATION AND REPAIR PROJECT REQUESTS

REVISED 11-10-2017

AGENCY / INSTITUTION	DPW RECOMMENDATIONS	AGENCY REQUESTS	PRIORITY
<i>BOISE STATE UNIVERSITY CONTINUED</i>			0
Upgrade Bicycle End-Trip, Campus Wide		145,000	122
Replace Lighting, Visual Arts Center		50,000	123
Improvements, Site/Irrigation, Yanke		573,000	124
SUBTOTAL	4,439,791	36,984,000	
<i>IDAHO STATE UNIVERSITY</i>			
Conduct 50 Year Inspections, Replace Fire Sprinkler Heads, Designated Buildings	651,270	651,270	1
Replace Boiler #3 Refractory, Heat Plant (rvsd. 9-26-17)	253,000	253,000	2
Repair Utility Tunnel, Replace Steam and Condensate Lines, Campus Wide (rvsd.	656,000	656,000	3
Replace Roof, Meridian	1,140,000	1,140,000	4
Replace Ceilings, Provide Ducted HVAC Returns, Tingey Administration Building	149,050	149,050	5
Replace Damaged Concrete/Walkways, Campus Wide	148,000	148,000	6
Expand Nursing Department, Meridian	293,850	293,850	7
HVAC Upgrade, Reed Gym	989,000	989,000	8
Remodel Dietetics Food Lab, Albion Hall		674,398	9
Replace Roof System, Red Hill		523,628	10
Install Backflow Check Valves for Campus Irrigation System, Campus Wide		130,000	11
Install Door Access Control on Outside Doors, Fine Arts, Pharmacy, Liberal Arts, Frazier Hall, Business Administration, Physical Science, Engineering, Gravely Hall		460,000	12
Replace Roof System, ESTEC	138,970	138,970	13
Replace Roof System, Carpenter Shop		212,551	14
Replace Roof System, Rendezvous Building		703,230	15
Abate/Replace Flooring, Secure Book Stacks With Seismic Bracing, COE Library		51,750	16
Replace Fire Escape Stairs, Colonial Hall		250,000	17
Replace Flooring, Liberal Arts Building		388,513	18
SUBTOTAL	4,419,140	7,813,210	
<i>IDAHO STATE UNIVERSITY -- UNIVERSITY PLACE</i>			
Replace Roof, CHE	733,139	733,139	1
Replace Acid Resistant Countertops in Labs, CHE		190,000	2
SUBTOTAL	733,139	923,139	
<i>UNIVERSITY OF IDAHO</i>			
Engineering Shop and Storage Addition, KUID Building	201,000	201,000	1
Campus Sidewalks, Stadium Drive & Blake Avenue	121,300	121,300	2
7th Steet Pedestrian Improvements	504,100	504,100	3
Line Street Steam Tunnel Lid Repair and Replacement	415,100	415,100	4
Repair/Renovate East Entry Steps/Planters, Menard Law Building	415,300	415,300	5
Replace Roof, Agricultural Biotechnology Laboratory	320,700	320,700	6
Administration Building Rated Building Improvements (Life Safety, DBS)	385,000	385,000	7
Exterior Masonry Repairs, Buchanan Engineering Laboratory	435,000	435,600	8
Replace Roof, Nicolls Building	60,500	60,500	9
HVAC Upgrade, Life Sciences South, Phase 3	1,298,300	1,298,300	10
Replace Roof, Library		720,000	11
Recoat I Tank Exterior (Domestic Water Tank)	190,000	190,000	12
HVAC System Repair, Gibb Hall, Phase 2		1,296,200	13
HVAC System Improvements, Administration Building, Phase 2		1,299,300	14
Replace AC Mains, Domestic Water System, Phase 1		773,700	15
HVAC Upgrade, Janssen Engineering Building, Phase 4		680,400	16
HVAC Sysem Repair, Gibb Hall, Phase 3		1,299,300	17
Repairs/Repaving, Idaho Avenue Extension		975,500	18
Repair Campus Drive/Administration Circle, Phase 1		857,000	19
Replace Perimeter Drive, Paradise Creek Undercrossing		982,000	20
Emergency Power Generator, Steam Plant		1,071,300	21
Reconfigure/Rebuild Nez Perce Drive		849,800	22
Replace AC Mains, Domestic Water System, Phase 2		603,700	23
Fire Lane/Pedestrian Improvements, Life Safety, South Academic Mall		495,000	24

ATTACHMENT 1

FY2019 ALTERATION AND REPAIR PROJECT REQUESTS

REVISED 11-10-2017

<i>AGENCY / INSTITUTION</i>	<i>DPW</i>	<i>AGENCY</i>	<i>PRIORITY</i>
	<i>RECOMMENDATIONS</i>		
	<i>RECOMMENDATIONS</i>	<i>REQUESTS</i>	
<i>UNIVERSITY OF IDAHO CONTINUED</i>		0	
Repairs, Campus Drive, Phase 2		650,000	25
Life Safety, Engineering Lab, Buchanan, Phase 3		500,000	26
Replace AC Mains, Domestic Water System, Phase 3		550,000	27
SUBTOTAL	4,346,300	17,950,100	
 <i>LEWIS-CLARK STATE COLLEGE</i>			
Repairs, Center for Arts & History (AF=\$78,000)	400,000	400,000	1
Electrical Engineering Study (AF=\$5,000)	25,000	25,000	2
1st Floor Buildout, Clearwater Hall	345,000	345,000	
Remodel & Space Expansion for Movement and Sport Sciences, Activity Center West	130,000	130,000	
SUBTOTAL	900,000	900,000	3
 <i>NORTH IDAHO COLLEGE</i>			
Parking Lot, Old Mill Site	580,000	580,000	1
Mechanical Upgrade, Boswell Hall		850,000	2
Schuler Performing Arts Refresh	190,000	160,000	3
Garage Addition to Maintenance Shop		95,000	4
Steam Plant Elimination Project, Phase 1		495,000	5
Steam Plant Elimination Project, Phase 2		633,000	6
SUBTOTAL	770,000	2,233,000	
 <i>COLLEGE OF SOUTHERN IDAHO</i>			
Geothermal Well 2 Enclosure	75,000	75,000	1
LED Upgrade, Expo Center Interior Lighting	112,000	112,000	2
Fire Alarm Upgrade, Herrett Museum	101,600	101,600	3
N. College Road Bike Lane Completion	76,000	76,000	4
Replace Return Air Fans J1 and J2, Canyon Building	60,000	60,000	5
Upgrade Fire Alarm, Evergreen Building	76,200	76,200	6
Repave Road, Idaho Office on Aging (IOOA), & Gym Parking	250,000	250,000	7
Sidewalk Replacement, Hepworth Building	55,200	55,200	8
LED Upgrade, HSHS Building Parking Lot Lights	42,000	42,000	9
Upgrade Chiller Elevator		250,000	10
Shields Building Window Upgrade	78,000	78,000	11
ARC Flash Project, Phase 1 of 2		164,900	12
SUBTOTAL	926,000	1,340,900	
 <i>COLLEGE OF WESTERN IDAHO</i>			
Flooring Upgrade, Corridor and Common Area, NCAB	150,000	150,000	1
Classroom Improvements, Upgrade Flooring & Lighting, Rooms 102E, 105, 106.	50,000	50,000	2
Electrical Sub-Metering, Campus Wide	75,000	75,000	3
Lighting Control Replacement, NCAB	60,000	60,000	4
Underground Utility Mapping/Utility Master Plan	50,000	50,000	5
SUBTOTAL	385,000	385,000	
 <i>EASTERN IDAHO TECHNICAL COLLEGE</i>			
Sidewalk Repair and Improvement	70,000	70,000	1
Lighting Upgrade	197,000	197,000	2
Irrigation Conversion, Phase 2	50,000	50,000	3
Repair Asphalt Parking Areas	60,000	60,000	4
Heat Pump Replacement, Alexander Creek Building, Phase 1	215,000	215,000	5
SUBTOTAL	592,000	592,000	

ATTACHMENT 1

FY2019 ALTERATION AND REPAIR PROJECT REQUESTS

REVISED 11-10-2017

AGENCY / INSTITUTION

DPW AGENCY PRIORITY
RECOMMENDATIONS REQUESTS

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Cottage Renovation, Phase 1	625,000	625,000	1
Cottage Renovation, Phase 2		525,000	2
Renovate Classroom and Restroom, Main Building		600,000	3
Resurface East Parking Lot		230,000	4
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	625,000	1,980,000	
		<hr/>	
TOTAL SBOE:	18,136,370	71,101,349	

HEALTH & WELFARE, DEPARTMENT OF

Replace Perimeter Electric Door Locks and Controls, SHN	130,000	130,000	1
Renovate Reception/Lobby Area, State Health Lab	115,000	115,000	2
Replace Low Slope Roof, SHN	185,000	185,000	3
Exterior Painting, Whitehall, SWITC	55,000	55,000	4
Campus Water System Update, SWITC	110,000	110,000	5
Replace Roof, Flammable Storage, State Health Lab	42,000	42,000	6
Replace Exterior Doors, PTF, SHS	91,000	91,000	7
Re-Build Large Parking Lot, SHS	260,000	260,000	8
Ramsey HVAC Controls, SWITC	47,000	47,000	9
Replace Interior Sewer Lines, Region VI, HDC, Pocatello	65,000	65,000	10
Replace Window, North Side Admin Bldg, SHS	85,000	85,000	11
Replace Heating Boilers, State Health Lab	200,000	200,000	12
Enclose and Upgrade Administration Backup Generator, SHS	85,000	85,000	13
Concrete Repair to Include Additional Slab to Supply Delivery Location, SHN	255,000	255,000	14
Room Environmental Monitoring, Data Logger Temperatures/Humidity, State Health Lab	120,000	120,000	15
Safety Railing, Roof Perimeter, State Health Lab	87,000	87,000	16
Renovate Campus Cottage, SHN	50,000	50,000	17
Upgrade Storage Building, SHN	87,000	87,000	18
Replace Utility Building Gym Roof, SHS		45,000	19
Replace Cemetery Fence, SHS		35,000	20
Concrete Replacement, SHS		65,000	21
Replace Parking Lot, SWITC		225,000	22
Building Demolition, SHS		500,000	23
Building Demolition, SWITC		500,000	24
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TOTAL	2,069,000	3,439,000	

IDAHO STATE HISTORICAL SOCIETY

Replace Roof, Idaho History Center	370,000	370,000	1
HVAC System, Shirt Factory, Old Pen		100,000	2
Complete Restoration and Enhance Public Access to Stricker Ranch and Rock Crk Station (Ph. 1 = \$60,000, Ph. 2 = \$90,000, Ph. 4 = \$10,000, Ph. 5 = \$40,000, Ph. 6 = \$10,000) (Capital Request for Ph. 3, \$245,000, included here)	218,600	455,000	3
Replace Roof, Horse Barn, Old Penitentiary		60,000	4
Front Porch/Foundation Assessment, Stabilization, and Site Drainage, Pierce		60,000	5
Stabilize FCMI Building, Franklin, Idaho		100,000	6
Replace Roof, Repaint, and Improvement Electrical Safety, Bishops' House, Boise		180,000	7
		<hr/>	
TOTAL	588,600	1,325,000	

IDAHO STATE POLICE

Replace Carpet, Administrative Building, Meridian		160,000	
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TOTAL	160,000	160,000	1

ATTACHMENT 1

FY2019 ALTERATION AND REPAIR PROJECT REQUESTS

REVISED 11-10-2017

<i>AGENCY / INSTITUTION</i>	<i>DPW</i>	<i>AGENCY</i>	<i>PRIORITY</i>
	<i>RECOMMENDATIONS</i>		
	<i>RECOMMENDATIONS</i>	<i>REQUESTS</i>	
JUVENILE CORRECTIONS, DEPARTMENT OF			
Replace Roof, JCC Nampa	250,000	250,000	1
Resurface Roadways, Phase 2, JCC St. Anthony	425,000	425,000	2
Replace Flooring, JCC Lewiston, Phase 2	80,000	80,000	3
Cover Outdoor Recreation Yard, JCC Nampa, Phase 2		833,000	4
Shower Remodel, JCC Lewiston	83,000	83,000	5
Replace Mechanical Equipment, JCC Nampa, Phase 1		425,000	6
TOTAL	838,000	2,096,000	
LABOR, DEPARTMENT OF			
Interior Renovation, Lewiston (Revised 8-31-17)	95,000	95,000	1
HVAC Renovation, Pocatello	100,000	100,000	2
TOTAL	195,000	195,000	
LANDS, DEPARTMENT OF			
Office Reception Area Expansion, Pend Oreille (revised 9-20-17)	360,000	360,000	1
Replace VCT and Carpet, Re-Paint Interior, Maggie Creek, Kamiah		65,000	2
Replace HVAC, CDA Staff Office, Coeur d'Alene		45,000	3
TOTAL	360,000	470,000	
LIQUOR, IDAHO STATE			
Warehouse Concrete Repair	80,000	80,000	1
Asphalt Installation, Parking Lot/Truck Turnaround		50,000	2
TOTAL	80,000	130,000	
MILITARY, DIVISION OF			
Upgrade Compound Parking, Lighting, Storage, Blackfoot RC (AF=\$125,000)			4
Interior Alterations, Upgrade Ventilation & Lighting Bldg- 509, Gowen Field- (AF=\$50,000)			2
Interior Alteration/Repair Bldg- 901, Gowen Field (AF=\$225,000)			3
Interior Repair Bldg. 950, Gowen Field (AF=\$150,000)	50,000	50,000	1
Repair Compound Drainage, Nampa RC (AF=\$125,000)	125,000	125,000	2
Interior Repair/Energy Upgrade, Post Falls RC (AF=\$125,000)	125,000	125,000	3
Repair Roof Bldg, 500/501, Gowen Field (AF=\$175,000)	175,000	175,000	4
Interior/Landscape Upgrades, Pocatello RC (AF=\$180,000)	180,000	180,000	5
Repair Parking Lot and Flagpole, Rexburg RC (AF=\$100,000)	100,000	100,000	6
TOTAL	755,000	755,000	
PARKS & RECREATION, DEPARTMENT OF			
Re-Roof Headquarters, Boise	47,000	47,000	1
Install New Carpet, North Region Office	33,250	33,250	2
Install New Carpet, Land of the Yankee Fork S.P.	31,500	31,500	3
TOTAL	111,750	111,750	
VETERANS SERVICES, DIVISION OF			
Replace Flooring, Activity, Therapy, and Public Restrooms, VET-L	148,000	148,000	1
Replace Flooring, Resident Rooms, VET-P	210,000	210,000	2
Replace Cabinets, Phase 2, VET-P	100,000	100,000	3
Remodel Business Office & Replace Windows, VET-L	130,000	130,000	4
Remodel Soiled Linen, Clean Linen, and Break Rooms, West Wing, VET-B	280,000	280,000	5
Replace Flooring, 2-East Wing Hallways, VET-B		265,000	6
Replace/Install New Drains, VET-P		160,000	7
TOTAL	868,000	1,293,000	

FY2019 ALTERATION AND REPAIR PROJECT REQUESTS

REVISED 11-10-2017

<i>AGENCY / INSTITUTION</i>	<i>DPW</i>	<i>AGENCY</i>	<i>PRIORITY</i>
	<i>RECOMMENDATIONS</i>		
AGENCY SUMMARY:			
MULTI-AGENCY	562,000	562,000	
ADMINISTRATION, DEPARTMENT OF	600,000	8,010,000	
AGRICULTURE, DEPARTMENT OF	200,000	200,000	
CORRECTION, DEPARTMENT OF	3,384,104	7,542,572	
EDUCATION, STATE BOARD OF	18,136,370	71,101,349	
HEALTH AND WELFARE, DEPARTMENT OF	2,069,000	3,439,000	
IDAHO STATE HISTORICAL SOCIETY	588,600	1,325,000	
IDAHO STATE POLICE	160,000	160,000	
JUVENILE CORRECTIONS, DEPARTMENT OF	838,000	2,096,000	
LABOR, DEPARTMENT OF	195,000	195,000	
LANDS, DEPARTMENT OF	360,000	470,000	
LIQUOR, IDAHO STATE	80,000	130,000	
MILITARY, DIVISION OF	755,000	755,000	
PARKS AND RECREATION, DEPARTMENT OF	111,750	111,750	
VETERANS SERVICES, DIVISION OF	868,000	1,293,000	
TOTAL FY19 ALTERATION AND REPAIR PROJECTS	28,907,824	96,828,671	

FY2019 ADA PROJECT REQUESTS

AGENCY / INSTITUTION	DPW RECOMMEDATIONS	AGENCY REQUESTS	PRIORITY
ADMINISTRATION, DEPARTMENT OF			
New Uni-Sex ADA Restrooms, JRW Bldg	250,000	250,000	1
Renovate 8 Restrooms for ADA Requirements, LBJ Bldg		800,000	2
Renovate 22 Restrooms for ADA Requirements, PTC Bldg		2,200,000	3
Renovate 10 Restrooms for ADA Requirements, Lewiston SOB		1,000,000	4
Renovate 6 Restrooms for ADA Requirements, Idaho Falls SOB		600,000	5
ADA, Repair/Replace Heaved Sidewalks, Capitol Mall		150,000	6
Renovate 12 Restrooms for ADA Requirements, JRW Bldg		1,200,000	7
TOTAL	250,000	6,200,000	
CORRECTION, DEPARTMENT OF			
ADA, Replace Elevator, McKelway Hall, ICIO		204,192	1
TOTAL	0	204,192	
EDUCATION, STATE BOARD OF			
BOISE STATE UNIVERSITY			
ADA Access Improvements, Campus Wide		150,000	1
ADA Upgrades, Education Building, Phase 2		350,000	2
SUBTOTAL	350,000	500,000	
IDAHO STATE UNIVERSITY			
New ADA Elevator, Family Medicine		350,000	1
SUBTOTAL	350,000	350,000	
UNIVERSITY OF IDAHO			
Universal Accessible Curb Ramps, Main Campus		410,300	1
Replace Cab and Lift Equipment, Ag Science Elevator	330,600	330,600	2
New Elevator & Accessibility Improvements, Hartung Theater		522,500	3
Accessibility Improvements, College of Natural Resources		200,000	4
SUBTOTAL	330,600	1,463,400	
LEWIS-CLARK STATE COLLEGE			
ADA Compliance Assessment (AF=\$10,000)		40,000	1
SUBTOTAL	0	40,000	
NORTH IDAHO COLLEGE			
Provide ADA Access from Campus to Beach Facilities, Phase 2		246,225	1
SUBTOTAL	0	246,225	
COLLEGE OF SOUTHERN IDAHO			
Pedestrian Sidewalk, North College Road		79,000	1
SUBTOTAL	0	79,000	
TOTAL SBE:	1,030,600	2,678,625	
TOTAL FY17 ADA PROJECTS	1,280,600	9,082,817	

PBFAC
RECOMMENDATION

**BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017**

BOISE STATE UNIVERSITY

SUBJECT

Authorization for issuance of general revenue project bonds

REFERENCE

August 2014	Idaho State Board of Education (Board) approved Alumni and Friends Center development and occupancy agreement
October 2015	Board approved planning and design of Center for Materials Science Research
December 2016	Board approved planning and design for relocation of displaced facilities operations and central receiving into a new Campus Planning and Facilities building
August 2017	Board approved construction of Micron Center for Materials Research

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.8, V.F, V.I, V.K
Title 33, Chapter 38, Idaho Code

BACKGROUND/DISCUSSION

Boise State University (BSU) requests approval to issue tax-exempt general revenue bonds ("Series 2018A Bonds") pursuant to a Supplemental Bond Resolution in an amount not to exceed \$20,702,000.

Construction Projects NTE	\$16,500,000
Alumni and Friends Center	4,000,000
Estimated issuance costs	<u>202,000</u>
Maximum Bond Issue	<u>\$20,702,000</u>

In October of 2015, after receiving a \$25 million gift from Micron, BSU received Board approval for planning and design of a new Center for Materials Research to support the growth and prominence of the Materials Science and Engineering (MSE) program. In August 2017, the Board approved the project for construction. This request for financing approval is the final stage before bidding and entering into construction contracts.

Construction Projects

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The MSE program is the leading program in the northwest and has the largest enrollment of any doctoral level engineering program in Idaho. The new state-of-the-art building will be located on University Drive on the block directly west of the Engineering Building/Micron Engineering building. The location and design of the building have been thoughtfully considered to showcase the engineering and research mission of the building and to allow for easy access to the new academic space.

The building will consist of approximately 97,000 gross square feet including world-class research laboratory and computational spaces that will ultimately accommodate MSE faculty/principal investigators in all of the following areas: DNA/bio nano, thin films, applied electrochemistry, computational, and materials chemistry research. In addition to the laboratory spaces, the building will house teaching laboratories, departmental and faculty offices, graduate student and postdoctoral spaces, informal learning areas, and associated support spaces. The building also includes a large tiered lecture hall and two 80-seat classrooms, which have been designed to facilitate active learning methodologies. These new classrooms will be general assignment classrooms and will help offset BSU's need for additional medium/large classrooms on the southeastern side of campus. This project is anticipated to go out to bid in December 2017. Construction will be completed in early spring 2020 with occupancy the summer of 2020.

The corollary project within this larger project is the relocation of the Central Receiving building. The current Central Receiving building is located on the site of the Micron Center for Materials Research (MCMR). The Board has already approved the relocation of Central Receiving and Facilities under a separate project totaling \$1.75 million; thus, the total cost to complete both projects is \$52.25 million.

Financing Contingency and Volatility

The Division of Public Works (DPW) was authorized to secure design services and a construction manager-at-risk (CM) for the MCMR project. Current cost estimates include a construction cost of \$42.5 million. Contingencies, architectural and engineering fees, commissioning, testing, audio visual, furniture/fixtures/equipment (FFE), and other administrative and soft costs bring the estimated total MCMR project cost to \$50.5 million.

However, there remains substantial volatility in the construction market. Skilled trades, labor costs and material costs continue to escalate and vary in a sometimes unpredictable manner. In addition to the general construction market, the impact of three destructive Atlantic hurricanes making U.S. landfall this season has yet to materialize. The demand surge for construction workers and materials in Houston, Florida and Puerto Rico may impact the bidding climate this winter as has happened in other particularly bad hurricane seasons.

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The architects and the CM have been providing input related to constructability, cost and timeline. To account for the market volatility, DPW is holding a project contingency of \$1 million; the CM is holding a construction contingency of \$1.9 million as well as an escalation contingency of \$1.5 million. These contingencies are being held to ensure that the project can be built on the approved budget, but the final determining factor will be the amount of the bids opened on bid opening day, early February 2018. Also, to control for the volatility, portions of the building, including build-out of the third floor laboratories and offices and a portion of the first floor labs will be bid as additive alternates in an effort to assure a successful award within the budget. Even with the margin which additive alternates may provide, continuing volatility and inflation in the construction market create risk for the project.

The result of this is a request, as part of the bond resolution delegation that the maximum cost of the bond, and thus the maximum cost of the project, be allowed to increase if necessary to award the bids upon bid opening. Instead of fixing the amount of the bond at \$15 million, BSU is requesting authority to issue bonds in the range of \$15 million to \$16.5 million. While none of the cost estimators feel that the upper range is likely, the flexibility to issue up to that amount will ensure that there is not a gap upon bid opening that could delay construction. In fact, the architects and CM feel that the original budget is sufficient given the contingencies they are holding and, in a worst case scenario, feel that additional budget authority of \$1.5 million is the most that would be needed to ensure delivery of the building as planned. However, requesting up to \$1.5 million in additional authority is considered prudent at this point to ensure delivery of the project.

The additional bond authority does not materially affect the bond rating, BSU financial ratios, or the ability to repay the bonds. Under the bond delegation statute, the delegation of the final bond amount is allowed, even without the setting of an upper range. BSU is requesting a fixed upper range for both the bond amount and construction project budget.

The effect of the request is to approve a bond issuance and construction budget up to the amount needed to accept the bids for the MCMR in amounts not to exceed \$16.5 million in bonds and \$42.5 million in construction budget.

Alumni and Friends Center

In August of 2014, BSU received Board approval to enter into an agreement for the development, occupancy, ownership and use of the Alumni and Friends Center. Subsequent to this agreement, the Foundation entered into an Idaho Housing and Finance Association \$5 million Nonprofit Facilities Revenue Bond Series 2015 for the purpose of financing a portion of the construction. BSU leases space from the Foundation, under a capital lease, for an amount equal to the debt service payments of this debt. Upon repayment of the debt, the Foundation will donate the building to BSU (see Attachment 8, Paragraph 7).

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The bonds carry a fixed interest rate of 2.38% plus \$5,000 in fees annually (effectively 2.82%) with the final payment due May 1, 2025. The bonds are eligible for prepayment.

BSU intends to issue bonds to repay the Foundation debt allowing the cancellation of the capital lease and transfer of the Alumni and Friends Center to BSU. Under the current interest rate environment, it is projected that the new average interest rate would be approximately 1.83%, inclusive of issuance costs. In addition, once the building is owned by BSU it is eligible for additional occupancy funding. BSU bonds for the Alumni and Friends Center would be repaid by April 1, 2025.

In addition to approval for issuing the bonds, BSU is requesting approval to waive the requirement to have an appraisal performed to acquire the Alumni and Friends Center through donation from the Foundation. The original cost of the building was \$13,822,477.

Principal Amount

Total not to exceed \$20,702,000; approximately \$16.5 million in MCMR construction funding and \$4 million to finance the Alumni and Friends Center.

Maturities and Amortization Plan

To be determined the day of pricing, scheduled for February 13, 2018. The maturity structure for the Alumni and Friend Center, 2018-2025, mimics the current maturity structure for the Foundations outstanding debt. The Micron Center for Materials Research construction portion will be amortized on a level debt service basis 2018-2048.

Source of Security

General Revenue pledge of BSU, excluding appropriated funds, direct grant and contract revenues and restricted gifts.

Ratings

BSU's current ratings are Aa3/A+ by Moody's Investors Service and Standard & Poor's, respectively (see 2016A reports as Attachments 3 and 4).

Rating agency updates will be conducted in January 2018, in anticipation of the 2018A issuance.

The materials science building was noted in the previous rating reports and was anticipated to be \$27 million. The Foundation's debt profile is considered by the ratings agencies when reviewing financial information. This bond will not impact

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the total outstanding debt on the Alumni and Friends Center, but it will reduce the associated interest payments. BSU's financial profile at June 30, 2017 is consistent with the profile as of June 30, 2016. As such, it is management's expectation that the ratings will remain the same after the 2018A issuance.

IMPACT

Construction Projects

The funding for the projects leverages the strategic facility fee by utilizing several additional funding sources including a donation from the Micron Corporation, \$10 million in Permanent Building Fund (PBF) Major Capital Project funding, and additional cash donations and pledges.

The projected base funding package is as follows:

PBF funds (FY2018):	\$10,000,000
Fundraising and Other Proceeds:	25,750,000
Strategic Facilities Fees Bonds:	<u>16,500,000</u>
 Total Not to Exceed:	 <u>\$52,250,000</u>

This project will be procured through the Construction Manager at Risk process through the Division of Public Works and/or the Idaho Division of Purchasing standard process as appropriate.

The Alumni and Friends Center

The impact of the request is to allow BSU to reduce its current borrowing costs via a reduction in the interest rate on outstanding debt and to increase revenues associated with occupancy appropriations. This action has no impact on bond ratings as both capital leases and bonds are considered when evaluating debt capacity.

BSU's current debt service ratio is 4.78 percent. The projected maximum ratio, after the 2018A issuance, is 5.68 percent.

ATTACHMENTS

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Attachment 4 - Standard & Poor's 2016A Rating Report	Page 77
Attachment 5 - Debt Service Projection	Page 87
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Attachment 7 - Draft Preliminary Official Statement	Page 91
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STAFF COMMENTS AND RECOMMENDATIONS

BSU senior administration coordinated in advance with the Board's Executive Director and fiscal staff on the approach being proposed to combine the bond financing for the MCMR and acquisition of the Alumni and Friends Center. The proposed financing plan makes efficient use of resources, keeps BSU within the Board's maximum debt coverage limit, and prudently addresses the risk associated with current construction costs at a time of high volatility of building costs throughout the country. Staff concurs that it makes sense to waive the Board's requirement for an appraisal of the value of the Alumni and Friends Center facility in this particular case—the price equates to the outstanding loan balance (\$4 million) for the Center.

Staff recommends approval.

BOARD ACTION

I move to approve the finding that the Center for Materials Science Research is economically feasible and necessary for the proper operation of Boise State University, and to approve a Supplemental Resolution for the Series 2018A Bonds, the title of which is as follows:

A SUPPLEMENTAL RESOLUTION of the Board of Trustees of Boise State University authorizing the issuance of General Revenue Project Bonds, in one or more series, of Boise State University; delegating authority to approve the terms and provisions of the bonds and the principal amount of the bonds up to \$20,702,000; authorizing the execution and delivery of a Bond Purchase Agreement upon sale of the bonds; and providing for other matters relating to the authorization, issuance, sale and payment of the bonds

and to approve a not to exceed budget for the Micron Center for Materials Research of \$52,250,000.

[Roll call vote is required.]

Moved by _____ Seconded by _____ Carried Yes _____ No _____

I move to waive the appraisal requirement set forth in Idaho State Board of Education Governing Policies & Procedures, Section V.I.2.f for Boise State University to purchase the Alumni and Friends building from the Boise State University Foundation.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

SUPPLEMENTAL RESOLUTION

Authorizing the Issuance and Providing for the Sale of

**BOISE STATE UNIVERSITY
GENERAL REVENUE PROJECT BONDS, SERIES 2018A**

Adopted December 20, 2017

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SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION of the Board of Trustees of Boise State University authorizing the issuance of General Revenue Project Bonds, in one or more series, of Boise State University; delegating authority to approve the terms and provisions of the bonds and the principal amount of the bonds to deliver proceeds up to \$20,735,000; authorizing the execution and delivery of a Bond Purchase Agreement upon sale of the bonds, and providing for other matters relating to the authorization, issuance, sale and payment of the bonds.

* * * * *

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

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

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

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

WHEREAS, the Board has determined, pursuant to Section 33-3805, Idaho Code, that it is both necessary and economically feasible for the University to finance a portion of the costs of acquisition of the Friends and Alumni Center from the Boise State University Foundation, Inc., and the construction of a building to be known as the “Materials Science Building” located on the University’s main campus in Boise, Idaho, upon land currently owned by the University (collectively, the “**Project**”); and

WHEREAS, to provide funds to finance a portion of the Project and to pay the Costs of Issuance thereof, the Board desires to authorize the issuance of its General Revenue Project Bonds in one or more series of tax-exempt and/or taxable general revenue bonds (collectively, for purposes of this Supplemental Resolution, the “**Series 2018A Bonds**” or “**2018A Bonds**”);

WHEREAS, pursuant to Section 57-235, Idaho Code, the Board desires to delegate authority, in accordance with the specific instructions and procedures set forth herein, for

determination and approval of certain final terms and provisions of the 2018A Bonds and other matters.

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

**ARTICLE I
DEFINITIONS**

Section 101. Definitions.

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

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

“Bond Purchase Agreement” means the Bond Purchase Agreement between the Board and the Underwriter in substantially the form authorized in Section 203 herein, setting forth the terms and conditions of the negotiated sale of the 2018A Bonds, the final version of which to be presented to the Delegated Officer of the University for approval and execution upon sale of the 2018A Bonds.

“Bond Register” means the registration records of the University, maintained by the Trustee, on which shall appear the names and addresses of the Registered Owners of the 2018A Bonds.

“Book-Entry System” means the book-entry system of registration of the 2018A Bonds described in Section 208 of this Supplemental Resolution.

“Cede & Co.” means Cede & Co., as nominee of DTC.

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

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking with respect to the 2018A Bonds authorized by Section 203 of this Supplemental Resolution.

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

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

“Delegated Officer” means the Bursar or President of the University.

“**Delegation Certificate**” means the Certificate as to Bond Pricing and Related Matters signed and delivered by the Delegated Officer to approve the final terms and provisions of the 2018A Bonds upon the sale thereof, substantially in the form of **Exhibit C** hereto.

“**Regulations**” means the treasury regulations promulgated under the Code and those provisions of the treasury regulations originally promulgated under Section 103 of the Internal Revenue Code of 1954, as amended, which remain in effect under the Code.

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

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

“**Securities Depository**” means DTC or any successor Securities Depository appointed pursuant to Section 209.

“**Supplemental Resolution**” means this Supplemental Resolution adopted by the Board on December 20, 2017, authorizing the issuance of the 2018A Bonds upon the sale thereof, setting forth certain requirements of the terms of sale of the 2018A Bonds, delegating authority to approve the final terms and provisions of the 2018A Bonds, and providing for related matters.

“**Trustee**” means The Bank of New York Mellon Trust Company, N.A., having an office in San Francisco, California, as successor trustee, and its successors and permitted assigns pursuant to the Resolution, as paying agent, trustee, and registrar for the 2018A Bonds.

“**2018A Costs of Issuance Account**” means the account created under the Construction Fund pursuant to Section 301 of this Supplemental Resolution, from which the Costs of Issuance of the 2018A Bonds shall be paid.

“**2018A Project Account**” means the account created under the Construction Fund pursuant to Section 301 of this Supplemental Resolution from which the costs of acquisition of the Project shall be paid.

“**Underwriter**” means Barclays Capital Inc.

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

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

Section 103. Effective Date. This Supplemental Resolution contemplates the issuance and sale of the 2018A Bonds through a delegation of authority as provided in Section 204 hereof. Unless the context clearly indicates otherwise -- for example, the provisions of Section 203(a) through Section 203(c) take effect upon adoption of this Supplemental Resolution-- this

Supplemental Resolution shall not take effect and no provision thereof shall be binding upon the University unless and until the 2018A Bonds are sold and issued.

ARTICLE II AUTHORIZATION, TERMS AND ISSUANCE OF 2018A Bonds

Section 201. Authorization of 2018A Bonds, Principal Amounts, Designation, and Confirmation of Pledged Revenues. In order to provide funds for financing a portion of the Project and to pay Costs of Issuance of the 2018A Bonds, and in accordance with and subject to the terms, conditions and limitations established in the Resolution and this Supplemental Resolution, the 2018A Bonds are hereby authorized to be issued in the aggregate principal amount to deliver sale proceeds up to \$20,735,000. The 2018A Bonds, in one or more series, shall be designated as follows, as applicable: “General Revenue Project Bonds, Series 201[___].” The 2018A Bonds shall be issued as Additional Bonds under the Resolution in fully-registered form, without coupons, in denominations of \$5,000 each or any integral multiple thereof.

The 2018A Bonds are secured by the pledge of the Pledged Revenues under Section 5.1 of the Resolution, equally and ratably with all Bonds issued under the Resolution.

Section 202. Issue Date. The 2018A Bonds shall be dated the date of their original issuance and delivery.

Section 203. Authorization of Actions Preliminary to Sale of 2018A Bonds.

(a) The Board desires to sell the 2018A Bonds pursuant to negotiated sale to the Underwriter pursuant to the Act.

(b) The Preliminary Official Statement (the “POS”), in substantially the form presented at this meeting, with such changes, omissions, insertions and revisions as the Bursar shall approve, is hereby authorized, and the actions of the University, including the certification by the Bursar as to the “deemed finality” of the POS pursuant to Rule 15c2-12 of the Securities Exchange Commission adopted pursuant to the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”) in connection with the offering of the 2018A Bonds, are hereby acknowledged, approved and ratified.

(c) The Bond Purchase Agreement in substantially the form attached hereto as **Exhibit A**, with such changes, omissions, insertions and revisions as the Delegated Officer shall approve, is hereby ratified and approved. Upon the sale of 2018A Bonds, the Delegated Officer is hereby authorized to execute and deliver the Bond Purchase Agreement to the Underwriter. The President of the University and the Bursar of the University are authorized to do or perform all such acts as may be necessary or advisable to comply with the Bond Purchase Agreement and to carry the same into effect.

(d) Upon the sale of the 2018A Bonds, the POS together with such changes, omissions, insertions and revisions to reflect the final terms and provisions of the 2018A Bonds (hereafter referred to as the “**Official Statement**”), shall be approved and signed by the Bursar or President of the University to authorize delivery thereof to the Underwriter for distribution to prospective purchasers of the 2018A Bonds and other interested persons.

(e) In order to comply with subsection (b)(5) of Rule 15c2-12, the Underwriter has provided in the Bond Purchase Agreement that it is a condition to delivery of the 2018A Bonds that the University and the Trustee, as disclosure agent thereunder, shall have executed and delivered the Continuing Disclosure Undertaking. The Continuing Disclosure Undertaking in substantially the form attached hereto as **Exhibit B** is hereby ratified and approved in all respects, and the Board authorizes the Underwriter to include a copy thereof in the POS and Official Statement. Upon delivery of the 2018A Bonds, the Bursar or President of the University is hereby authorized to execute and deliver the Continuing Disclosure Undertaking. Such Continuing Disclosure Undertaking shall constitute the University's undertaking for compliance with Rule 15c2-12.

Section 204. Sale of 2018A Bonds and Related Documents; Delegation Authority.

(a) Pursuant to Section 57-235, Idaho Code, as amended, the Board hereby delegates to the University's Bursar or President of the University (each acting solely, the "**Delegated Officer**") the power to make the following determinations on the date(s) of sale of the 2018A Bonds, without any requirement that the members of the Board meet to approve such determinations, but subject to the limitations provided:

(i) The rates of interest to be borne on the 2018A Bonds, provided that the true interest cost of the 2018A Bonds, as certified by the University's financial advisor and the Underwriter, shall not exceed five percent (5.00%).

(ii) The aggregate principal amount of the 2018A Bonds on the sale date(s); provided, proceeds delivered from the sale of the 2018A Bonds shall not exceed \$20,735,000.

(iii) The amount of principal of the 2018A Bonds maturing, or subject to mandatory sinking fund redemption in any particular year, and the rate of interest accruing thereon.

(iv) The final maturity of the 2018A Bonds; provided that the final maturity date of the 2018A Bonds shall not exceed forty (40) years from the date of issuance.

(v) The price at which the 2018A Bonds will be sold (including any underwriter's discount, original issue premium and original issue discount), provided that the underwriter's discount shall not exceed 0.60% of the principal amount of the 2018A Bonds.

(vi) The dates, if any, on which, and the prices at which, the 2018A Bonds will be subject to optional and mandatory sinking fund redemption.

(vii) The terms of any contract for credit enhancement of the 2018A Bonds.

(b) Upon the sale of the 2018A Bonds, the Delegated Officer shall execute a Delegation Certificate substantially in the form attached hereto as **Exhibit C** and incorporated by reference herein reflecting the final terms and provisions of the 2018A Bonds and certifying that the final terms and provisions of the 2018A Bonds are consistent with, not in excess of and no less favorable than the terms set forth in subparagraph (a) above.

Section 205. Execution and Delivery of 2018A Bonds. The 2018A Bonds shall be manually executed on behalf of the University by the President of the Board, countersigned by the Bursar of the University, and attested by the Secretary to the Board. The 2018A Bonds shall be delivered to the Underwriter upon compliance with the provisions of Section 3.2 of the Resolution and at such time and place as provided in, and subject to, the provisions of the Bond Purchase Agreement.

Section 206. Redemption of 2018A Bonds. Upon the sale of the 2018A Bonds, the 2018A Bonds will be subject to redemption pursuant to the terms of the Bond Purchase Agreement, as approved by the Delegated Officer, and if subject to redemption, the following provisions shall apply:

(a) Selection for Redemption. If less than all Series 2018A Bonds are to be redeemed, the particular maturities of such Series 2018A Bonds to be redeemed and the principal amounts of such maturities to be redeemed shall be selected by the University. If less than all of the bonds of any maturity of the Series 2018A Bonds are to be redeemed, the Series 2018A Bonds to be redeemed will be selected by lot. If less than all of a Series 2018A Bond that is subject to mandatory sinking fund redemption is to be redeemed, the redemption price shall be applied to such mandatory sinking fund installments as the University shall direct.

(b) Notice of Redemption. The Resolution requires the Trustee to give notice of any redemption of the 2018A Bonds not less than 35 days nor more than 60 days prior to the redemption date, by first class mail, postage prepaid, addressed to the registered owners of such 2018A Bonds to be redeemed at the addresses appearing on the registry books kept by the Trustee. With respect to any notice of optional redemption of 2018A Bonds, unless upon the giving of such notice such 2018A Bonds shall be deemed to have been paid within the meaning of the Resolution, such notice may state that the redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the redemption price of and interest on the 2018A Bonds to be redeemed, and that if such money shall not have been so received, the notice shall be of no force and effect and the University shall not be required to redeem such 2018A Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption will not be made and the Trustee will promptly thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

Section 207. Form of 2018A Bonds. The 2018A Bonds are hereby authorized to be issued in the form set forth in **Exhibit D** attached hereto and incorporated herein by this reference, with such revisions and designations as required pursuant to the terms of sale thereof.

Section 208. Book-Entry Only System.

(a) The 2018A Bonds shall initially be registered on the Bond Register in the name of Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive

certificates representing their respective interests in the 2018A Bonds, except in the event that the Trustee issues Replacement Bonds, as defined and provided below. It is anticipated that during the term of the 2018A Bonds, the Securities Depository will make book-entry transfers among the DTC Participants and receive and transmit payments of principal of and interest on the 2018A Bonds until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described below. So long as any of the 2018A Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, premium, if applicable, and interest on the 2018A Bonds and all notices with respect to the 2018A Bonds shall be made and given in the manner provided in the Representation Letter.

(b) If the Securities Depository determines to discontinue providing its services with respect to the 2018A Bonds, and the University cannot obtain a qualified successor Securities Depository, or if the University determines not to use the Book-Entry System of the Securities Depository, the University shall execute, and the Trustee shall authenticate and deliver, one or more 2017 Bond certificates (the “**Replacement Bonds**”) to the DTC Participants in principal amounts and maturities corresponding to the identifiable Beneficial Owners’ interests in the 2018A Bonds, with such adjustments as the Trustee may find necessary or appropriate as to accrued interest and previous calls for redemption, if any. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one 2017 Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds.

(c) With respect to 2018A Bonds registered in the name of Cede & Co. as nominee for the Securities Depository, neither the University nor the Trustee shall have any responsibility to any Beneficial Owner with respect to:

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

(ii) the accuracy of the records of the Securities Depository or Cede & Co. with respect to any ownership interest in the 2018A Bonds;

(iii) the payment to any Beneficial Owner, or any person other than the Securities Depository, of any amount with respect to principal of, interest on, or redemption premium, if any, on the 2018A Bonds; or

(iv) any consent given or other action taken by the Securities Depository or Cede & Co. as owner of the 2018A Bonds.

(d) The Representation Letter previously executed and delivered by the University to DTC is for the purpose of effectuating the initial Book-Entry System for the 2018A Bonds through DTC as Securities Depository and shall not be deemed to amend, supersede or supplement the terms of this Supplemental Resolution, which are intended to be complete without reference to the Representation Letter. In the event of any conflict between the terms of the Representation Letter and the terms of this Supplemental Resolution, the terms of this

Supplemental Resolution shall control. The Securities Depository may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 209. Successor Securities Depository. In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation, the Trustee, with the written consent of the University, may appoint a successor Securities Depository, provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation. Upon the appointment of a successor Securities Depository, the former Securities Depository shall surrender the 2018A Bonds to the Trustee for transfer to the successor Securities Depository, and the Trustee shall cause the authentication and delivery of 2018A Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE III CREATION OF ACCOUNTS, APPLICATION OF BOND PROCEEDS

Section 301. Creation of Accounts.

(i) There is hereby established in the Construction Fund a Project Account designated as the "2018A Project Account," to be held by the University to pay the costs of the Project. The University shall invest the monies on deposit in the 2018A Project Account in Investment Securities.

(ii) There is hereby established in the Construction Fund a separate account designated as the "2018A Costs of Issuance Account." Moneys in the 2018A Costs of Issuance Account shall be used for the payment of the Costs of Issuance of the 2018A Bonds. Any moneys remaining in the 2018A Costs of Issuance Account forty-five (45) days after issuance of the 2018A Bonds shall be transferred promptly to the 2018A Project Account to pay the costs of the Project.

Section 302. Application of Proceeds of 2018A Bonds Upon Sale Thereof. Pursuant to the Written Certificate(s) of the University to be delivered prior to the issuance of the 2018A Bonds, the proceeds of the sale of the 2018A Bonds (net of the Underwriter's fee for its services with respect to the 2018A Bonds), shall be deposited as follows:

(i) Proceeds of the Series 2018A Bonds in the amount of accrued interest on the Series 2018A Bonds to the date of delivery thereof, if any, shall be deposited in the Debt Service Account under the Bond Fund.

(ii) Proceeds of the Series 2018A Bonds in the amount reflected in the Written Certificate shall be wired to the University for deposit into the 2018A Project Account to finance

a portion of the Project. Before any payment is made from the 2018A Project Account, the University shall execute a Written Certificate as required by Section 5.4(E) of the Resolution.

(iii) Proceeds of the Series 2018A Bonds in the amount reflected in the Written Certificate required by Section 5.4(F) of the Resolution shall be wired to the University for deposit into the 2018A Costs of Issuance Account to pay Costs of Issuance of the Series 2018A Bonds.

ARTICLE IV MISCELLANEOUS

Section 401. Other Actions With Respect to 2018A Bonds. The officers and employees of the University shall take all actions necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated hereby and shall take all action necessary in conformity with the Act to carry out the sale and issuance of the 2018A Bonds, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the sale and delivery of the 2018A Bonds. All actions heretofore taken in connection therewith are hereby ratified, approved and consummated. If the President of the Board or the Bursar shall be unavailable to execute the 2018A Bonds or the other documents that they are hereby authorized to execute, the same may be executed by any Vice President of the Board.

Section 402. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in the Resolution or this Supplemental Resolution, should be contrary to law, such covenant or covenants, such agreement or agreements, or such portions thereof shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the Resolution, this Supplemental Resolution or the 2018A Bonds, but the holders of the 2018A Bonds shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 403. Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

[The remainder of this page has been left blank intentionally;

ADOPTED AND APPROVED this 20th day of December, 2017.

BOARD OF TRUSTEES OF BOISE STATE
UNIVERSITY

President

ATTEST:

Secretary

EXHIBIT A
FORM OF BOND PURCHASE AGREEMENT

EXHIBIT B

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

**BOISE STATE UNIVERSITY
GENERAL REVENUE PROJECT BONDS, SERIES 2018A**

THIS CONTINUING DISCLOSURE UNDERTAKING (the "Undertaking") is executed and delivered by Boise State University (the "Issuer") and The Bank of New York Mellon Trust Company, N.A. (the "Disclosure Agent") in connection with the issuance of \$ _____ General Revenue Project Bonds, Series 2018A (the "Bonds") being issued pursuant to a master Resolution providing for the issuance of General Revenue Bonds adopted September 17, 1992, as supplemented and amended, including by a Supplemental Resolution adopted December 20, 2017 (collectively, the "Resolution"). The Undertaking is executed and delivered as of the date set forth below in order for the Issuer to authorize and direct the Disclosure Agent, as the agent of the Issuer, to make certain information available to the public in compliance with Section (b)(5)(i) of Rule 15c2-12, as hereinafter defined.

WITNESSETH:

1. **Background.** The Issuer has resolved to issue the Bonds pursuant to the Resolution. The CUSIP number assigned to the final maturity of the Bonds is 097464 ____.

2. **Appointment of Disclosure Agent.** The Issuer hereby appoints the Disclosure Agent and any successor Disclosure Agent acting as such under the Resolution as its agent under this Undertaking to disseminate the financial information and notices furnished by the Issuer hereunder in the manner and at the times as herein provided and to discharge the other duties assigned.

3. **Annual Reports of the Issuer.**

a. **Provision of Annual Reports.** The Issuer agrees, in accordance with the provisions of Rule 15c2-12, to provide or cause to be provided through the Repository, not later than 210 days following the close of each fiscal year of the Issuer (July 1 - June 30) for all fiscal years after June 30, 2017, the annual financial information and operating data (the "Annual Report") described in Section 3b herein. The Issuer further agrees, in accordance with Rule 15c2-12, to provide or cause to be provided in a timely manner through the Repository notice of any failure to provide or cause to be provided the Annual Report or any part thereof, as described in this paragraph.

b. **Contents of Annual Report.** The Annual Report shall include the audited financial statements of the Issuer prepared in accordance with generally accepted accounting principles, together with the report thereon of the Issuer's independent auditors, beginning with the fiscal year after June 30, 2017. If audited financial statements are not available by the time specified herein, unaudited financial statements will be provided and audited financial statements

will be provided when, and if, available. The Issuer shall include with each submission a written representation addressed to the Disclosure Agent to the effect that the financial statements are the financial statements required by this Undertaking and that they comply with the applicable requirements of this Undertaking. For the purposes of determining whether information received from the Issuer is the required financial statements, the Disclosure Agent shall be entitled conclusively to rely on the Issuer's written representation made pursuant to this Section.

The Annual Report shall also include the other financial, statistical and operating data for said fiscal year of the Issuer in the form and scope similar to the financial, statistical, and operating data contained in the Official Statement, specifically the tables and/or information contained under the following headings and subheadings of the Official Statement:

- Updated Table reflecting Pledged Revenues and the Revenues Available for Debt Service in the Section entitled "SECURITY FOR THE 2018A BONDS - HISTORICAL REVENUES AVAILABLE FOR DEBT SERVICE."
- Updated Table entitled "Enrollment and Graduation Statistics" in the Section entitled "THE UNIVERSITY - STUDENT BODY."
- Updated Table entitled "State General Fund Appropriations" in the Section entitled "FINANCIAL INFORMATION REGARDING THE UNIVERSITY - STATE APPROPRIATIONS."
- Updated Table entitled "Grants and Contracts Expenditures" in the Section entitled "FINANCIAL INFORMATION REGARDING THE UNIVERSITY - GRANTS AND CONTRACTS."
- Updated Appendix B entitled "SCHEDULE OF STUDENT FEES."

Any or all of the items listed above in Sections 3a or 3b may be included by specific reference to documents available to the public on the Repository or filed with the SEC.

4. Notice of Certain Events. The Issuer agrees, in accordance with the provisions of Rule 15c2-12, to provide or cause to be provided through the Repository, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies (which for the purpose of this Undertaking shall mean the Issuer's failure to provide funds to the Trustee for payments of principal and interest at the times specified in the Resolution);
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of Bond holders, if material;

(8) Bond calls, if material, and tender offers:

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;¹

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(15) In a timely manner, notice of a failure of the Issuer or the obligated person to provide the required annual financial information and operating data specified in Sections 3.a and 3.b above, on or before the date specified therein.

The Disclosure Agent shall attempt to promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Resolution, the Disclosure Agent identifies an occurrence which would require the Issuer to provide a notice of the occurrence of any of the events listed in this Section 4; provided that the failure of the Disclosure Agent so to advise the Issuer of such occurrence shall not constitute a breach by the Disclosure Agent of any of its duties and responsibilities hereunder or under the Resolution and the Disclosure Agent shall not be required to assess the materiality of such occurrence, or whether an unscheduled draw reflects financial difficulties, in advising the Issuer of such occurrence.

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of an obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of an obligated person.

5. Manner and Time by Which Information is to be made Public by the Disclosure Agent.

The information required to be provided by the Issuer pursuant to Section 3 hereof shall be referred to as the Continuous Disclosure Information (the "Continuous Disclosure Information"), and the notices required to be provided by the Issuer pursuant to Section 4 hereof shall be referred to as the Event Information (the "Event Information").

After the receipt of any Continuous Disclosure Information or any Event Information from the Issuer, the Disclosure Agent will deliver the information as provided in this Section 5.

a. Manner and Time of Delivery. It shall be the Disclosure Agent's duty:

(1) to deliver the Continuous Disclosure Information to the Repository once it is received from the Issuer not later than five (5) days after receipt thereof;

(2) to deliver the Event Information to the Repository as soon as possible following receipt from the Issuer, but in no event later than the next business day;

(3) to determine the identity and address of the Repository to which Continuous Disclosure Information and Event Information must be sent under rules and regulations promulgated by the MSRB or by the SEC.

The Issuer shall deliver Continuous Disclosure Information and Event Information to the Disclosure Agent in a timely manner so that the Disclosure Agent can deliver such information to the Repository.

b. Limitation of Disclosure Agent's Duty. The Disclosure Agent shall have no duty or obligation to disclose to the Repository any information other than (i) Continuous Disclosure Information that the Disclosure Agent actually has received from the Issuer and (ii) Event Information about which the Disclosure Agent has received written notice from the Issuer. Any such disclosures shall be required to be made only as and when specified in this Undertaking. The Disclosure Agent's duties and obligations are only those specifically set forth in this Undertaking, and the Disclosure Agent shall have no implied duties or obligations. It is understood and agreed that any information that the Disclosure Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Issuer. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition. The Disclosure Agent shall be afforded all of the rights and protections hereunder accorded to it in its role as Trustee under the Resolution.

c. Form of Disclosure. All Continuous Disclosure Information and Event Information, or other financial information and notices pursuant to this Undertaking are to be provided to the Repository in electronic PDF format (word-searchable) as prescribed by the MSRB. All documents provided to the MSRB pursuant to this Undertaking must be

accompanied by identifying information as prescribed by the MSRB, which the Issuer shall provide to the Disclosure Agent in a timely manner.

6. **Limitation to Disclosure Agent Obligation.** The Disclosure Agent shall have no obligation to examine or review the Continuous Disclosure Information or Event Information and shall have no liability or responsibility for the compliance of this Undertaking with Rule 15c2-12 or the accurateness or completeness of the Continuous Disclosure Information and Event Information disseminated by the Disclosure Agent hereunder. The Continuous Disclosure Information shall contain a legend to such effect. This Section 6 shall survive the termination of this Undertaking or the earlier removal or resignation of the Disclosure Agent.

7. **Compensation.** The Issuer hereby agrees to compensate the Disclosure Agent for the services provided and the expenses incurred pursuant to this Undertaking in an amount to be agreed upon from time to time hereunder. Such compensation shall be in addition to any fees previously agreed upon with respect to the fiduciary services of the Disclosure Agent in its capacity as Trustee under the Resolution.

To the extent permitted by law, if the Disclosure Agent renders any extraordinary service not provided for in this Undertaking, which service is reasonably necessary to render under the circumstances, or the Disclosure Agent is made a party to or intervenes in any litigation pertaining to this Undertaking or institutes interpleader proceedings relative hereto, the Disclosure Agent shall be compensated reasonably by the Issuer for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and reasonable expenses, including out-of-pocket and incidental expenses and reasonable legal fees and expenses occasioned thereby.

8. **Enforcement.** The obligations of the Issuer under this Undertaking shall be for the benefit of the registered and beneficial holders of the Bonds. However, any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default under the Resolution, and the sole remedy under this Undertaking in the event of the failure of the Issuer or the Disclosure Agent to comply with this Undertaking shall be an action by the holders of the Bonds in mandamus for specific performance or similar remedy to compel performance. Neither the Issuer nor the Disclosure Agent shall have any power or duty to enforce this Undertaking.

This Undertaking shall inure solely to the benefit of the Issuer, the Disclosure Agent, the participating Underwriter of the Bonds, and the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

9. **Definitions.** As used herein, the following terms shall have the following meanings:

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the final Official Statement relating to the Bonds dated _____, 201_.

“obligated person” as defined in Rule 15c2-12 shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Repository” shall mean the MSRB through its Electronic Municipal Market Access system (“EMMA”) at <http://emma.msrb.org>, or such other nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to Rule 15c2-12.

“Rule 15c2-12” shall mean Rule 15c2-12, as amended, promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

“SEC” shall mean the Securities and Exchange Commission.

10. Amendments and Termination. This Undertaking may be amended with the mutual agreement of the Issuer and the Disclosure Agent and without the consent of any registered or beneficial holders of the Bonds under the following conditions:

a. the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted; and

b. this Undertaking, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances, as evidenced by an opinion of counsel delivered to Disclosure Agent.

Any party to this Undertaking may terminate this Undertaking by giving written notice of an intent to terminate to the other parties at least thirty (30) days prior to such termination, provided that no such termination shall relieve the obligation of the Issuer to comply with Rule 15c2-12(b)(5) either through a successor agent or otherwise.

The Issuer's next annual financial report must explain, in narrative form, the reasons for any such amendment or termination of the undertaking contained in this Undertaking and the impact, as applicable, of any change in the type of operating data or financial information being provided or, in the case of accounting principles, the presentation of such operating data or financial information.

The undertaking contained in this Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (i) the date all principal and interest on the Bonds shall have been paid pursuant to the terms of the Resolution; (ii) the date that the Issuer shall no longer constitute an “obligated person” within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 that require this written undertaking (a) are held to be invalid by a court of competent jurisdiction in a nonappealable action, (b) have been repealed retroactively, or (c) in the opinion of counsel who is an expert in federal securities laws, acceptable to the Issuer or the Disclosure Agent, otherwise, do not apply

to the Bonds. The Issuer shall notify the Repository if this Undertaking is terminated pursuant to (iii), above.

11. **Successor Disclosure Agent.** Upon the transfer of the duties created under the Resolution from the current Disclosure Agent in its capacity as Trustee, to a successor Disclosure Agent, in its capacity as successor trustee, such successor Disclosure Agent shall succeed to the duties under this Undertaking without any further action on the part of any party, and the then current Disclosure Agent shall have no further duties or obligations upon the transfer to a successor Disclosure Agent. Such Successor Disclosure Agent may terminate this Undertaking or cause it to be amended as provided in Section 10 hereof.

12. **Additional Information.** Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating (or causing the Disclosure Agent to disseminate) any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Continuous Disclosure Information or notice of the occurrence of any Event Information, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Continuous Disclosure Information or Event Information in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Continuous Disclosure Information or notice of occurrence of any Event Information.

If the Issuer provides to the Disclosure Agent information relating to the Issuer or the Bonds, which information is not designated as Event Information, and directs the Disclosure Agent to provide such information to the Repository, the Disclosure Agent shall provide such information in a timely manner to the Repository.

13. **Notices.** Notices and the required information under this Undertaking shall be given to the parties at their addresses set forth below under their signatures or at such places as the parties to this Undertaking may designate from time to time.

14. **Counterparts.** This Undertaking may be executed in one or more counterparts, and each such instrument shall constitute an original counterpart of this Undertaking.

15. **Governing Law.** This Undertaking shall be governed by the laws of the State of Idaho and Rule 15c2-12.

[Signatures on following page]

IN WITNESS WHEREOF, the Issuer and the Disclosure Agent have caused this Undertaking to be executed and delivered by a duly authorized officer of each of them, all as of this ____ day of _____, 2018.

ISSUER:

BOISE STATE UNIVERSITY

By: _____
Bursar

Notice Address:
Attn: Bursar
1910 University Drive
Boise, ID 83725

DISCLOSURE AGENT:

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

By: _____
Title: _____

Notice Address:
100 Pine Street, Suite 3200
San Francisco, CA 94111
Attn: Corporate Trust Department

EXHIBIT C
FORM OF DELEGATION CERTIFICATE

CERTIFICATE AS TO BOND PRICING AND RELATED MATTERS

The undersigned official of Boise State University (the “University”) does hereby certify as follows (capitalized terms used herein and not defined have the meanings assigned to such terms in the Supplemental Resolution, hereinafter defined):

1. The undersigned is familiar with the Supplemental Resolution of the University adopted on December 20, 2017 (the “Supplemental Resolution”) to authorize issuance of the University’s General Revenue Project Bonds, Series 2018A (the “2018A Bonds”) and related documents, which 2018A Bonds were sold on this date to Barclays Capital Inc. (the “Underwriter”).

2. Section 204 of the Supplemental Resolution delegated to the undersigned, as Delegated Officer, the power to make certain determinations on the date of sale of the 2018A Bonds.

3. Pursuant to such delegation, the Delegated Officer hereby determines as follows:

(a) Details of the terms of the 2018A Bonds are reflected in the final bond sale number schedules provided by the Underwriter on this date, which schedules are attached as Exhibit A hereto.

(b) The true interest cost of the 2018A Bonds, as certified by the University’s financial advisor and the Underwriter, is _____ percent (____%), which does not exceed five percent (5.00%).

(d) The total proceeds delivered from the sale of the 2018A Bonds is \$_____, which does not exceed \$20,735,000.

(e) The final maturity of the 2018A Bonds is April 1, 20___, which is not later than 40 years from issuance.

(f) The 2018A Bonds were sold at the purchase price of \$_____, representing the principal amount thereof, plus net premium in the amount of \$_____, less underwriter’s discount of \$_____. The underwriter’s discount is ____% of the principal amount of the 2018A Bonds, which does not exceed 0.60% of the principal amount of the 2018A Bonds.

(g) The 2018A Bonds are subject to optional and mandatory redemption as reflected in Exhibit A and as specifically reflected in Exhibit B attached hereto.

(h) Credit enhancement on the 2018A Bonds consists of: none.

4. The undersigned Delegated Officer hereby certifies that the final terms and provisions of the 2018A Bonds, as described in the attached Exhibit A and Exhibit B, are consistent with, not in excess of and no less favorable than the terms set forth in Section 204 of the Supplemental Resolution.

5. The undersigned Delegated Officer has therefore executed and delivered the Bond Purchase Agreement to the Underwriter this date.

DATED: _____.

BOISE STATE UNIVERSITY

By: _____
Title: Bursar

EXHIBIT A

FINAL NUMBERS PROVIDED BY UNDERWRITER

EXHIBIT B

REDEMPTION PROVISIONS

1. Optional Redemption: The 2018A Bonds maturing on or after April 1, 202__, are subject to redemption at the election of the University at any time on or after April 1, 202__, in whole or in part, from such maturities as may be selected by the University. Such optional redemption of the 2018A Bonds shall be at a price of 100% of the principal amount of the 2018A Bonds to be so redeemed, plus accrued interest to the date fixed for redemption.

2. Mandatory Sinking Fund Redemption: The 2018A Bonds maturing on April 1, 20__, are subject to mandatory sinking fund redemption prior to their stated maturity, at a price of 100% of the principal amount of the 2018A Bonds to be so redeemed, plus accrued interest to the date fixed for redemption, on April 1 of the years, and in the amounts, shown below:

APRIL 1 OF THE YEAR	MANDATORY REDEMPTION AMOUNT
*	\$

*Stated maturity.

EXHIBIT D

[FORM OF 2018A BONDS]

R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF IDAHO

BOISE STATE UNIVERSITY
GENERAL REVENUE PROJECT BONDS, SERIES [2018__]

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NO.
_____ %	April 1, _____	_____, 201__	097464 _____

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

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

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

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

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

This Bond is one of the General Revenue Project Bonds, Series 201[___] (the "Bonds") of the University issued in the aggregate principal amount of \$_____ for the purpose of financing a portion of the costs of acquisition of the Friends and Alumni Center from the Boise State University Foundation, Inc., and the construction of a building to be known as the "Materials Science Building" upon land currently owned by the University located on the University's main campus in Boise, Idaho, and paying Costs of Issuance thereof. The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Idaho, particularly title 33, chapter 38, Idaho Code, and a Resolution providing for the issuance of revenue bonds, duly adopted and authorized by the Board of Trustees of the University (the "Board") on September 17, 1992, as previously supplemented and amended, and as further supplemented and amended by a Supplemental Resolution adopted by the Board on December 20, 2017, authorizing the issuance of the Bonds (collectively, the "Resolution"). All capitalized terms used in this Bond and not defined herein shall have the meanings of such terms as defined in the Resolution.

[Final redemption provisions to be inserted]

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

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

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

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

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

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

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

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Board has caused this Bond to be executed by the President of the Board, countersigned by the Bursar of the University, and attested by the Secretary to the Board, and the official seal of the University to be imprinted hereon, as of this ____ day of ____, 2018.

BOARD OF TRUSTEES
BOISE STATE UNIVERSITY

By: _____
President
Board of Trustees

By: _____
Bursar

ATTESTED BY:

Secretary to Board of Trustees

[SEAL]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Boise State University General Revenue Project Bonds, Series 201[], described in the within-mentioned Resolution.

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

By: _____
Authorized Signature

Date of Authentication: _____

* * * * *

[FORM OF ASSIGNMENT]

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

TEN COM - as tenants in common	UNIF GIFT MIN ACT - under Uniform
TEN ENT - as tenants by the entirety	Transfers to Minors Act
JT TEN - as joint tenants with right of survivorship and not as tenants in common	_____
	(Cust) _____ (Minor)

	(State)

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

For value received _____ hereby sells, assigns and transfers unto

INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[Empty rectangular box for Social Security or other identifying number]

(Please Print or Typewrite Name and Address of Assignee)

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

Dated: _____ Signature: _____

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" that is a member of or a participant in a "signature guarantee program" (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).

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

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FP DRAFT 11/16/17

BOISE STATE UNIVERSITY

\$[_____]
 GENERAL REVENUE PROJECT BONDS,
 SERIES 2018A

BOND PURCHASE AGREEMENT

February 13, 2018

Boise State University
Attn: Mark Heil, Vice President
and Chief Financial Officer
1910 University Drive
Boise, Idaho 83725

Ladies and Gentlemen:

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

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

ARTICLE I

Section 1.1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and covenants herein set forth, the Underwriter hereby agrees to purchase from the University, and the University hereby agrees to sell to the Underwriter, all, but not less than all, of the University's \$[_____] General Revenue Project Bonds, Series 2018A (the "*2018A Bonds*"). The purchase price of the 2018A Bonds (the "*Purchase Price*") shall be \$[_____] , representing the principal amount of the 2018A Bonds, [plus/less] a [net] original issue [premium/discount] of \$[_____] , less an Underwriter's discount of \$[_____] .

Section 1.2. The 2018A Bonds. The proceeds of the 2018A Bonds will be used (a) to acquire the Alumni and Friends Center from the Boise State University Foundation, Inc., for the University's use of the Alumni and Friends Center, (b) to finance a portion of the costs of construction of a building to house the University's center for materials science research and (c) to pay costs of issuing the 2018A Bonds.

The 2018A Bonds shall be dated as of their date of delivery, shall bear interest at the rates, mature in the amounts and on the dates as set forth in SCHEDULE I hereto, and shall be subject to redemption prior to maturity as set forth in the Supplemental Resolution (defined below). The 2018A Bonds shall be issued pursuant to the Resolution Providing for the Issuance of General Revenue Bonds, adopted on September 17, 1992, as previously supplemented and amended (the "*Master Resolution*"), and as further supplemented by a Supplemental Resolution adopted on December [20/21], 2017 (the "*Supplemental Resolution*" and, together with the Master Resolution, the "*Resolution*") by the State Board of Education, acting in its capacity as the Board of Trustees of the University (the "*Board*").

The 2018A Bonds will be payable from and secured by a pledge of certain revenues of the University (as defined in the Resolution, the "*Pledged Revenues*"), on a parity with all bonds now outstanding under the Resolution and any additional bonds hereafter issued under the Resolution.

Section 1.3. Official Statement; Continuing Disclosure. (a) The 2018A Bonds shall be offered pursuant to an Official Statement of even date herewith (which, together with the cover page and all appendices thereto, and with such changes therein and supplements thereto which are consented to in writing by the Underwriter, is herein called the "*Official Statement*").

(b) The University has previously deemed the Preliminary Official Statement (defined below) "final" as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission ("*Rule 15c2-12*"), and the University hereby authorizes the use of the Official Statement by the Underwriter in connection with the public offering and sale of the 2018A Bonds. The University agrees to provide to the Underwriter, at least four days prior to the Closing Date (defined below), and in any event not later than seven business days after the date hereof, sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12 and Rule G-32 of the Municipal Securities Rulemaking Board.

(c) If at any time prior to 25 days after the "end of the underwriting period" (as defined below), any event shall occur, or any preexisting fact shall become known, of which the University has knowledge and which might or would cause the Official Statement as then supplemented or amended to contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the University, at its expense, shall notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the University will (i) supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and (ii) provide the Underwriter with such certificates and legal opinions as shall be

requested by the Underwriter in order to evidence the accuracy and completeness of the Official Statement as so supplemented or amended. If the Official Statement is so supplemented or amended prior to the Closing (defined below), such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Purchase Agreement by written notification delivered to the University by the Underwriter at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the 2018A Bonds.

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

(e) In order to enable the Underwriter to comply with the requirements of paragraph (b)(5) of Rule 15c2-12 in connection with the offering of the 2018A Bonds, the University covenants and agrees with the Underwriter that it will execute and deliver a Continuing Disclosure Undertaking with respect to the 2018A Bonds (the “*Continuing Disclosure Undertaking*” and, collectively with this Purchase Contract and the Resolution, the “*Bond Documents*”) in substantially the form attached as APPENDIX E to the Preliminary Official Statement dated February 6, 2018 (the “*Preliminary Official Statement*”), on or before the Closing Date.

Section 1.4. Public Offering. The Underwriter agrees to make an initial public offering of all the 2018A Bonds at the public offering prices corresponding to the yields set forth on the inside cover page of the Official Statement. The Underwriter may, however, change such initial offering prices or yields as it may deem necessary in connection with the marketing of the 2018A Bonds and offer and sell the 2018A Bonds to certain dealers (including dealers depositing the 2018A Bonds into investment trusts) and others at prices lower than the initial offering prices or yields set forth on the inside cover page of the Official Statement. The Underwriter also reserves the right (a) to over-allot or effect transactions that stabilize or maintain the market prices of the 2018A Bonds at levels above those which might otherwise prevail in the open market and (b) to discontinue such stabilizing, if commenced, at any time without prior notice.

Section 1.5. Establishment of Issue Price. (a) The Underwriter agrees to assist the University in establishing the issue price of the 2018A Bonds and shall execute and deliver to the

University at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Exhibit A*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the University and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2018A Bonds.

(b) [Except as otherwise set forth in Schedule I attached hereto,] the University will treat the first price at which 10% of each maturity of the 2018A Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the University the price or prices at which it has sold to the public each maturity of 2018A Bonds. If at that time the 10% test has not been satisfied as to any maturity of the 2018A Bonds, the Underwriter agrees to promptly report to the University the prices at which it sells the unsold 2018A Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2018A Bonds of that maturity or until all 2018A Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the 2018A Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the 2018A Bonds for which the 10% test has not been satisfied and for which the University and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the University to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2018A Bonds, the Underwriter will neither offer nor sell unsold 2018A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (i) the close of the fifth business day after the sale date; or (ii) the date on which the Underwriter has sold at least 10% of that maturity of the 2018A Bonds to the public at a price that is no higher than the initial offering price to the public. The Underwriter shall promptly advise the University when it has sold 10% of that maturity of the 2018A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth business day after the sale date.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the 2018A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold 2018A Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the 2018A Bonds of that maturity or all 2018A Bonds of that maturity have been sold to the public and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The University acknowledges that,

in making the representation set forth in this subsection, the Underwriter will rely on (A) in the event a selling group has been created in connection with the initial sale of the 2018A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (B) in the event that a retail distribution agreement was employed in connection with the initial sale of the 2018A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The University further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2018A Bonds.

(e) The Underwriter acknowledges that sales of any 2018A Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2018A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2018A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2018A Bonds to the public),
- (iii) a purchaser of any of the 2018A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Purchase Agreement by the Underwriter and the University.

Section 1.6. Closing. The “Closing Date” shall be March 1, 2018, or such other date as the University and the Underwriter shall mutually agree upon. The delivery of and payment

for the 2018A Bonds and the other actions described in Sections 1.6 and 3.1 of this Purchase Agreement are referred to herein as the “*Closing*.” The Closing shall take place at the offices of Hawley Troxell Ennis & Hawley LLP in Boise, Idaho. On the Closing Date, the University will deliver the 2018A Bonds or cause the 2018A Bonds to be delivered to or for the account of The Depository Trust Company (“*DTC*”), duly executed and authenticated. The University will also deliver to the Underwriter at the Closing the other documents described below and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the 2018A Bonds as set forth in Section 1.1 of this Purchase Agreement in federal funds payable to the order of the University. The 2018A Bonds will be registered in the name of Cede & Co., as nominee of DTC.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE UNIVERSITY

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

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

Section 2.2. The execution and delivery of the 2018A Bonds and the Bond Documents, the adoption of the Resolution, and compliance with the provisions on the University’s part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the University is a party or to which the University is or to which any of its property or assets are otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the University to be pledged to secure the 2018A Bonds or under the terms of any such law, regulation or instrument, except as provided by the 2018A Bonds and the Resolution.

Section 2.3. (a) By all necessary official action of the University taken prior to or concurrently with the acceptance hereof, the University has duly authorized all necessary action to be taken by it for (i) the adoption of the Resolution and the issuance and sale of the 2018A Bonds, (ii) the approval, execution and delivery of, and the performance by the University of the obligations on its part, contained in the 2018A Bonds and the Bond Documents, (iii) the approval, distribution and use of the Preliminary Official Statement and the approval, execution, distribution and use of the Official Statement for use by the Underwriter in connection with the public offering of the 2018A Bonds, and (iv) the consummation by it of all other transactions described in the Official Statement, the Bond Documents and any and all such other agreements

and documents as may be required to be executed, delivered and/or received by the University in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

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

(c) The 2018A Bonds, when issued, delivered and paid for in accordance with the Resolution and this Purchase Agreement, will have been duly authorized, executed, issued and delivered by the University and will constitute the valid and binding obligations of the University, enforceable against the University in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the 2018A Bonds as aforesaid, the Resolution will provide, for the benefit of the holders, from time to time, of the 2018A Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Resolution.

(d) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Bond Documents, the issuance of the 2018A Bonds or the due performance by the University of its obligations under the Bond Documents and the 2018A Bonds, have been duly obtained.

Section 2.4. Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the University, threatened against the University: (a) affecting the existence of the University or the titles of its officers to their respective offices, (b) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2018A Bonds, (c) in any way contesting or affecting the validity or enforceability of the 2018A Bonds or the Bond Documents, (d) contesting the exclusion from gross income of interest on the 2018A Bonds for federal or State income tax purposes, (e) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (f) contesting the powers of the University or any authority for the issuance of the 2018A Bonds, the adoption of the Resolution or the execution and delivery of the Bond Documents, nor, to the best knowledge of the University, is there any basis therefor, wherein an

unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2018A Bonds or the Bond Documents.

Section 2.5. The University is not in breach of or in default under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the 2018A Bonds or any applicable judgment or decree or any material provision of a loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the University is a party or to which the University or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the financial condition of the University has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the University under any of the foregoing.

Section 2.6. The 2018A Bonds and the Resolution conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement under the captions "THE 2018A BONDS" and "SECURITY FOR THE 2018A BONDS," and the proceeds of the sale of the 2018A Bonds will be applied generally as described in the Preliminary Official Statement and the Official Statement under the caption "SOURCES AND USES OF FUNDS." The University has the legal authority to apply, and will apply or cause to be applied, the proceeds from the sale of the 2018A Bonds as provided in and subject to all of the terms and provisions of the Resolution, including for payment or reimbursement of University expenses incurred in connection with the negotiation, marketing, issuance and delivery of the 2018A Bonds to the extent required by Article IV, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the 2018A Bonds.

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

Section 2.8. The University will furnish such information and execute such instruments and take such action in cooperation with the Underwriter, at no expense to the University, as the

Underwriter may reasonably request (a) to (i) qualify the 2018A Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) determine the eligibility of the 2018A Bonds for investment under the laws of such states and other jurisdictions and (b) to continue such qualifications in effect so long as required for the distribution of the 2018A Bonds (*provided*, that the University will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the University of any written notification with respect to the suspension of the qualification of the 2018A Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

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

Section 2.10. (a) The financial statements of and other financial information regarding the University in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the University as of the dates and for the periods therein set forth. The financial statements of the University have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the University's audited financial statements included in the Preliminary Official Statement and in the Official Statement. Except as described in the Preliminary Official Statement and the Official Statement, since June 30, 2017, there has been no material adverse change in the condition, financial or otherwise, of the University from that set forth in the audited financial statements as of and for the period ended that date; and except as described in the Preliminary Official Statement and the Official Statement, the University, since June 30, 2017, has not incurred any material liabilities, directly or indirectly, except in the ordinary course of the University's operations.

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

Section 2.11. The University agrees and acknowledges that: (a) with respect to the engagement of the Underwriter by the University, including in connection with the purchase, sale and offering of the 2018A Bonds, and the discussions, conferences, negotiations and undertakings in connection therewith, the Underwriter (i) is and has been acting as a principal and not an agent, municipal advisor, financial advisor or fiduciary of the University and (ii) has not assumed any advisory or fiduciary responsibility in favor of the University (irrespective of whether the Underwriter has provided other services or is currently providing other services to

the University on other matters); (b) the University has consulted its own legal, accounting, tax, financial and other advisors to the extent it has deemed appropriate; and (c) this Purchase Agreement expresses the entire relationship between the parties hereto.

Section 2.12. Any certificate, signed by any official of the University authorized to do so in connection with the transactions described in this Purchase Agreement, shall be deemed a representation and warranty by the University to the Underwriter as to the statements made therein.

ARTICLE III

CLOSING CONDITIONS

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

(a) The representations and warranties of the University contained herein shall be true, complete and correct at the date hereof and on the Closing Date, as if made on the Closing Date. At the time of Closing, (i) the Official Statement, the Resolution and this Purchase Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter, and (ii) the proceeds of sale of the 2018A Bonds shall be paid to the Trustee of the 2018A Bonds for deposit or use as described in the Official Statement. On the Closing Date, no "Event of Default" shall have occurred or be existing under the Resolution nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an Event of Default under the Resolution, nor shall the University be in default in the payment of principal of or interest on any of its obligations for borrowed money.

(b) The Underwriter shall have the right to terminate the Underwriter's obligation under this Purchase Agreement to purchase, to accept delivery of and to pay for the 2018A Bonds if, after the execution hereof and prior to the Closing, the market price or marketability of the 2018A Bonds or the ability of the Underwriter to enforce contracts for the sale of the 2018A Bonds shall be materially adversely affected in the reasonable judgment of the Underwriter by the occurrence of any of the following:

(i) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the

Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the 2018A Bonds, or the interest on the 2018A Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(ii) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the 2018A Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the 2018A Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(iii) a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter);

(iv) a general banking moratorium declared by federal, State of New York, or State officials;

(v) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vi) there shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs or financial condition of the University, except for changes which the Preliminary Official Statement and the Official Statement each discloses are expected to occur;

(vii) there shall have occurred (A) any new material outbreak of hostilities (including, without limitation, an act of terrorism) (B) the escalation of hostilities existing

prior to the date hereof or (C) any other extraordinary event, material national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States or the University;

(viii) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Purchase Agreement has published a rating (or has been asked to furnish a rating on the 2018A Bonds) on any of the University's debt obligations, which action reflects a change or possible change, in the ratings accorded any such obligations of the University (including any rating to be accorded the 2018A Bonds); or

(ix) a material disruption in commercial banking or securities settlement, payment or clearance services shall have occurred.

Upon termination of this Purchase Agreement, all obligations of the University and the Underwriter under this Purchase Agreement shall terminate, without further liability, except that the University and the Underwriter shall pay their respective fees and expenses as set forth in Article IV.

(c) At or prior to the Closing for the 2018A Bonds, the Underwriter shall receive the following documents:

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

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

(iii) The opinion of Boise State University Office of General Counsel, counsel to the University, in substantially the form attached hereto as *Exhibit C*;

(iv) The University's certificate or certificates signed by its Vice-President and Chief Financial Officer dated the Closing Date to the effect that (A) no litigation is pending or, to its knowledge, threatened: (1) affecting the existence of the University or the titles of its officers to their respective offices, (2) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2018A Bonds, (3) in any way contesting or affecting the validity or enforceability of the 2018A Bonds or the Bond Documents, (4) contesting the exclusion from gross income of interest on the 2018A Bonds for federal or State income tax purposes, (5) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (6) contesting the powers of the University or any authority for the issuance of the 2018A Bonds, the adoption of the Resolution or

the execution and delivery of the Bond Documents, nor, to the best knowledge of the University, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2018A Bonds or the Bond Documents; (B) the descriptions and information contained in the Preliminary Official Statement, as of its date and as of the date hereof, and in the Official Statement, as of its date and as of the Closing Date, in each case relating to the University and its operational and financial and other affairs and the application of the proceeds of sale of the 2018A Bonds, were and are correct in all material respects; (C) such descriptions and information contained in the Preliminary Official Statement, as of its date and as of the date hereof, and in the Official Statement, as of its date and as of the Closing Date, did not and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (D) at the time of the Closing, no default or event of default has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute a default or an event of default under the Resolution, this Purchase Agreement or any other material agreement or material instrument to which the University is a party or by which it is or may be bound or to which any of its property or other assets is or may be subject; (E) the Resolution of the University authorizing or approving the execution of this Purchase Agreement, the Continuing Disclosure Undertaking, the Official Statement, and the form of the 2018A Bonds has been duly adopted by the University and has not been modified, amended or repealed; (F) no event affecting the University has occurred since the respective dates of the Preliminary Official Statement and Official Statement that either makes untrue, as of the Closing Date, any statement or information relating to the same and contained in the Preliminary Official Statement or Official Statement or that should be disclosed therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading; and (G) the representations of the University herein are true and correct as of the Closing Date;

(v) A copy of the transcript of all proceedings of the University, including the Supplemental Resolution, relating to the authorization and issuance of the 2018A Bonds, certified by appropriate officials of the University;

(vi) A certificate of the University relating to matters affecting the tax-exempt status of interest on the 2018A Bonds, including the use of proceeds of sale of the 2018A Bonds and matters relating to arbitrage rebate pursuant to Section 148 of the Code and the applicable regulations thereunder, in form and substance satisfactory to Bond Counsel;

(vii) Satisfactory evidence that the 2018A Bonds are rated “[]” and “[]” by Moody’s Investors Service, Inc. and S&P Global Ratings, respectively;

(viii) Copies of the Official Statement related to the 2018A Bonds executed on behalf of the University;

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

- (x) A specimen 2018A Bond;
- (xi) An executed copy of Internal Revenue Service Form 8038-G with respect to the 2018A Bonds and evidence of filing thereof; and
- (xii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If the University shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the University shall be under further obligation hereunder, except as further set forth in Article IV hereof. However, the Underwriter may, in its sole discretion, waive one or more of the conditions imposed by this Purchase Agreement and proceed with the Closing. Acceptance of the 2018A Bonds and payment therefor by the Underwriter shall be deemed a waiver of noncompliance with any of the conditions herein.

ARTICLE IV

FEES AND EXPENSES

The University will pay all costs of issuance of the 2018A Bonds, including the costs of preparing the 2018A Bonds; the costs of preparing and distributing the Preliminary Official Statement and the Official Statement; the fees and expenses of rating agencies, the Trustee, Bond Counsel, Disclosure Counsel, counsel for the University and all other consultants to the University; filing and other administrative and service fees; and all transportation, lodging and meals incurred by or on behalf of the University and its representatives in connection with the negotiation, marketing, issuance and delivery of the 2018A Bonds. The Underwriter will pay all out-of-pocket expenses of the Underwriter, including advertising expenses in connection with the public offering of the 2018A Bonds, travel and other expenses, except the fees and expenses of Underwriter's Counsel, which will be paid directly by the Trustee of the 2018A Bonds on the Closing Date. In the event that the Underwriter incurs or advances the cost of any expense for which the University is responsible hereunder, the University shall reimburse the Underwriter at or prior to Closing; if at Closing, reimbursement may be included in the expense component of the Underwriter's spread.

ARTICLE V

GENERAL PROVISIONS

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

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

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

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

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

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

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

[Signature page follows]

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

BARCLAYS CAPITAL INC.

By _____
Director

ACCEPTED:

BOISE STATE UNIVERSITY

By _____
Vice President and Chief Financial Officer

SCHEDULE I

[ATTACHED]

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

EXHIBIT B

OPINION OF DISCLOSURE COUNSEL

[CLOSING DATE]

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

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

Re: The Board of Trustees of Boise State University
 General Revenue Project Bonds, Series 2018A

Ladies and Gentlemen:

We have acted as counsel with respect to disclosure matters to Boise State University (the “University”) in connection with the sale of its \$[_____] General Revenue Project Bonds, Series 2018A (the “2018A Bonds”), pursuant to the Bond Purchase Agreement dated February 13, 2018 (the “Bond Purchase Agreement”), between the University and Barclays Capital Inc. (the “Underwriter”).

In connection therewith, we have examined duly certified copies of certain proceedings of the Board of Trustees of Boise State University (the “Trustees”) relating to the authorization and issuance of the 2018A Bonds, including the Resolution of the Trustees adopted on September 17, 1992, as previously supplemented and amended and as further supplemented by Supplemental Resolution adopted on December [20/21], 2017 (collectively, the “Resolution”), the Preliminary Official Statement dated February 6, 2018 (the “Preliminary Official Statement”), and the Official Statement dated February 13, 2018 (the “Official Statement”), the Continuing Disclosure Undertaking dated as of the date hereof, and such other documents as we deemed necessary to render this opinion.

In our capacity as disclosure counsel, we also have examined originals or reproduced or certified copies of all such other corporate records, agreements, communications, certificates of officers and other instruments of the University, as well as such certificates of public officials and other documents as we have deemed relevant and necessary as a basis for the opinions set

forth below. We also have examined an executed counterpart of the opinion, addressed to us, of University Counsel.

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

Based upon such examination, it is our opinion that:

1. The information contained in the Preliminary Official Statement and Official Statement under the headings entitled "THE 2018A BONDS," "SECURITY FOR THE 2018A BONDS" and "TAX MATTERS" and in APPENDIX "C" to the Preliminary Official Statement and the Official Statement entitled "Glossary of Terms Used in the Resolution and Official Statement" and in APPENDIX "D" to the Preliminary Official Statement and the Official Statement entitled "Summary of Certain Provisions of the Resolution" present a fair summary of the relevant provisions of the 2018A Bonds and other matters discussed or presented therein, except that we express no opinion with respect to any financial, statistical or operating data contained in the information included under such headings.

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

While we are not passing upon, and (except as otherwise expressly set forth in opinion paragraph number 1) do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, on the basis of the information that was developed in the course of the performance of the services referred to above and (except as otherwise expressly set forth in opinion paragraph number 1) without having undertaken to verify independently such accuracy, completeness or fairness, nothing has come to the attention of the attorneys in our firm providing legal services in connection with the issuance of the 2018A Bonds that caused us to believe that the Preliminary Official Statement as of its date or as of the date of the Bond Purchase Agreement or Official Statement, as of its date and the date hereof (apart from (i) the financial statements and other economic, demographic, financial and statistical data, (ii) information regarding The Depository Trust Company, contained in the Preliminary Official Statement and the Official Statement, as to which we do not express any opinion or belief) contains or contained any untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

2. The 2018A Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and of Section 304(a)(4) of the Trust Indenture Act of 1939, as amended; and it is not necessary in connection with the sale of the 2018A Bonds to the public to register the 2018A Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended.

EXHIBIT C

OPINION OF BOISE STATE UNIVERSITY OFFICE OF THE GENERAL COUNSEL

[CLOSING DATE]

Boise State University
1910 University Drive
Boise, Idaho 83725

The Bank of New York Mellon Trust Company, N.A., as Trustee
100 Pine Street, Suite 3200
San Francisco, California 94111

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

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

Re: Boise State University
\$[]
General Revenue Project Bonds,
Series 2018A

Ladies and Gentlemen:

In my capacity as Associate General Counsel to Boise State University (the "University"), I have reviewed certain documents in connection with the issuance and sale by the University of its \$[] General Revenue Project Bonds, Series 2018A (the "2018A Bonds"), including the Resolution Providing for the Issuance of General Revenue Bonds, adopted on September 17, 1992, by the State Board of Education and Board of Regents of the University of Idaho, acting in its capacity as the Board of Trustees of the University (the "Board"), as previously supplemented and amended (the "Master Resolution"), and as further supplemented and amended by the Supplemental Resolution of the Board adopted on December [20/21], 2017, authorizing the issuance and sale of the 2018A Bonds (the "Supplemental Resolution," and, together with the Master Resolution, the "Resolution"); the Preliminary Official Statement dated February 6, 2018 (the "Preliminary Official Statement"); the Official Statement dated February 13, 2018 (the "Official Statement"); the Bond Purchase Agreement, dated February 13, 2018, between the University and Barclays Capital Inc. (the

“Purchase Agreement”); the Continuing Disclosure Undertaking with respect to the 2018A Bonds (the “Continuing Disclosure Undertaking”); and such other documents as I deemed necessary to render this opinion. Capitalized terms used but not defined in this opinion have the meanings assigned to such terms in the Resolution. This opinion is rendered pursuant to the Purchase Agreement.

Based upon my examination, it is my opinion that:

1. The University is an institution of higher education and a body politic of the State of Idaho, duly and validly created and existing pursuant to the laws of the State of Idaho, with full legal right, power, and authority (i) to issue bonds of the University pursuant to the Resolution; (ii) to adopt the Resolution; (iii) to enter into the Purchase Agreement and the Continuing Disclosure Undertaking; (iv) to pledge the Pledged Revenues (as defined in the Resolution) to secure the payment of the principal of and interest on the 2018A Bonds; and (v) to carry out and consummate the transactions contemplated by the Resolution, the Purchase Agreement, and the Continuing Disclosure Undertaking (collectively, the “Bond Documents”).

2. The meeting of the Board on December [20/21], 2017, at which the Supplemental Resolution was duly adopted by the Board, was called and held pursuant to law, all public notices required by law were given, and the actions taken at the meeting, insofar as such actions relate to the 2018A Bonds, were legally and validly taken.

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

4. Based upon conferences with, and representations of officials of, the University, the statements in the Preliminary Official Statement, as of its date and as of the date of the Purchase Agreement, and the Official Statement, as of its date and as of the date hereof, under the captions “INTRODUCTION – Boise State University,” “SECURITY FOR THE 2018A BONDS,” “SERIES 2018A PROJECT,” “THE UNIVERSITY,” “FINANCIAL INFORMATION REGARDING THE UNIVERSITY” and “LITIGATION” and in “APPENDIX B – SCHEDULE OF STUDENT FEES” were and are true and correct in all material respects and did not and do not contain an untrue statement or omission of a material fact (other than, with respect to the Preliminary Official Statement, any information that is permitted to be omitted from the Preliminary Official Statement pursuant to Rule 15c2-12), it being understood that, in rendering this opinion, I am not expressing an opinion with respect to financial, statistical or operating data contained under these captions of the Preliminary Official Statement and the Official Statement.

5. Except as described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, official inquiry or investigation, at law or in equity, pending: (i) affecting the existence of the University or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the 2018A Bonds, (iii) in any way contesting or affecting the validity or enforceability of the 2018A Bonds or the Bond Documents, (iv) contesting the exclusion from gross income of interest on the 2018A Bonds for federal or State income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the University or any authority for the issuance of the 2018A Bonds, the adoption of the Resolution or the execution and delivery of the other Documents, nor, to the best knowledge of the University, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2018A Bonds or the Bond Documents.

Very truly yours,

Nicole C. Pantera, Associate General Counsel
Boise State University Office of the General Counsel

EXHIBIT D**OPINION OF UNDERWRITER'S COUNSEL**

[CLOSING DATE]

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

Re: Boise State University
\$[]
General Revenue Project Bonds,
Series 2018A

Ladies and Gentlemen:

We have served as counsel to Barclays Capital Inc. (the "Underwriter") in connection with the issuance of the above-referenced bonds (the "2018A Bonds") by Boise State University (the "University"). Unless otherwise defined herein, capitalized terms used herein will have the meaning or meanings set forth in the Bond Purchase Agreement for the 2018A Bonds dated February 13, 2018 (the "Purchase Agreement"), between the University and the Underwriter.

In our capacity as counsel to the Underwriter, we have examined originals, or copies certified or otherwise identified to our satisfaction as being true copies of originals, of the following documents: (i) the Purchase Agreement; (ii) the Resolution Providing for the Issuance of General Revenue Bonds, adopted on September 17, 1992, by the State Board of Education and Board of Regents of the University of Idaho, acting in its capacity as the Board of Trustees of the University, as supplemented and amended, including as supplemented and amended by the Supplemental Resolution adopted on December [20/21], 2017, authorizing the issuance and sale of the 2018A Bonds (together, the "Resolution"); (iii) the Preliminary Official Statement relating to the 2018A Bonds dated February 6, 2018 (the "Preliminary Official Statement"); (iv) the Official Statement relating to the 2018A Bonds dated February 13, 2018 (the "Official Statement"); (v) the Continuing Disclosure Undertaking with respect to the 2018A Bonds (the "Continuing Disclosure Undertaking"); and (vi) the various certificates and opinions provided on the date hereof pursuant to the Purchase Agreement (collectively, the "Documents").

We have assumed: (i) each party to the Documents validly exists and has and had all necessary legal and corporate authority to execute, deliver and perform the Documents to which it is a party; (ii) the execution and performance of the Documents and such other documents as may be executed in connection therewith by each such party will not violate or breach any law, regulation or corporate or other document or instrument to which such person is party or by

which it is bound; (iii) the Documents are legal, valid and binding obligations of each such party to the extent purported to be such, enforceable in accordance with their respective terms; (iv) the genuineness of all signatures on the Documents; (v) the authenticity and completeness of all Documents submitted to us as originals; (vi) the legal competence of all natural persons who have signed the Documents; and (vii) the conformity to original Documents of all Documents submitted to us as copies.

Based on the foregoing and in reliance thereon, we are of the opinion that (i) the offer and sale of the 2018A Bonds by the Underwriter are exempt from the registration requirements of the Securities Act of 1933, as amended; (ii) the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) Section 1.3(e) of the Purchase Agreement and the Continuing Disclosure Undertaking together provide a suitable basis for the Underwriter to reasonably determine, pursuant to paragraph (b)(5)(i) of Rule 15c2-12, that the University has undertaken in written agreements or contracts for the benefit of the holders of the 2018A Bonds to provide or cause to be provided the annual financial information and notices required by paragraph (b)(5)(i) of Rule 15c2-12. In delivering the foregoing opinions (i) and (ii), we have relied upon the legal opinions of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, to the extent that such opinions address the validity of the 2018A Bonds.

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

Without undertaking to determine independently or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement, we advise you that, during the course of the activities described in the foregoing paragraph, no information came to the attention of the attorneys in our firm providing legal services in connection with the issuance of the 2018A Bonds that caused such attorneys to believe that (i) except for the omission of information permitted to be excluded by Rule 15c2-12, the Preliminary Official Statement, as of the date of the Preliminary Official Statement and as of the date of the Purchase Agreement, and (ii) the Official Statement, as of its date and as of the date hereof (excluding in each case any financial, economic or statistical data contained in the Preliminary Official Statement or the Official Statement, any information contained in the Preliminary Official Statement or the Official Statement regarding DTC or its book-entry system or how interest on the 2018A Bonds is treated for federal or State income tax purposes, and the information contained in Appendices A, F and G to the Preliminary Official Statement and the Official Statement, as to all of which no opinion or belief is expressed), contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

This letter is furnished by us as counsel to the Underwriter, is solely for the benefit of the Underwriter, and is not to be used, quoted, circulated or otherwise referred to in any other way,

nor to be disclosed to any other person (other than as may be required by law) without our express prior written permission.

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

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

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CREDIT OPINION

19 December 2016

New Issue

Rate this Research >>

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Boise State University, ID

New Issue - Moody's Assigns Aa3 to Boise State University's (ID) General Revenue Bonds; Outlook Stable

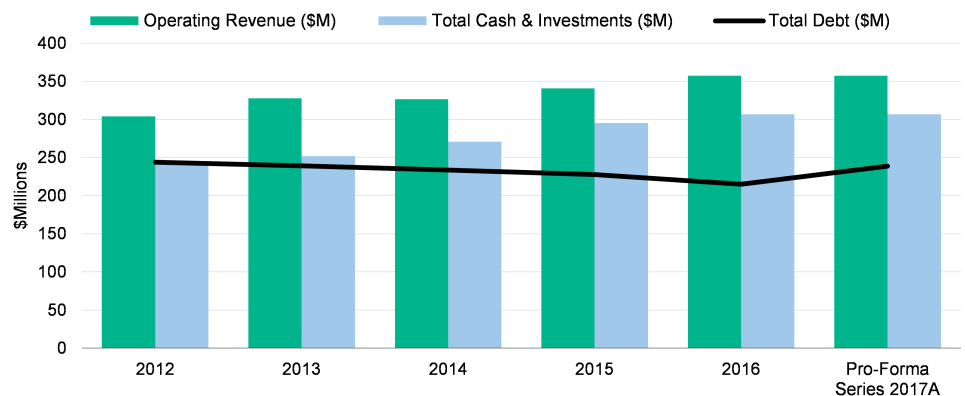
Summary Rating Rationale

Moody's Investors Service assigns a Aa3 rating to Boise State University's proposed issuance of approximately \$69 million of fixed-rate General Revenue Project and Refunding Bonds, Series 2017A. The bonds are expected to be issued as serial bonds, with regular maturities through 2047. We have concurrently affirmed the Aa3 ratings on approximately \$207 million of outstanding General Revenue Bonds. The outlook is stable.

The assignment of the Aa3 rating reflects rating Boise State University's very good strategic positioning, with healthy, forward-looking programmatic and capital investments, growing online and STEM programs and unique market position as a comprehensive urban public university. The rating also incorporates the university's solid and conservative fiscal management which enables BSU to maintain surplus operations even as it invests in programs and despite some variability in net tuition revenue growth. Credit challenges include slow growth of wealth and weakening cash flow as the university has been spending reserves on strategic investments.

Exhibit 1

Solid Growth of Wealth and Revenue Bolster Reinvestment and Keep Leverage Manageable



Pro-forma represents FY 2016 financial data with Series 2017A bonds.

Source: Moody's Investors Service

Credit Strengths

- » Solid student market as an urban public university with almost 16,000 full-time equivalent (FTE) students

- » Strong oversight, conservative budgeting and good planning contribute to positive financial performance
- » Healthy reinvestment and niche programming in targeted markets contribute to enrollment growth and very good strategic positioning
- » Spendable cash and investments provide adequate cushion of pro-forma debt and operations, at 1.0 and 0.7 times, respectively

Credit Challenges

- » Modest softening of cash flow as the university spends accumulated reserves for strategic programmatic investments
- » Continued capital investment and debt plans will keep leverage somewhat elevated relative to peers
- » State legislature sets wage increases, which can translate to an unfunded mandate on 74% of BSU's staff
- » Plan to grow research enterprise will be challenging in highly competitive research funding environment

Rating Outlook

The stable outlook reflects our expectation that the university will have continued strong cash flow in the 11-13% range as strategic programmatic and capital investments continue. The outlook incorporates some tolerance for modest enrollment volatility especially in light of strong budgeting and financial oversight.

Factors that Could Lead to an Upgrade

- » Substantial increase in the scope of operations, including growth of research enterprise
- » Improved wealth and liquidity to support debt and operations

Factors that Could Lead to a Downgrade

- » Sustained enrollment declines and materially contracting net tuition revenue
- » Deterioration of operating performance

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key Indicators

Exhibit 2

BOISE STATE UNIVERSITY, ID						
	2012	2013	2014	2015	2016	Pro-Forma Series 2017A
Total FTE Enrollment	16,075	15,589	15,642	15,434	15,974	15,974
Operating Revenue (\$000)	304,108	327,691	326,470	340,719	357,289	357,289
Annual Change in Operating Revenue (%)	4.1	7.8	-0.4	4.4	4.9	4.9
Total Cash & Investments (\$000)	244,328	251,663	270,979	295,396	306,720	306,720
Total Debt (\$000)	244,041	239,376	233,742	227,535	215,123	238,728
Spendable Cash & Investments to Total Debt (x)	0.7	0.8	0.9	1.0	1.1	0.9
Spendable Cash & Investments to Operating Expenses (x)	0.6	0.6	0.6	0.7	0.7	0.7
Monthly Days Cash on Hand (x)	126	119	113	134	128	128
Operating Cash Flow Margin (%)	16.1	16.5	13.4	17.2	14.5	14.5
Total Debt to Cash Flow (x)	5.0	4.4	5.4	3.9	4.2	4.6
Annual Debt Service Coverage (x)	3.1	3.6	2.6	3.3	3.0	3.0

FTE Enrollment reflects fall of the calendar year; Pro-Forma represents FY 2016 financial data, fall 2016 enrollment data and includes the Series 2017A bonds.

Source: Moody's Investors Service

Detailed Rating Considerations

Market Profile: Very Good Strategic Positioning with Forward-looking Program Development and Growing STEM Programs

Boise State University's strategic positioning is bolstered by its location in the capital of Idaho, with a sizable and diverse economic base that includes technology, higher education, and healthcare sectors. Demographic trends for graduating high school students are favorable over the next several years in Idaho. The university is continually enhancing its programs and partnerships to ensure that its academic offerings meet the needs of local industry and forward-looking economic trends. BSU is making concerted efforts to both broaden its market reach and improve its academic profile, with some success. A focus on STEM (science, technology, engineering and mathematics) has contributed to growing out of state enrollment with 42% of freshmen coming from outside of Idaho (including international students) in fall 2016.

Growth of BSU's eCampus helps offset volatility in undergraduate resident enrollment that tends to be countercyclical to the economy. Total full time equivalent (FTE) enrollment was up by 3.5% in fall 2016, to approximately 16,000 students. Generally FTE enrollment ranges between 15,000 and 16,000 students. The university continues to conservatively budget for flat to declining enrollment. The university is building eCampus degrees based on programs for which it already has strong demand and brand recognition, such as nursing and medical imaging.

Over the last 10 years the university has been investing in infrastructure to grow its research profile. The recent opening of a biomedical research vivarium is expected to jump start funding in this area, with a \$10 million grant from the National Institutes of Health announced in FY 2015. Research expenditures are expected to grow modestly, and have remained relatively stable at \$20-22 million over the last five years. The university plans to construct a new research and academic building to expand its research and graduate programs in material science, which will increase prospects for funding for that discipline. The university received a \$25 million gift from the Micron Foundation in FY 2016 toward that building, and expects to begin construction in the next two years.

Operating Performance: Strong Expense Control and Fiscal Oversight Underpin Surplus Operations

BSU's strong budgetary oversight and expense containment give it favorable operating flexibility. The ability to methodically and strategically build up reserves for long-term plans through operating cash flow is a key credit strength for the university. Cash flow softened modestly in FY 2016, but is expected to stabilize at a healthy 12% or above, with debt service coverage of around 2.5 times and above.

Surplus operations are achieved through careful expense control in conjunction with moderate overall revenue growth (at about 4.9%). Net tuition revenue, BSU's largest revenue source at about 55%, will continue to grow at or above inflation with modest tuition increases and a continued focus on affordability. Over the last three years, net tuition revenue has grown at an average 6%, which is high for the sector. State appropriations, which represent 25% of revenue, have grown at about 5% a year from FY 2014 to FY 2016, with another 8.6% increase FY 2017. The State Board of Education's top priority for the legislature is to consider performance based funding, which at this point is expected to be additive to overall state funding.

Wealth and Liquidity: Good Growth of Wealth to Support Capital Projects and New Debt

BSU's spendable cash and investments will continue to provide a moderate cushion for debt and operations, as the university balances new capital plans with gifts and planned reserve growth. FY 2016 spendable cash and investments were flat to FY 2015 at \$226 million due to weak investment returns, but provide solid 1.0 times cushion of pro-forma debt and 0.7 times of operations, on par with the Aa3 public university medians.

Targeted fundraising will allow the university to continue to invest in its capital plan as well as grow scholarships for students. Gift revenue averaged \$28 million over the last three years, and expected to remain strong with multiple ongoing mini-campaigns. As of October 31, 2016, the university has raised \$43 million for its scholarship campaign, exceeding the \$25 million goal. BSU is also working to raise additional funds to support a proposed new \$52 million materials science building following a \$25 million lead gift in FY 2016.

The BSU foundation is conservatively managed with almost 90% in public equities and fixed income. The June 30, 2016 return was -0.9%, weak, but exceeding returns of many peers.

LIQUIDITY

BSU's liquidity is growing, but remains modest for the rating category, with just 128 monthly days cash on hand to support operations. This amount is sufficient to handle BSU's fixed rate debt profile and relatively straight forward operations.

Leverage: Manageable Leverage with Careful Capital and Debt Planning

The university's deliberate and measured approach to capital spending offsets its moderately elevated debt levels. With debt to operating revenue of 0.7 times BSU's practice of setting clear fundraising and/or appropriation milestones prior to committing debt to new projects will ensure that leverage remains reasonable. Future debt affordability at this rating level will depend up on maintenance or growth of current cash flow levels, with Pro-forma debt to cash flow of 4.6 times in FY 2016, including the Series 2017A bonds.

A recently approved new campus master plan calls for an additional up to \$27 million of debt in the next few years for the new materials science building. Debt service on the materials science building and the fine arts building (funded out of the Series 2017A bonds) will be offset by implementation of an additional student facilities fee. The remainder of the project costs will be funded through gifts and state appropriations. The state has pledged \$5 million in capital funding toward the fine arts building, and the university plans to list the materials science building as a strategic funding priority for FY 2017 capital appropriations.

BSU is moving forward with EdR on an up to \$40 million public private partnership for an approximately 600 bed residence hall adjacent to campus. The site will accommodate both the university's honors college and other traditional undergraduate students. BSU has granted EdR a 50 year ground lease, and the total project cost of \$30-40 million will be funded by developer equity. The new housing will represent approximately a quarter of total housing capacity on campus. There is currently no debt associated with the project, but it remains an aspect of the university's credit profile. The honors college is strategically important to BSU as it seeks to build residential campus life and improve the academic profile of its students.

DEBT STRUCTURE

Boise State University's all fixed rate and regularly amortizing debt structure provides predictability in fixed expenses.

DEBT-RELATED DERIVATIVES

None

PENSIONS AND OPEB

The university's other debt like obligations are relatively modest compared to peers. The university closed participation in the state's multi-employer defined benefit plan (Public Employee's Retirement System of Idaho, PERSI) for all new faculty and professional staff in

1990 which has greatly reduced its fixed pension costs and liabilities. At that point all new faculty and professional staff were required to be part of the defined contribution program. All classified staff are still eligible to enroll in the PERSI system, including new hires. In total classified staff are about 25% of the BSU workforce.

Moody's three-year adjusted net pension liability (ANPL) was \$63 million for FYs 2014-2016, resulting in moderate additional leverage. Spendable cash and investments cover total pro-forma adjusted debt (including direct debt, capitalized operating leases and ANPL) by 0.7 times compared to the median of 0.5 times for Aa rated peers. The university also participates in a multiple-employer defined contribution plan for faculty and staff hired after 1990 (the Optional Retirement Program, ORP). Total employer pension contributions for both plans represent a manageable approximately 4% of operating revenue.

The university participates in multi-employer defined other postemployment benefit (OPEB) plan to which it contributes annually. As of FYE 2016, the university's OPEB liability was a moderate \$10.5 million.

Governance and Management: Conservative Budgeting and Forward-Looking Planning Add Flexibility

BSU's conservative budgeting and in-depth short and long-term planning are a credit positives that will contribute to continued positive operations and thoughtful and strategic programmatic reinvestment. The university continues its strategic program, academic and capital reallocation efforts, with a keen eye on expense reduction. The financial management budgets conservatively on enrollment and includes several contingencies that help maintain positive operations.

BSU's Chief Financial Officer has announced her departure in March 2017, and the university is pursuing a national search for the next CFO. With a deeply ingrained culture of fiscal stewardship, we expect the strong budgetary oversight to remain with the next CFO.

Legal Security

The Series 2017A bonds are on parity with BSU's outstanding General Revenue Bonds. BSU's general revenue bonds are secured by the broadest pledge available for the university. Pledged Revenues include student charges, auxiliary revenues, indirect cost recovery, and other specified revenue sources. State appropriations and other externally restricted funds are not included in the Pledged Revenues. Under the Resolution, BSU has a debt service covenant and additional bonds test of at least 1.1 times. There is no debt service reserve fund. For FY 2016, Gross Pledged Revenues of \$221 million in FY 2016 cover pro-forma maximum annual debt service over by 8.7 times. Net pledged revenues were \$152 million in FY 2016.

Use of Proceeds

Proceeds from the Series 2017A bonds will be used to pay for a portion of the costs of constructing and equipping the fine arts building on campus, to refund all or a portion of certain maturities of the Series 2007A General Revenue Bonds, and to pay costs of issuance.

Obligor Profile

Boise State University is well positioned to maintain a stable market position as the largest comprehensive public university in Idaho (by enrollment) with total headcount of over 23,000 students in fall 2016. The main campus is in Boise, Idaho, with several off campus centers in the surrounding areas that typically serve part-time and non-traditional students.

Methodology

The principal methodology used in this rating was Global Higher Education published in November 2015. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

Ratings

Exhibit 3

Boise State University, ID

Issue	Rating
General Revenue Project and Refunding Bonds, Series 2017A	Aa3
Rating Type	Underlying LT
Sale Amount	\$68,760,000
Expected Sale Date	01/12/2017
Rating Description	Revenue: 501c3 Unsecured General Obligation

Source: Moody's Investors Service

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Boise State University, Idaho; Public Coll/Univ - Unlimited Student Fees

Credit Profile

US\$68.76 mil gen rev proj and rfdg bnds ser 2017A dtd 01/26/2017 due 04/01/2047

<i>Long Term Rating</i>	A+/Stable	New
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Boise St Univ Gen Rev bnds ser 2007A

<i>Long Term Rating</i>	A+/Stable	Affirmed
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Rationale

S&P Global Ratings assigned its 'A+' long-term rating to Boise State University (BSU), Idaho's series 2017A general revenue project and refunding bonds. At the same time, S&P Global Ratings affirmed its 'A+' long-term rating and underlying rating (SPUR) on the university's parity debt. The outlook is stable.

We assessed the university's enterprise profile as strong, characterized by a stable management team, with respectable student quality characteristics helping to partly offset softening demand over the past four years. We assessed BSU's financial profile as very strong, with consistent full-accrual operating surpluses and available resources that are in line with the rating category. We believe these combined credit factors lead to a long-term rating of 'A+'. In our opinion, the 'A+' rating on the university's bonds reflects BSU's strength of operations, offset by past enrollment declines. Pro forma maximum annual debt service (MADS) is above average and we anticipate that BSU will issue as much as \$27 million in new debt in the next two years, but we believe that this debt level should remain manageable so long as BSU maintains positive operations and increases its available resources.

The ratings further reflect our assessment of BSU's:

- History of reporting positive adjusted financial operations on a full-accrual basis,
- Good fiscal stewardship with a focus on operations and conservative budgeting, and
- Adequate available resource ratios for the rating category.

Partly offsetting the above strengths, in our view, are BSU's:

- High pro forma debt burden,
- Trend of fluctuating enrollment, and
- Above-average pro forma MADS burden of about 4.9% of fiscal 2016 operating expenses.

The series 2017A bond proceeds will be used to currently refund a portion of the university's 2007A bonds and to finance a portion of the costs of the Fine Arts Building. All of BSU's bonds, including the series 2017A bonds, are parity general revenue debt secured by an unlimited student fee pledge of the university. This student fee is internally dedicated to debt service, and there is no debt service reserve fund.

Boise State University is located in Boise in western Idaho. BSU was founded in 1932 and has the largest student

enrollment of any post-secondary institution in Idaho with 15,973 full-time equivalent (FTE) students as of fall 2016. The university is fully accredited by the Northwest Commission on Colleges and Universities through 2018, and a number of its academic programs have also obtained specialized accreditation. The majority of students are undergraduates (about 90%), and 76% of the student body is from the state. The university's headcount is increasing and has grown to almost 24,000 students.

Outlook

The stable outlook reflects our expectation that, over the next two years, the university will continue to generate balanced or better operating results on a full-accrual basis, maintain its existing available resources relative to operations and debt, and weather fluctuating enrollment trends. We expect that future debt will coincide with a commensurate increase in available resources and that BSU will maintain a manageable debt burden.

Downside scenario

Credit factors that could lead to a negative rating action during the outlook period include enrollment declines, significant operating deficits, erosion of available resources relative to the rating category, or the issuance of new debt to levels that significantly increase the university's debt burden and cause available resources relative to debt to decline to levels that are less than adequate for the rating.

Upside scenario

Although upward movement of the rating is unlikely during the outlook period, given the university's above-average debt burden, credit factors that could lead to a positive rating action beyond the outlook period include substantial improvement in the university's available resource ratios relative to the rating category and stabilization of BSU's enrollment profile.

Enterprise Profile

Industry risk

Industry risk addresses our view of the higher education sector's overall cyclical and competitive risk and growth through application of various stress scenarios and evaluation of barriers to entry, levels and trends of profitability, substitution risk, and growth trends observed in the industry. We believe the higher education sector represents a low credit risk when compared with other industries and sectors.

Economic fundamentals

In our view, BSU has limited geographic diversity, with more than 75% of students coming from Idaho. As such, our assessment of BSU's economic fundamentals is anchored by the state GDP per capita.

Market position and demand

BSU has been challenged with softening demand within its undergraduate program and FTE enrollment; however, fall 2016 showed improvement. In fall 2015, its undergraduate FTE enrollment fell by 2.6% to 13,928 students and its total FTE enrollment declined by 1.2% to 15,451; however, fall 2016 undergraduate FTE enrollment increased by 3.0% to 14,346 and total FTE enrollment increased by 3.4% to 15,973. Management attributes the recent decreases to local

changes, including fewer regional college-ready high school graduates and price sensitivity associated with the rising costs of education. Management reports that enrollment is expected to increase over time due to the Student Affairs Division's concentrated focus on enrollment, with efforts aligned toward recruitment, retention, and employability.

In our view, the enrollment and demand profile is adequate but somewhat variable. BSU has experienced volatility in its freshman undergraduate applications, with applications increasing by as much as 11% (fall 2014) and decreasing by as much as 21% (fall 2013). In fall 2016, applications were up 2.1% to 8,330. The university's freshman selectivity rate weakened to 82% in fall 2016 from 54% in fall 2012. Its freshman matriculation rate portrayed a similar trend, weakening to 38% from 53% in the same period. However, in fall 2016, student quality, as measured by the average entering freshman's ACT score, increased slightly to 23.3, as did its retention rate, which improved to a healthy 74%. Its six-year graduation rate remains weak, at 39%.

BSU provides 2,176 beds on campus in residence halls, 201 leased apartments, and 278 off-campus apartments. Management reports that occupancy rates as of fall 2016 were 99% for residence halls and 100% for the apartments and off-campus apartments, which we consider strong.

BSU's fundraising is done through the BSU Foundation. Management reports that gifts increased to \$40.2 million in fiscal 2016. BSU is also in the middle of a \$25 million scholarship campaign with \$43 million raised. The campaign is scheduled to complete in June 2017, and management reports that it will continue to fundraise for this campaign. In our view, fundraising has improved and remains moderate. We expect fundraising to continue at historical levels.

Management and governance

BSU's board and management team are in line with the rating. Dr. Bob Kustra has been president of BSU since 2003, prior to which he served two terms as lieutenant governor in Illinois and 10 years in the Illinois state legislature. The university executive management has one change, with the departure of Stacy Pearson, the Vice President of Finance and Administration, effective March 1, 2017. The rest of the senior management team has remained relatively unchanged, which we believe lends stability to the overall credit profile. The responsibility for overall management and determination of university policies and standards is vested with the BSU board, which also serves as the Idaho State Board of Education, the Regents of the University of Idaho, the Board of Trustees for Idaho State University in Pocatello, the Board of Trustees for Lewis Clark State College in Lewiston, and the State Board for Professional-Technical Education and Vocational Rehabilitation. The governor appoints seven of the members of the combined boards for five-year terms. The elected state superintendent of public instruction serves ex officio as the eighth member of the board for a four-year term.

The university operates under a formal campus master plan and strategic plan. The most recent strategic plan, "Focus on Effectiveness," covers 2012 through 2017. This plan includes key performance indicators with goals that we believe are consistent and appropriate with the needs of the organization. We take a positive view of management's standards for operational performance and effectiveness. Management completed the state-mandated program prioritization to reduce costs and the corresponding strategic realignment in the past fiscal year. This is a continuous process and a tool for management to reallocate resources and produce savings, enabling management to identify efficiencies and improve its overall cost structure. The university budgets conservatively on a modified-accrual basis of accounting and produces interim comparative quarterly financial reports, including management's discussion and analysis, a best

practice.

Financial Profile

Financial management policies

We consider BSU's financial management policies robust. The university has formal policies for its endowment, investments, and debt. It operates according to a five-year strategic plan and has a formal policy for maintaining reserves. The financial policies assessment reflects our opinion that, despite some areas of risk, the organization's overall financial policies are not likely to hamper its ability to pay debt service. Our analysis of financial policies includes a review of the organization's financial reporting and disclosure, investment allocation and liquidity, debt profile, contingent liabilities, and legal structure and a comparison of these policies with those of comparable providers.

In line with our report "Assessing The Impact Of GASB 68 On U.S. Public Universities And Charter Schools," published Dec. 15, 2015, on RatingsDirect, we have made certain adjustments to the financial statements of public colleges and universities and certain public charter schools for financial results beginning with fiscal year-end June 30, 2015, to enhance analytical clarity regarding the economic substance of the funding of liabilities, expenses, and deferred inflows and outflows of resources associated with pension plan obligations and a change in accounting principle as detailed in GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." We believe these adjustments enhance analytical clarity from a credit perspective and result in more comparable financial metrics as long as states are able and willing to fund these pension liabilities. It is our understanding that the responsibility for BSU's pension liabilities will remain with the state.

Financial operations

Being the state's largest public institution of higher education, BSU receives one of the largest portions of state appropriation funding allocated to public institutions: \$80.4 million in fiscal 2015, \$85.6 million in fiscal 2016, and \$93.0 million in fiscal 2017, representing increases since funds were cut in fiscal 2011. The Idaho Department of Public Works also provides capital funding for various construction projects and repairs at the university; the amount varies from year to year. The university's revenue composition has remained about the same over the past year, with appropriations at 22% of total operating revenue, gross tuition and student fees and auxiliary revenue at 50%, grants and contracts at 9%, and gifts at 7%.

BSU has a track record of producing surplus operations on a full-accrual basis, as demonstrated by gains of \$29.5 million in fiscal 2016, \$27.7 million in fiscal 2015, \$28.8 million in fiscal 2014, and \$45.7 million in fiscal 2013. BSU also reported a \$5.5 million gain in net income before capital in fiscal 2016. Management expects operating performance to remain positive in fiscal 2017. Continued enrollment changes have pressured net tuition revenue, but the university has been able to increase net tuition revenue per student through modest tuition increases. Full-time tuition for residents for the 2015-2016 academic year was \$6,876, an increase of 3.6%. For the 2016-2017 year, full-time tuition for residents is 7,080, an increase of 2.9%. In our view, these modest tuition increases should allow the university to continue to increase its net tuition revenue.

Available resources

We consider the university's financial resource ratios adequate for the rating category. Total net assets at June 30, 2016, increased by 2.0%, or \$7.7 million. After adjustments for GASB 68 and the inclusion of the foundation's unrestricted net assets (UNA), BSU's available resources (as measured by adjusted UNA) totaled \$139.7 million, equal to 39.6% of operating expenses and 58.7% of pro forma debt (including future planned debt over the outlook horizon).

The university benefits from a separate foundation that as of June 30, 2016, had total assets of \$194.5 million, only \$12.9 million of which was unrestricted. The foundation's investment portfolio is valued at \$127 million and is conservatively invested. At that time, the foundation's funds were invested 33% in international equities, 24% in fixed income, 32% in domestic equities, and the remainder in cash, real estate, hedge funds, and private equity. The university's treasury portfolio is used to manage cash and was valued at \$109 million as of June 30, 2016, with 53% invested in the local government investment pool, 33% in corporate bonds, 4% in federal agency security, and 3% in the money market. At that time, the treasury account had an average weighted maturity of 241 days to provide liquidity when needed.

Debt and contingent liabilities

As of June 30, 2016, BSU had \$211.8 million in debt outstanding, which included \$4.9 million in capital lease obligations. The remainder is general revenue debt. Upon the issuance of the series 2017A bonds, pro forma debt outstanding is expected to be about \$235.6 million. Additionally, the university plans to issue \$27 million in bonds for the Materials Sciences Building within the next two years. Including this planned future debt, total pro forma revenue debt is \$262.6 million. Total pro forma MADS of about \$19.2 million in 2020 is still above average but manageable, at 4.9% of fiscal 2016 adjusted operating expenses. We view management's debt portfolio as conservative, with all debt being fixed rate with level amortization.

As outlined in its campus master plan, BSU plans to construct a \$52 million Materials Science Building and a \$36 million Fine Arts Building over the next five years. These projects will be financed through a combination of gifts, state support (for the Fine Arts Building), and public debt. The new-money portion of the series 2017A bonds is being issued to finance a portion of the costs of the Fine Arts Building. Management plans to issue about \$27 million in new money for the Materials Science Building. In our view, the university has the capacity to issue this debt so long as it is able to maintain its existing available resources.

Boise State University, Idaho

	Fiscal year ended June 30,					Medians
	2017	2016	2015	2014	2013	Public Colleges & Universities 'A' 2015
Enrollment and demand						
Headcount	23,886	22,113	22,259	22,003	22,678	MNR
Full-time equivalent	15,973	15,451	15,643	15,599	16,136	11,127
Freshman acceptance rate (%)	81.7	79.6	77.0	76.1	58.8	74.6
Freshman matriculation rate (%)	37.7	34.0	35.7	38.1	41.3	MNR
Undergraduates as a % of total enrollment (%)	N.A.	N.A.	N.A.	N.A.	N.A.	85.4
Freshman retention (%)	74.3	75.6	75.0	71.3	71.5	74.8

	Fiscal year ended June 30,					Medians
	2017	2016	2015	2014	2013	Public Colleges & Universities 'A' 2015
Graduation rates (five years) (%)	N.A.	N.A.	N.A.	29.2	22.1	MNR
Income statement						
Adjusted operating revenue (\$000s)	N.A.	418,759	405,134	391,800	395,109	MNR
Adjusted operating expense (\$000s)	N.A.	389,268	377,409	362,977	349,455	MNR
Net adjusted operating income (\$000s)	N.A.	29,491	27,725	28,823	45,654	MNR
Net adjusted operating margin (%)	N.A.	7.58	7.35	7.94	13.06	-0.49
Estimated operating gain/loss before depreciation (\$000s)	N.A.	55,489	53,384	53,860	68,674	MNR
Change in unrestricted net assets (UNA; \$000s)	N.A.	10,122	(5,759)	(2,243)	2,584	MNR
State operating appropriations (\$000s)	N.A.	89,986	87,159	80,129	74,496	MNR
State appropriations to revenue (%)	N.A.	21.5	21.5	20.5	18.9	22.7
Student dependence (%)	N.A.	49.7	50.4	48.6	47.5	51.6
Healthcare operations dependence (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Research dependence (%)	N.A.	8.7	8.2	8.7	9.8	MNR
Endowment and investment income dependence (%)	N.A.	0.2	0.1	0.8	0.1	0.3
Debt						
Outstanding debt (\$000s)	N.A.	211,848	219,376	229,437	237,481	155,104
Proposed debt (\$000s)	N.A.	95,760	N.A.	N.A.	N.A.	MNR
Total pro forma debt (\$000s)	N.A.	262,638	N.A.	N.A.	N.A.	MNR
Pro forma MADS	N.A.	19,239	N.A.	N.A.	N.A.	MNR
Current debt service burden (%)	N.A.	4.60	2.55	5.03	4.35	MNR
Current MADS burden (%)	N.A.	4.51	4.84	5.03	5.07	4.52
Pro forma MADS burden (%)	N.A.	4.94	N.A.	N.A.	N.A.	MNR
Financial resource ratios						
Endowment market value (\$000s)	N.A.	168,055	146,337	145,162	83,399	85,533
Related foundation market value (\$000s)	N.A.	168,055	146,337	145,162	135,886	182,492
Cash and investments (\$000s)	N.A.	154,243	149,160	132,219	133,592	MNR
UNA (\$000s)	N.A.	103,761	93,639	99,398	101,641	MNR
Adjusted UNA (\$000s)	N.A.	139,715	124,133	120,345	120,261	MNR
Cash and investments to operations (%)	N.A.	39.6	39.5	36.4	38.2	43.5
Cash and investments to debt (%)	N.A.	72.8	68.0	57.6	56.3	93.5
Cash and investments to pro forma debt (%)	N.A.	58.7	N.A.	N.A.	N.A.	MNR
Adjusted UNA to operations (%)	N.A.	35.9	32.9	33.2	34.4	22.2
Adjusted UNA plus debt service reserve to debt (%)	N.A.	66.0	56.6	52.5	50.6	44.1
Adjusted UNA plus debt service reserve to pro forma debt (%)	N.A.	53.2	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	11.5	10.8	10.2	10.3	13.9

Boise State University, Idaho (cont.)

	Fiscal year ended June 30,					Medians
	2017	2016	2015	2014	2013	Public Colleges & Universities 'A' 2015
	OPEB liability to total liabilities (%)	N.A.	3.4	3.1	3.0	2.6

N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current debt service burden = 100*(current debt service expense/adjusted operating expenses). Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term & long-term investments. Adjusted UNA = Unrestricted net assets + unrestricted net assets of the foundation + long-term OPEB liability + pension liability. Average age of plant = accumulated depreciation/depreciation & amortization expense.

Ratings Detail (As Of December 22, 2016)

Boise St Univ gen rev proj & rfdg bnds		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Boise St Univ gen rev rfdg bnds (Taxable)		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Boise St Univ PCU_USF		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Boise St Univ gen rev ser 2005A, 2007A, 2007B, 2007C (MBIA)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Boise St Univ stud union & hsg rev bnds ser 2002		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Boise St Univ Std University Fee & Housing Sys ser 2002 (MBIA)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

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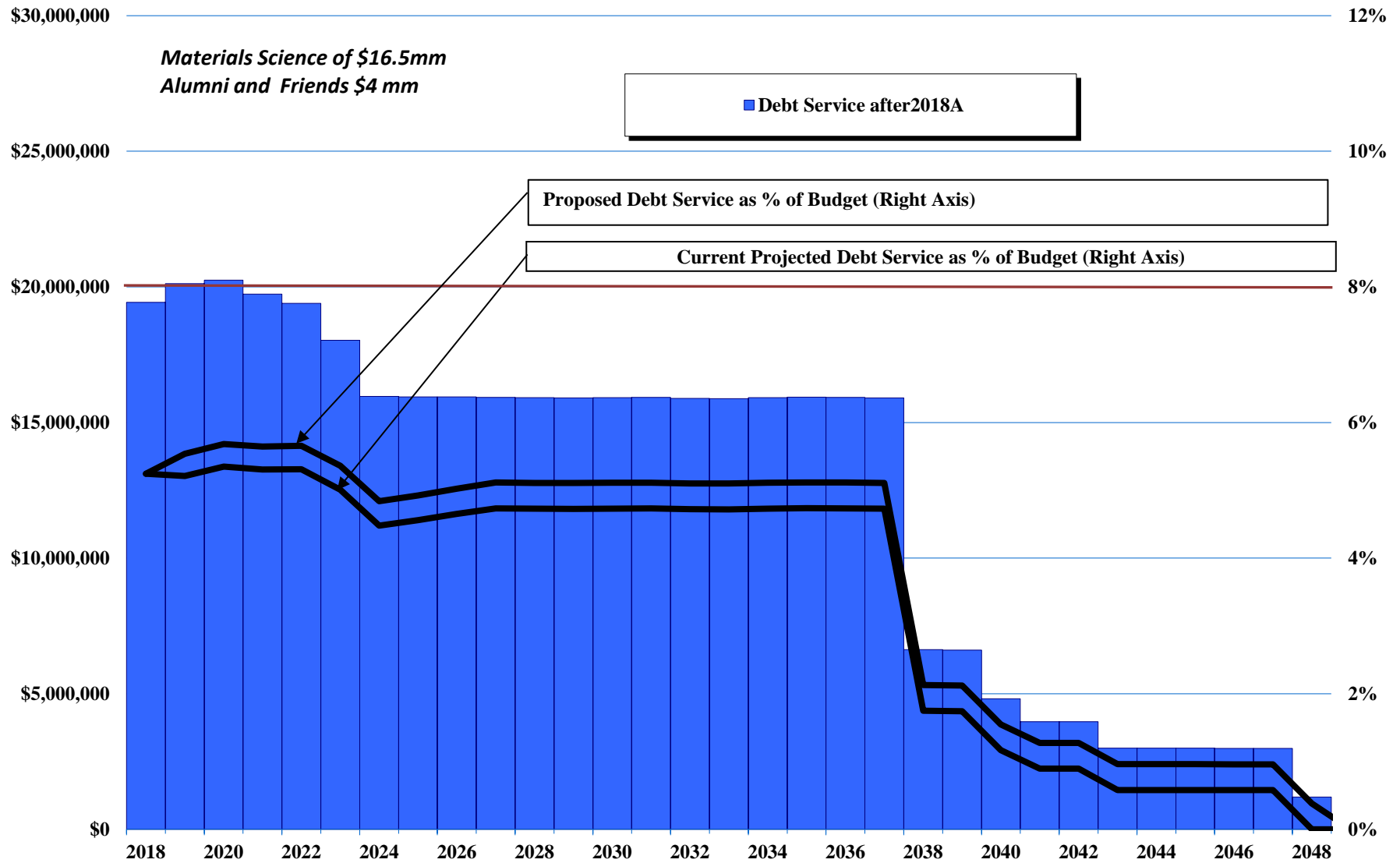
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Boise State University Debt Service to Budget December 2017



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**Boise State University
Ten Year Debt Projection
December 2017**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2025	FY 2026	Total/Avg	
1 Future Buildings												
Est. Debt Financed												
2 Materials Science Research Building	\$16,500,000	\$0	\$954,197	\$954,197	\$954,197	\$954,197	\$954,197	\$954,197	\$954,197	\$954,197	\$954,197	\$8,587,770
3 Alumni and Friends Center	\$4,000,000	\$0	\$231,320	\$231,320	\$231,320	\$231,320	\$231,320	\$231,320	\$231,320	\$231,320	\$231,320	\$2,081,884
4												
5	\$20,500,000	\$0	\$1,185,517	\$1,185,517	\$1,185,517	\$1,185,517	\$1,185,517	\$1,185,517	\$1,185,517	\$1,185,517	\$1,185,517	\$10,669,653
6 Current University Debt Service	\$19,433,298	\$18,937,099	\$19,067,206	\$18,546,727	\$18,207,431	\$16,850,146	\$14,775,975	\$14,755,625	\$14,762,628	\$14,742,955	\$170,079,088	
7 Total Projected Debt Service after 2018A	\$19,433,298	\$20,122,616	\$20,252,723	\$19,732,244	\$19,392,948	\$18,035,663	\$15,961,492	\$15,941,142	\$15,948,145	\$15,928,472	\$180,748,742	
8 Operating Budget (excludes direct lending)	\$370,556,858	\$363,414,564	\$356,422,623	\$349,577,804	\$342,876,944	\$336,316,953	\$329,894,808	\$323,607,553	\$317,452,296	\$311,426,210		
9 Current Debt Service as a % of Operating Budget (6/8)	5.24%	5.21%	5.35%	5.31%	5.31%	5.01%	4.48%	4.56%	4.65%	4.73%	5.00%	
10 Future Debt Service as a % of Operating Budget (7/8)	5.24%	5.54%	5.68%	5.64%	5.66%	5.36%	4.84%	4.93%	5.02%	5.11%	5.31%	
<i>8% is the University's planned limit</i>												

Assumptions:

- 11 Student Revenue 1. 98% of 2018 budget, then (-2%) annual growth from student fees, no new SFF
- 12 General Fund 2. 2018 budget is achieved then decreased by 2% each year after
- 13 Donations, Sales 3. 98% of 2018 budget Gifts and Aux revs, then reduced 2% each yearafter
- 14 Federal Grants 4. 97% of 2018 budget, then (-3%) decrease each yearafter
- 15 Future debt 5. Assuming 4.0% interest over 30 years, first payment October 1, 2018 in FY19

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New Issue—Book Entry Only

MOODY'S RATING: _____
S&P RATING: _____
See "RATINGS" herein

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein: (i) interest on the 2018A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2018A Bonds (the "Tax Code"); (ii) interest on the 2018A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and (iii) interest on the 2018A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See "TAX MATTERS-- 2018A Bonds."



\$ _____*
BOISE STATE UNIVERSITY
GENERAL REVENUE PROJECT BONDS,
SERIES 2018A

Dated: Date of Delivery

Due: April 1, as shown on the inside cover

The above captioned Boise State University General Revenue Project Bonds, Series 2018A in the aggregate principal amount of \$ _____* (the "2018A Bonds"), will be issued by Boise State University (the "University") pursuant to a Master Resolution adopted by the Board of Trustees of the University on September 17, 1992, as supplemented and amended, including a Supplemental Resolution adopted on December 20, 2017.

The proceeds of the 2018A Bonds will be used (i) to acquire the Alumni and Friends Center from the Boise State University Foundation, Inc. (the "Foundation"), for the University's use of Alumni and Friends Center, (ii) to finance a portion of the costs of construction of a building to house the University's center for materials science research (the "Materials Science Research Building") ((i) and (ii) collectively the "Series 2018A Project"), and (iii) to pay costs of issuing the 2018A Bonds. The 2018A Bonds are initially issuable in book-entry form only through The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2018A Bonds. Interest on the 2018A Bonds is payable on each October 1 and April 1, commencing _____, 2018. The 2018A Bonds are subject to optional and mandatory sinking fund redemption as described herein. The 2018A Bonds are payable solely from and secured solely by the Pledged Revenues, which include certain student fees, enterprise revenues and interest earnings on University funds and accounts. See "SECURITY FOR THE 2018A BONDS" herein.

THE 2018A BONDS SHALL BE EXCLUSIVELY OBLIGATIONS OF THE UNIVERSITY, PAYABLE ONLY IN ACCORDANCE WITH THE TERMS THEREOF, AND SHALL NOT BE OBLIGATIONS, GENERAL, SPECIAL OR OTHERWISE, OF THE STATE OF IDAHO. THE 2018A BONDS SHALL NOT CONSTITUTE A DEBT—LEGAL, MORAL OR OTHERWISE—OF THE STATE OF IDAHO, AND SHALL NOT BE ENFORCEABLE AGAINST THE STATE, NOR SHALL PAYMENT THEREOF BE ENFORCEABLE OUT OF ANY FUNDS OF THE UNIVERSITY OTHER THAN THE INCOME AND REVENUES PLEDGED AND ASSIGNED TO, OR IN TRUST FOR THE BENEFIT OF, THE HOLDERS OF THE 2018A BONDS. THE UNIVERSITY IS NOT AUTHORIZED TO LEVY OR COLLECT ANY TAXES OR ASSESSMENTS, OTHER THAN THE PLEDGED REVENUES DESCRIBED HEREIN, TO PAY THE 2018A BONDS. THE UNIVERSITY HAS NO TAXING POWER.

See Inside Cover for Maturity Schedule

The 2018A Bonds are offered when, as and if issued and received by the Underwriter (hereinafter defined), subject to the approval of legality by Hawley Troxell Ennis & Hawley LLP, bond counsel, and certain other conditions. Certain matters will be passed on for the University by its Office of General Counsel, and for the Underwriter by its legal counsel, Foster Pepper PLLC, and by Hawley Troxell Ennis & Hawley LLP, in its capacity as disclosure counsel to the University. It is expected that the 2018A Bonds will be available for delivery through the facilities of DTC on or about _____, 2018*.



BOISE STATE UNIVERSITY

\$ _____ *

GENERAL REVENUE PROJECT BONDS,

SERIES 2018A

DUE	PRINCIPAL AMOUNT \$	INTEREST RATE %	YIELD %	CUSIP No.**
4/1/2019				
4/1/2020				
4/1/2021				
4/1/2022				
4/1/2023				
4/1/2024				
4/1/2025				
4/1/2026				
4/1/2027				
4/1/2028				
4/1/2029				
4/1/2030				
4/1/2031				
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4/1/2035				
4/1/2036				
4/1/2037				
4/1/2038				
4/1/2039				
4/1/2040				
4/1/2041				
4/1/2042				
4/1/2043				
4/1/2044				
4/1/2045				
4/1/2046				
4/1/2047				

* Preliminary; subject to change.

** CUSIP data contained herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the University or the Underwriter, and are included solely for the convenience of the holders of the 2018A Bonds. Neither the University nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2018A Bonds or as indicated above.

THE IDAHO STATE BOARD OF EDUCATION

AND BOARD OF TRUSTEES OF BOISE STATE UNIVERSITY

Linda Clark, President Debbie Critchfield, Vice President

David Hill, Secretary Emma Atchley

Don Soltman Andrew Scoggin

Sherri Ybarra Richard Westerberg

Matt Freeman—Executive Director

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and Vice President for Academic Affairs

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Operating Officer, Vice President and
Special Counsel

Mark J. Heil, CPA – Vice President and
Chief Financial Officer

Leslie J. Webb, Ph.D.— Vice President
for
Student Affairs

Mark Rudin, Ph.D.—Vice President for
Research and Economic Development

Laura C. Simic —Vice
President for University Advancement

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APPENDIX D – Summary of Certain Provisions of the Resolution

APPENDIX E – Proposed Form of Continuing Disclosure Undertaking

APPENDIX F – Proposed Form of Opinion of Bond Counsel

APPENDIX G – Book Entry Only System

GENERAL INFORMATION

No dealer, broker, salesperson or other person has been authorized by the Board (as hereafter defined), the University or Barclays Capital, Inc. (the “Underwriter”) to give any information or to make any representations with respect to the 2018A Bonds, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Board, the University or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2018A Bonds, nor shall there be any sale of the 2018A Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

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

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the 2018A Bonds at levels above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

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

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

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

The Preliminary Official Statement has been “deemed final” by the University, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Preliminary Official Statement under said Rule 15c2-12.

PRELIMINARY OFFICIAL STATEMENT

BOISE STATE UNIVERSITY

\$ _____ *

**GENERAL REVENUE PROJECT BONDS,
SERIES 2018A**

INTRODUCTION

GENERAL

This Official Statement, including the cover page, the inside cover page and the information contained in the Appendices hereto, is furnished in connection with the offering of the \$ _____ * Boise State University General Revenue Project Bonds, Series 2018A (the “2018A Bonds”).

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

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

BOISE STATE UNIVERSITY

Boise State University (the “*University*”) is a publicly supported, multi-disciplinary institution of higher education located in Boise, Idaho. The University has the largest student enrollment of any university in the State of Idaho (the “*State*”), with an official Fall 2017 enrollment of 24,154 students (based on headcount, with full-time-equivalent enrollment of 16,317) as of the October 15, 2017 census date. The State Board of Education serves as the Board of Trustees (the “*Board*”), the governing body of the University. In January 2016, the Carnegie Classification of Institutions of Higher Education designated Boise State University a Doctoral Research University.

AUTHORIZATION FOR AND PURPOSE OF THE 2018A BONDS

The 2018A Bonds are being issued pursuant to and in compliance with Title 33, Chapter 38, Idaho Code, as amended, and Title 57, Chapter 5, Idaho Code, as amended, and a resolution adopted by the Board on September 17, 1992, as previously supplemented and amended (the “*Master Resolution*”), and as further supplemented by a resolution adopted by the Board on December 20, 2017 authorizing the issuance of the 2018A Bonds (collectively with the Master Resolution, the “*Resolution*”).

Pursuant to the Master Resolution, the Board has previously authorized the issuance of various series of General Revenue Bonds (the “*Outstanding Bonds*”), which as of January 1, 2018, were outstanding in the principal amount of \$221,310,000.00. The 2018A Bonds, the Outstanding Bonds, and any Additional Bonds hereafter issued under the Resolution are referred to herein as the “*Bonds*” or the “*General Revenue Bonds*.” See “DEBT SERVICE REQUIREMENTS” and “FINANCIAL INFORMATION REGARDING THE UNIVERSITY—Outstanding Debt.”

The proceeds of the 2018A Bonds will be used (i) to acquire the Alumni and Friends Center from the Foundation for the University’s use of the Alumni and Friends Center, (ii) to finance a portion of the costs of construction of the Center for Materials Science Research Building ((i) and (ii) collectively the “*Series 2018A Project*”) and (iii) to pay costs of issuing the 2018A Bonds. See “SOURCES AND USES OF FUNDS” herein.

SECURITY FOR THE 2018A BONDS

The 2018A Bonds are secured by Pledged Revenues on parity with the other Bonds. Pledged Revenues include (i) Student Fees; (ii) Sales and Service Revenues; (iii) revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University (the “*F&A Recovery Revenues*”); (iv) various revenues generated from miscellaneous sources, including non-auxiliary advertising, vending in non-auxiliary buildings, postage and printing (the “*Other Operating Revenues*”); (v) unrestricted income generated on investments of moneys in all funds and accounts of the University (the “*Investment Income*”), and (vi) other revenues the Board shall designate as Pledged Revenues, but excluding State appropriations and Restricted Fund Revenues. “Revenues Available for Debt Service” means (a) revenues described in clauses (i), (iii), (iv), (v), and (vi) above and (b) revenues described in clause (ii) above less Operation and Maintenance Expenses of the Auxiliary Enterprises.

Under the Resolution, the University has covenanted to establish and maintain Pledged Revenues sufficient, together with other Pledged Revenues available or to be available in the Debt Service Account to pay Debt Service for the Fiscal Year, to produce Revenues Available for Debt Service in each Fiscal Year equal to not less than 110% of Debt Service on the Bonds Outstanding for each such Fiscal Year. See “SECURITY FOR THE 2018A BONDS—Rate Covenant.”

ADDITIONAL BONDS

The University has reserved the right in the Resolution to issue Additional Bonds payable from and secured by the Pledged Revenues on parity with the 2018A Bonds, and its other parity Outstanding Bonds, subject to the satisfaction of certain conditions contained in the Resolution. See “SECURITY FOR THE 2018A BONDS—Additional Bonds.”

TAX MATTERS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein: (i) interest on the 2018A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2018A Bonds (the “*Tax Code*”); (ii) interest on the 2018A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current

earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and (iii) interest on the 2018A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See “TAX MATTERS–2018A Bonds.”

THE 2018A BONDS

DESCRIPTION OF THE 2018A BONDS

The 2018A Bonds will be dated their date of original issuance and delivery and will mature on April 1 of the years and in the amounts as set forth on the inside cover page of this Official Statement.

The 2018A Bonds shall bear interest from their date at the rates set forth on the inside cover page of this Official Statement. Interest on the 2018A Bonds is payable on April 1 and October 1 of each year, beginning _____ 1, 2018. Interest on the 2018A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The Bank of New York Mellon Trust Company, N.A., is the trustee and paying agent for the 2018A Bonds (the “Trustee”).

The 2018A Bonds will be issued as fully-registered bonds, initially in book-entry form only, in denominations of \$5,000 or any integral multiple thereof.

BOOK-ENTRY SYSTEM

The Depository Trust Company, New York, New York (“DTC”), will act as initial securities depository for the 2018A Bonds. The ownership of one fully registered 2017A Bond for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede and Co., as nominee for DTC. For so long as the 2018A Bonds remain in a “book-entry only” transfer system, the Trustee will make payments of principal and interest only to DTC, which in turn is obligated to remit such payments to its participants for subsequent disbursement to Beneficial Owners of the 2018A Bonds. *See Appendix G for additional information. As indicated therein, certain information in Appendix G has been provided by DTC. The University makes no representation as to the accuracy or completeness of the information in Appendix G provided by DTC. Purchasers of the 2018A Bonds should confirm this information with DTC or its participants.*

REDEMPTION AND OPEN MARKET PURCHASE

Optional Redemption. The 2018A Bonds maturing on or after April 1, _____ are subject to redemption at the election of the University at any time on or after _____, in whole or in part, from such maturities as may be selected by the University. Such optional redemption of the 2018A Bonds shall be at a price of 100% of the principal amount of the 2018A Bonds to be so redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2018A Bonds maturing on April 1, _____ are subject to mandatory sinking fund redemption prior to their stated maturity, at a price of

100% of the principal amount of the 2018A Bonds to be so redeemed, plus accrued interest to the date fixed for redemption, on April 1 of the years, and in the amounts, shown below:

APRIL 1 OF THE YEAR	MANDATORY REDEMPTION AMOUNT
	\$

*

* Stated Maturity.

Notice of Redemption. The Resolution requires the Trustee to give notice of any redemption of the 2018A Bonds not less than 35 days nor more than 60 days prior to the redemption date, by first class mail, postage prepaid, addressed to the registered owners of such 2018A Bonds to be redeemed at the addresses appearing on the registry books kept by the Trustee. With respect to any notice of optional redemption of 2018A Bonds, unless upon the giving of such notice such 2018A Bonds shall be deemed to have been paid within the meaning of the Resolution, such notice may state that the redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the redemption price of and interest on the 2018A Bonds to be redeemed, and that if such money shall not have been so received, the notice shall be of no force and effect and the University shall not be required to redeem such 2018A Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption will not be made and the Trustee will promptly thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

Selection for Redemption. If less than all 2018A Bonds are to be redeemed, the particular maturities of such 2018A Bonds to be redeemed and the principal amounts of such maturities to be redeemed shall be selected by the University. If less than all of any maturity of the 2018A Bonds is to be redeemed, the 2018A Bonds to be redeemed will be selected by lot. If less than all of a 2018A Bond that is subject to mandatory sinking fund redemption is to be redeemed, the redemption price shall be applied to such mandatory sinking fund installments as the University shall direct.

Effect of Redemption. When called for redemption as described above, the 2018A Bonds will cease to accrue interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and such 2018A Bonds will not be deemed to be Outstanding as of such redemption date.

Open Market Purchase. The University has reserved the right to purchase the 2018A Bonds on the open market at a price equal to or less than par. In the event the University purchases the 2018A Bonds at a price (exclusive of accrued interest) of less than the principal amount thereof, the 2018A Bonds so purchased are to be credited at the par amount thereof

against the Debt Service requirement next becoming due. In the event the University purchases term 2018A Bonds at a price (exclusive of accrued interest) of less than the principal amount thereof, the term 2018A Bonds so purchases are to be credited against the Mandatory Redemption Amounts next becoming due. All 2018A Bonds so purchased are to be cancelled.

SECURITY FOR THE 2018A BONDS

GENERAL

The 2018A Bonds are secured by Pledged Revenues on parity with all Bonds previously issued and all Additional Bonds that may be issued under the Resolution. Pledged Revenues include:

- (i) Student Fees;
- (ii) Sales and Services Revenues;
- (iii) F&A Recovery Revenues;
- (iv) Other Operating Revenues;
- (v) Investment Income; and
- (vi) Such other revenues as the Board shall designate as Pledged Revenues.

For a description of the sources and components of the Pledged Revenues, see “PLEGGED REVENUES” below. For the amounts of Pledged Revenues in recent years, see “HISTORICAL REVENUES AVAILABLE FOR DEBT SERVICE” below.

Pledged Revenues do not include State appropriations, which by law cannot be pledged. Pledged Revenues also exclude Restricted Fund Revenues, including restricted gift and grant revenues. See “FINANCIAL INFORMATION REGARDING THE UNIVERSITY” AND “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016.”

PLEGGED REVENUES

Student Fees. The University assesses and collects a variety of fees from students enrolled at the University. Board approval for most of these student fees is required, but the Board has delegated approval of certain student fees to the University President. The Board may assess fees at any time during the year, and has authority to establish the fees unilaterally, without review or approval by the students, the State, or any other governmental or regulatory body. In practice, however, the Board sets Board-approved student fees annually. Prior to the Board meeting at which fees are set, public hearings concerning the fees are held and student participation is actively solicited. Board-approved “Student Fees” include (i) the Tuition Fee; (ii) Facility, Technology and Activity Fees; and (iii) General Education Fees, as further described below. For the academic year 2017-2018, total Board-approved Student Fees per full-time undergraduate student per semester were \$3,663 for Idaho residents and \$11,321 for non-

resident students. For the 2016-2017 academic year, such Student Fees were, respectively, \$3,540 and \$10,765 per semester.

Tuition Fee. The Tuition Fee supports instruction, student services, institutional support and maintenance and operation of the physical plant. The revenues derived from the Tuition Fee for the Fiscal Year ended June 30, 2016 (“Fiscal Year 2016”) and Fiscal Year ended June 30, 2017 (“Fiscal Year 2017”) were \$70,637,017 and \$74,137,331, respectively.

Facility, Technology and Activity Fees. The University charges a wide variety of fees to students to support various infrastructure and activities. Currently, these fees fall into three categories: (i) Facility Fees, which include the Student Building Fee, the Student Union and Housing Fee, the Capital Expenditure Reserve Fee, the Recreation Facility Fee, the Health and Wellness Center Fee, and the Strategic Facility Fee; (ii) Technology Fees, which include the Technology Fee and the Student Support System Fee; and (iii) Activity Fees, which include 15 fees assessed to support various programs and activities. The revenues derived from the Facility, Technology, and Activity Fees for Fiscal Year 2016 and Fiscal Year 2017 were \$32,215,265 and \$34,086,616, respectively.

General Education Fees. The University’s General Education Fees include the Graduate/Professional Fee, non-resident Tuition, the Western Undergraduate Exchange Fee, the In Service Fee, the Faculty Staff Fee, the Senior Citizen Fee, and Self-Supporting Program Fees. The revenues derived from the General Education Fees for Fiscal Year 2016 and Fiscal Year 2017 were \$38,774,533 and \$40,145,383, respectively.

Tuition and Student Fee Increases. It is Board policy to limit total tuition and facility, technology and activity fee increases in any single Fiscal Year to a maximum of 10% unless the Board grants special approval for an increase greater than 10%. The Board increased fees by 3.5% at the April 2017 meeting, which became effective for Fiscal Year 2018. Similar increases of 3.7% and 3.6% were made for Fiscal Year 2017 and Fiscal Year 2016, respectively. Tuition and student fees for the following Fiscal Year are set in April. The Board will consider the request for Fiscal Year 2019 at its April 2018 meeting.

Student Fees also include a variety of other charges for services and course fees for which the authority to approve has been delegated by the Board to the University President. Fees for services include admission, orientation and testing fees, as well as late fees. Course fees include fees for field trips, fees for supplies for specific classes and labs, and special workshop fees. Revenues generated from these other charges for Fiscal Year 2016 and Fiscal Year 2017 \$8,370,962 and \$10,371,309, respectively.

See “APPENDIX B— SCHEDULE OF STUDENT FEES” for a list of Student Fees assessed for Fiscal Year 2018.

Sales and Services Revenues. Sales and Services Revenues include revenues generated through operations of auxiliary enterprises. The majority of these revenues are generated through housing and student union operations; bookstore sales; ticket and event sales from the Taco Bell

Arena, Albertsons Stadium, and Morrison Center; parking charges; and recreation center activity charges. Sales and Services Revenues also include revenues generated incidentally to the conduct of instruction, research and public service activities, including unrestricted revenues generated by the University's public radio station, testing services provided by University labs, and sales of scientific and literary publications, and revenues from miscellaneous operations. See "THE UNIVERSITY—Certain University Facilities" for a description of the University's major facilities from which Sales and Services Revenues are derived.

Sales and Services Revenues for Fiscal Year 2016 and Fiscal Year 2017 were \$61,641,877 and \$63,836,124, respectively. See "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

Facilities and Administrative Recovery Revenues. A portion of funds received each year for University activity sponsored by the private sector, the State or the federal government ("Sponsored Activity") is provided to pay the direct costs of the Sponsored Activity, such as salaries for scientists and material and labor used to perform research projects. F&A Recovery Revenues make up the balance granted and are used to pay facilities administrative costs, which encompass spending by the University on items such as facilities maintenance and renewal, heating and cooling, libraries, the salaries of departmental and central office staff, and other general administration costs associated with sponsored project activity. Unlike the revenues for direct costs of Sponsored Activity, F&A Recovery Revenues are not restricted and are available as Pledged Revenues. F&A Recovery Revenues were \$5,208,537 and \$6,903,073.72 for Fiscal Year 2016 and Fiscal Year 2017, respectively.

The University has focused on expanding Sponsored Activity. In Fiscal Year 2016 and Fiscal Year 2017, the University had federally funded grants and contracts expenditures of \$28,815,430 and \$31,612,679, respectively, which is an increase of \$2,797,249. Non-federally funded grants and contracts for Fiscal Year 2016 and Fiscal Year 2017 were \$7,531,040 and \$7,689,457, respectively.

Other Operating Revenues. The University receives other miscellaneous revenues in the course of its operations. Examples of Other Operating Revenues include revenues generated through certain non-auxiliary advertising, vending machines in non-auxiliary facilities, and postage and printing services. In Fiscal Year 2016 and Fiscal Year 2017, the University generated Other Operating Revenues of \$3,418,923 and \$5,393,728, respectively. See "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016" and "FINANCIAL INFORMATION REGARDING THE UNIVERSITY."

Investment Income. Investment Income included in Pledged Revenues includes all unrestricted investment income. For Fiscal Year 2016 and Fiscal Year 2017, Investment Income included in Pledged Revenues was \$822,078 and \$1,311,540, respectively. See "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

HISTORICAL REVENUES AVAILABLE FOR DEBT SERVICE

The following table shows the Pledged Revenues and the Revenues Available for Debt Service for Fiscal Years 2013 through 2017. As described under “DEBT SERVICE REQUIREMENTS,” the University estimates that the maximum annual debt service on the Bonds upon the issuance of the 2018A Bonds will be approximately \$19 million*.

	2013	2014	2015	2016	2017
Student Fees	\$128,688,459	\$132,216,608	\$142,445,827	\$149,997,777	\$158,654,927
Sales and Services Revenues	62,331,015	61,529,742	65,566,466 ¹	61,641,877	63,836,123
F&A Recovery Revenues	4,515,382	4,462,863	4,308,512	5,208,537	6,903,073
Other Operating Revenues	1,577,618	2,177,360	2,374,609	3,418,923	5,393,728
Investment Income	<u>460,150</u>	<u>308,146</u>	<u>396,947</u>	<u>822,078²</u>	<u>1,286,146</u>
TOTAL	<u>\$197,572,624</u>	<u>\$200,694,719</u>	<u>\$215,896,400</u>	<u>\$221,089,192</u>	<u>\$ 236,073,999</u>
Less Operation and Maintenance Expenses of Auxiliary Enterprises	(69,900,697)	(69,339,102)	(66,212,266)	(68,802,556)	(65,109,847)
Revenues Available for Debt Service (Pledged Revenues less Operation and Maintenance Expenses of Auxiliary Enterprises)	<u>\$127,671,927</u>	<u>\$131,355,617</u>	<u>\$149,684,134</u>	<u>\$152,286,636</u>	<u>\$170,964,152</u>

¹ Change relates to the Fiesta Bowl and Mountain West Conference Championship in 2015 generating one-time football-related revenues of approximately \$3.7 million.

² Large increase due to a change in weighted average maturity selections.

* Preliminary, subject to change.

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FLOW OF FUNDS

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

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

RATE COVENANT

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

ADDITIONAL BONDS

Additional Bonds, Generally. The amount of Additional Bonds that may be issued under the Resolution is not limited by law or by the Resolution, provided the requirements below are satisfied. In order to issue Additional Bonds for the purpose of financing Projects, the University must receive Board approval and must also satisfy certain conditions, including the filing with the Trustee of:

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

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

Refunding Bonds. The University may issue Additional Bonds to refund Bonds issued under the Resolution by providing certificates similar to those described above in (i) and (ii). Alternatively, Additional Bonds may be issued to refund Bonds issued under the Resolution

without compliance with the requirements described above if the Additional Bonds do not increase debt service by more than \$25,000 per year.

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

NO DEBT SERVICE RESERVE

There is no debt service reserve requirement with respect to the 2018A Bonds or the Outstanding Bonds.

SERIES 2018A PROJECT

MATERIALS SCIENCE RESEARCH BUILDING

A portion of the proceeds of the 2018A Bonds, together with other funds of the University, will be used to pay costs of constructing the new Center for Materials Science Research Building to be located on the University's main campus in Boise, Idaho. The Materials Science program is the leading program in the northwest and the PhD program has the largest enrollment of any doctoral level engineering program in Idaho. Recent faculty initiatives have accelerated growth in research activities, but because existing laboratory space is currently fully allocated future growth is limited. A new state-of-the-art science research building will support the growing program and will allow for additional growth. This facility will be approximately 97,000 gross square feet and will house research and teaching laboratories, lecture hall, classrooms, departmental and faculty offices, graduate student and post-doctoral spaces, informal learning areas, and associated support spaces.

The Materials Science Research Building is expected to cost approximately \$52,000,000. With State support, private donations, and University reserves contributing approximately \$35,500,000, the remaining balance of approximately \$16,500,000 will be financed by a portion of the proceeds of the 2018A Bonds.

ALUMNI AND FRIENDS CENTER

The Alumni and Friends Center opened in 2016 as a joint venture between the University and the Foundation. This facility provides 40,000 square feet of office and event spaces to engage with University alumni and donors. The Foundation incurred approximately \$4,000,000 in debt (the "Foundation Debt"), in addition to approximately \$12,000,000 in private donations, to fund the Alumni and Friends Center.

The Foundation Debt was supported by the University's lease of office space from the Foundation through April 2025, at which time the Foundation Debt would mature and the

building would transfer to University ownership for an amount of Ten Dollars (\$10.00) (the “Alumni Agreement”). The University has decided to exercise its option to purchase and prepay its lease payments under the Alumni Agreement with a portion of the proceeds of the 2018A Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the 2018A Bonds are estimated to be as follows:

SOURCES:

Aggregate Principal Amount of 2018A Bonds	\$ _____
University Contribution	_____
Original Issue Premium	_____
TOTAL	\$ <u>_____</u>

USES:

Series 2018A Project	\$ _____
Costs of Issuance*	_____
TOTAL	\$ <u>_____</u>

* Includes legal, rating agency, trustee, paying agent, and municipal advisor fees and Underwriter’s discount.

DEBT SERVICE REQUIREMENTS

The following table shows the debt service requirements for the 2018A Bonds.

FISCAL YEAR END	OUTSTANDING BONDS	2018A BONDS		TOTAL
		PRINCIPAL*	INTEREST	
2018	\$18,871,298	\$--		
2019	18,937,099	580,000		
2020	19,067,206	685,000		
2021	18,546,727	715,000		
2022	18,207,431	750,000		
2023	16,850,146	785,000		
2024	14,775,975	825,000		
2025	14,755,625	865,000		
2026	14,762,628	280,000		
2027	14,742,955	290,000		
2028	14,726,937	305,000		
2029	14,719,758	320,000		
2030	14,730,922	340,000		
2031	14,737,279	355,000		
2032	14,703,339	370,000		
2033	14,695,337	390,000		
2034	14,730,983	410,000		
2035	14,749,752	430,000		
2036	14,740,225	455,000		
2037	14,725,895	475,000		
2038	5,444,092	500,000		
2039	5,424,261	525,000		
2040	3,632,594	550,000		
2041	2,783,900	580,000		
2042	2,786,731	605,000		
2043	1,805,500	635,000		
2044	1,804,750	670,000		
2045	1,805,500	700,000		
2046	1,802,500	735,000		
2047	1,800,750	775,000		
2048	--	810,000		
TOTAL	<u>\$345,868,094</u>	<u>\$16,710,000</u>	\$_____	\$_____

* Preliminary, subject to change.

THE UNIVERSITY

The main campus is located in Boise, Idaho, with convenient access to the governmental institutions and commercial and cultural amenities located in the capital city. The Boise City-Nampa metropolitan area has an estimated population of 676,000. Approximately 4,896 faculty and staff (including 1,366 student employees) were employed as of June 30, 2017.

The University administers baccalaureate, masters, and doctoral programs through seven academic colleges - Arts and Sciences, Business and Economics, Education, Engineering, Graduate Studies, Health Sciences, and Innovation and Design. More than 4,000 students graduated from Boise State University in academic year 2016-2017, including a record 23 doctoral candidates.

The University was officially classified a doctoral research institution by the Carnegie Classification of Institutions of Higher Education in 2016. The University is home to 28 research centers and institutes, including the Center for Health Policy, the Public Policy Research Center, the Raptor Research Center, and the Center for Multicultural Educational Opportunities.

Student athletes compete in NCAA intercollegiate athletics at the Division I-A level on 18 men's and women's teams in 13 sports. The University also hosts National Public Radio, Public Radio International, and American Public Radio on the Boise State Radio Network, which broadcasts in southern Idaho, western Oregon and northern Nevada on a network of 18 stations and translators.

Full accreditation has been awarded by the Northwest Commission on Colleges and Universities through 2018, and a number of the University's academic programs have also obtained specialized accreditation.

UNIVERSITY GOVERNANCE AND ADMINISTRATION

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

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

NAME	RESIDENCE	OCCUPATION	TERM EXPIRES
Linda Clark (President)	Meridian	Retired Superintendent	2020
Debbie Critchfield (Vice President)	Oakley	Community Education Leader	2020
David Hill (Secretary)	Boise	Retired Deputy Director at ID National Laboratory	2018
Emma Atchley	Ashton	Community Leader	2020
Andrew Scoggin	Boise	Executive VP for Albertsons Companies	2021
Don Soltman	Twin Lakes	Retired Hospital Executive	2019
Richard Westerberg	Preston	Retired Officer of PacifiCorp	2019
Sherri Ybarra *	Mountain Home	Superintendent of Public Instruction	Elected

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

The State Board of Education has an approximately 27 member, full time professional staff headed by Matt Freeman, Executive Director. His appointment became effective in 2015.

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

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

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

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

Ohio Valley Conference Board of Presidents, the DePaul University Board of Trustees and the Education Commission of the States. Dr. Kustra recently announced his retirement effective June 30, 2018.

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

Mark J. Heil, CPA – Vice President and Chief Financial Officer. Mr. Heil was named the Vice President for Finance and Chief Financial Officer for the University in 2017. Prior to joining the University, Mr. Heil served as Vice President and Corporate Controller for Micron Technology, Inc.. Mr. Heil served as the Micron's Corporate Controller for 15 years and worked in the Boise, Idaho office of PricewaterhouseCoopers in the business assurance group for over six years prior to joining Micron. Earlier in his career, Mr. Heil worked in Branch Operations for a regional financial institution in southern Idaho. Mr. Heil is a graduate of Boise State University with a BBA degree and majors in Accounting and Computer Information Systems. He holds a CPA license in the state of Idaho.

Kevin D. Satterlee, J.D. – Chief Operating Officer, Vice President and Special Counsel. Mr. Satterlee was named Chief Operating Officer, Vice President and Special Counsel in 2015. He previously served as the Vice President for Campus Operations and General Counsel from 2012-2015, as well as Vice President and General Counsel from 2011 to 2012, Associate Vice President and General Counsel from 2005 to 2011, and as Associate Vice President of Planning, prior to that. Before joining the University, Mr. Satterlee served as Chief Legal Officer for the State Board of Education, Deputy Attorney General for the State representing numerous state agencies including the Office of the Governor, and worked in private practice. Mr. Satterlee received his undergraduate degree in political science magna cum laude from the University and his Juris Doctor from the University of Idaho, also magna cum laude.

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

Leslie J. Webb, Ph.D. – Vice President for Student Affairs. Dr. Webb was named Vice President of Student Affairs and Enrollment Management in February of 2016. Prior to this position, she served from 2009 to 2016 as both the Assistant and Associate Vice President for Student Affairs for the University. Before joining the University, Dr. Webb served as the Assistant Vice President for Strategic Planning and Assessment at Central Washington University. Dr. Webb earned her undergraduate degree in theatre arts from Central Washington University, her masters of science in college student personnel from Western Illinois University and her doctorate of philosophy in education from Colorado State University.

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

Matt Wilde – General Counsel. Mr. Wilde was named General Counsel in October of 2015. Prior to holding such position, Mr. Wilde served as Deputy General Counsel for the Office of General Counsel, managing the day to day operations of the Office of General Counsel and the legal affairs of the University. Prior to joining the University in January of 2013, Mr. Wilde served as Assistant City Attorney and Division Manager for the Boise City Council and Mayor’s Office, the Department of Aviation and Public Transportation, including the Boise Airport, and the City’s Department of Public Works. Mr. Wilde received his undergraduate degree in business administration from Pacific Lutheran University and his Juris Doctor from the University of Idaho.

CERTAIN UNIVERSITY FACILITIES

General. The University’s Boise campus includes approximately 5.5 million gross square feet of facilities, with approximately 207 buildings. The Boise campus is approximately 220 acres including some parcels owned by university affiliate organizations such as the Boise State University Foundation, Inc. (the “Foundation”).

Facilities

Under Construction. The University is constructing a Fine Arts Building to be located on the University’s main campus in Boise, Idaho. This facility will be approximately 97,400 gross square feet and will house the art disciplines, studios, faculty and departmental offices, classrooms and critique areas, as well as the Arts and Humanities Institute, Visual Arts Center and the World Museum. The Fine Arts Building cost approximately \$42,000,000. With State support, private donations and University reserves contributing approximately \$10,000,000, the remaining balance of approximately \$32,000,000 was financed by a portion of the proceeds of the University’s General Revenue Project and Refunding Bonds, Series 2017A.

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

Public Private Partnership Housing Facilities. The University opened the Honors College and Sawtooth Hall, a new 642 bed residential honors hall and additional first year housing. In addition to housing, the facility also includes offices, classrooms, and food service. Fall 2017 occupancy is 99%.

The facility is a partnership with EDR Boise, LLC, a subsidiary of Educational Realty Trust ("EdR"). The University and EdR entered into a 50 year ground lease to finance, construct, and operate the facility. The project was financed with 100% equity from EdR and no current or future debt may be issued against the project or EdR's leasehold interest. The food service component is owned and operated by the University, through its food service provider. EdR owns the residential portion of the project, subject to the ground lease, pursuant to which EdR pays ground rent to the University. The ground rent includes a guaranteed fixed amount, plus a percentage of gross revenue. The fixed amount will escalate with the consumer price index.

University Owned Housing Facilities. The housing facilities owned by the University currently consist of (i) six residence hall complexes, excluding the Towers as defined below, and two suite-style buildings where each unit has a kitchen, (ii) one townhome development, (iii) four apartment complexes and (iv) two suite-style apartment buildings that house students from a fraternity and a sorority, respectively.

University Residence Halls and Townhomes. The University's owned residence halls, suites, and townhomes can accommodate approximately 1,810 students and offer a variety of amenities, including computer labs and in room high-speed internet connections; recreational and lounge space; laundry facilities; kitchen areas; and academic/study space. For Fiscal Years 2015, 2016, and 2017 the average fall semester occupancy rates for these complexes were, 91%, 99%, and 105%, respectively.

In conjunction with the opening of the Honors College and Sawtooth Hall, the University converted the John B. Barnes Towers (the "Towers"), a 300-bed residence hall complex, to use only for overflow housing for academic year 2017-2018. For Fall 2017 the Towers is housing 231 students. The Towers is not included in the University's available inventory. For future years, depending on housing demand, the Towers will be reevaluated as overflow housing, or be repurposed into office space or another use.

University Apartments. The University apartment complexes are available for students, including those with families, and provide over 200 apartments ranging in size from one bedroom to three bedrooms. For Fiscal Years 2015, 2016, and 2017 the average fall semester occupancy rates for the University's apartments were 98%, 100%, 93%, respectively.

Student Union Building. Initially constructed in 1967 and expanded in 1988 and 2008, the Student Union Building provides extensive conference and meeting spaces, a 430 seat

performance theater, a retail food court, a central production kitchen, a resident student and visitor dining facility, a University Bookstore and Bronco Shop, a convenience store, a games area, and offices for admissions, student government and student activities. The facilities infrastructure includes high speed LAN and video data capabilities and public lounges with wireless network capabilities. The building totals approximately 252,000 square feet.

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

Albertsons Stadium. Originally constructed in 1970, and expanded in 1997, 2008, 2009 and 2012 to its current total capacity of 37,000 seats, Albertsons Stadium is Idaho's largest spectator facility. It is used for all of the University's intercollegiate home football games. The facility includes the press box, stadium suites, banquet facilities, a commercial kitchen, an additional Bronco Shop, office space, and concessions facilities. The Gene Bleymaier Football Complex, which opened in 2013, is a stand-alone addition to the Albertsons Stadium facilities, consisting of football offices and training facilities. This facility added 70,000 square feet of space.

Taco Bell Arena. Taco Bell Arena was constructed in 1982 and serves as the University's indoor sports and entertainment complex. In its basketball configuration, the arena accommodates approximately 12,400 spectators. In addition to varsity sports contests, including the NCAA Basketball Tournament, it has been used for concerts, commencement ceremonies and other entertainment and community events, intramural activities and sports camps. The arena was remodeled during 2012 adding 36 upgraded restrooms.

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

The Morrison Center. The Velma V. Morrison Center, which opened in 1984, is an 183,885 square foot center for performing arts that includes a ten story stage-house and seating for 2,000. The Morrison Center brings a wide range of artistic performances to the Boise community and provides academic instruction space at the University. The Morrison Center has been regularly ranked in the Top Five University Theatres in the Pacific Northwest by Venues Magazine; in 2016, it was ranked #2 in the nation.

Parking Facilities. The University operates and maintains 64 surface parking lots of varying sizes and two parking garage facilities with a total of approximately 2,691 spaces, for a total of approximately 7,251 parking spaces. The University has a comprehensive parking plan to ensure that the parking system is financially self-supporting.

STUDENT BODY

The University enrolls more students than any other institution in Idaho. In addition to having students from every Idaho county, students from all 50 states and over 65 countries attend the University. The University enrolls large numbers of both traditional age students and working adults. The University's official Fall 2017 enrollment was 24,154 students (based on headcount, with full-time equivalent enrollment of 16,317) as of the October 15, 2017 census date and the University's official Fall 2016 enrollment was 23,886 students (based on headcount, with full-time equivalent enrollment of 15,976) as of the October 15, 2016 census date. Fall 2017 enrollment reflects an increase from Fall 2016 of 268 students based on headcount, and 341 students based on full-time equivalent enrollment. Enrollment at the University is at an all-time high.

ENROLLMENT AND GRADUATION STATISTICS
(Fall Semester)

	2015	2016	2017
ENROLLMENT			
Headcount	22,113	23,886	24,154
Full Time Equivalents	15,451	15,973	16,317
UNDERGRADUATE STUDENTS			
Full Time	12,034	12,375	12,477
Part Time	7,088	7,834	8,290
GRADUATE STUDENTS			
Full Time	903	936	1,068
Part Time	2,088	2,741	2,319
STUDENTS FROM IDAHO	71%	76%	73.6%
FIRST YEAR UNDERGRADUATES/TRANSFERS			
Applied	10,838	11,193	11,651
Admitted	8,668	9,141	9,781
Enrolled	3,502	3,941	4,106
ACT Mean Score	23.26	23.00	24
	2014-2015	2015-2016	2016-2017
DEGREES CONFERRED			
Associate	168	145	116
Bachelor	3,154	3,174	3,317
Master	703	670	776
Doctorate	14	18	36
Certificate*	301	305	420

* Includes undergraduate graduate certificates and post-undergraduate certificates.

EMPLOYEES

As of September 30, 2017, the University had approximately 6,072 employees. Faculty and staff include approximately 1,344 professional staff, 1,377 faculty and other academic appointments, and 994 classified employees. The University also employed approximately 2,357

students. The University is not a party to any collective bargaining agreement, although there are employee associations that bring salary issues and other concerns to the attention of the University. The University considers relations with its employees to be good.

EMPLOYEE RETIREMENT BENEFITS [HTEH TO UPDATE WHEN CAFR RELEASED IN DECEMBER]

All benefit eligible employees, which consist of employees who work 20 or more hours per week for five consecutive months, must enroll in one of two retirement plans—the State’s Public Employees’ Retirement System of Idaho (“*PERSI*”) or the Optional Retirement Program (“*ORP*”), which is a plan offered to faculty and non-classified staff effective 1990 and thereafter.

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

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“*PERSI Base Plan*”), the Firefighters’ Retirement Fund (“*FRF*”), and the Judges’ Retirement Fund (“*JRF*”), of which, *PERSI* assumed administration effective July 1, 2014; two defined contribution plans, the Public Employee Retirement Fund Choice Plans 414(k) and 401(k); and two Sick Leave Insurance Reserve Trust Funds, one for State employers and one for school district employers.

PERSI membership is mandatory for eligible employees of participating employers. Employees must be: (i) working 20 hours per week or more; (ii) teachers working a half-time contract or greater; or (iii) persons who are elected or appointed officials. Membership is mandatory for State agency and local school district employees, and membership by contract is permitted for participating political subdivisions such as cities and counties. During Fiscal Year 2016, *PERSI* grew to 68,517 active members, 31,862 inactive members (of whom 12,251 are entitled to vested benefits), and 44,181 annuitants. As of July 1, 2016, there were 775 participating employers in the *PERSI Base Plan*. Total membership in *PERSI* was 144,560.

Annual actuarial valuations for *PERSI* are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for *PERSI* since *PERSI*’s inception. The net position for all pension and other funds administered by *PERSI* decreased \$40.6 million during Fiscal Year 2016 compared to an increase of \$262 million during the Fiscal Year 2015. The decrease in the defined benefit plans reflects the total of contributions received and an investment return less than benefits paid and administrative expenses. Net investment income for all of the funds administered by *PERSI* for the Fiscal Years ended June 30, 2016 and 2015 was \$228 million and \$417 million, respectively.

As of June 30, 2016 the funding ratio (actuarial value of assets divided by actuarial accrued liability) for the PERSI Base Plan was 86.3%, which is a decrease from the funding ratio of 90.4% as of June 30, 2015. The higher the funding ratio, the better the plan is funded. The amortization period (estimated time to payoff unfunded liability) for PERSI’s Base Plan as of June 30, 2016 increased from the previous Fiscal Year’s 17.4 years to 36.6 years, which is in excess of the 25 year maximum allowed by statute. The actuarial funding ratio for the PERSI Base Plan decreased from 2015 primarily because investment performance was less than the actuarial expected rate. The amortization period increased for the same reason.

As a result of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, the PERSI Board, at its October 18, 2016 meeting, approved a total contribution rate increase of 1% scheduled to take effect July 1, 2018. The contribution rates for the year ended June 30, 2016 follow:

Contribution Rates

	<u>Member</u>		<u>Employer</u>	
	<u>General/Teacher</u>	<u>Fire/Police</u>	<u>General/Teacher</u>	<u>Fire/Police</u>
Contribution Rates:	6.79%	8.36%	11.32%	11.66%

Source: *Financial Statements June 30, 2016 Public Employee Retirement System of Idaho*

The next major PERSI experience study, to be completed in 2018, will cover the period July 1, 2013 through June 30, 2017.

The University’s required and paid contributions to PERSI for Fiscal Years 2015 and 2016 were \$3,045,994 and \$3,138,685, respectively. Contribution requirements of PERSI and its members are established by the PERSI Board within limitations, as defined by state law.

Beginning in Fiscal Year 2015, the University became required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of PERSI due to the implementation of GASB 68. The University recorded a net pension liability as of June 30, 2016 of \$12,652,677 representing its proportionate share of liability under PERSI.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at, www.persi.idaho.gov (which website is provided purely for convenience and is not incorporated or made a part of this Official Statement by this reference). Much of the information in this section comes from the PERSI Financial Statements, June 30, 2016, and therefore the information is from a source not within the University’s control.

ORP. Faculty and non-classified staff hired on or after July 1, 1990 have been enrolled in ORP, and faculty and staff hired before that date were offered a one time opportunity in 1990 to withdraw from PERSI and join ORP. ORP is a portable, multiple-employer, defined contribution retirement plan with options offered by Teachers’ Insurance and Annuity Association/College Retirement Equities Fund and Variable Annuity Life Insurance Company.

Contribution requirements for ORP are based on a percentage of total payroll. The University's contribution rate for Fiscal Years 2016 and 2017 was _____%.

For Fiscal Years 2015, 2016 and 2017, the University's required and paid contributions to ORP were \$9,957,020, \$10,480,089, and \$_____ respectively. The employee contribution rate for Fiscal Years 2015 through 2017 is _____% of covered payroll. These employer and employee contributions, in addition to earnings from investments, fund ORP benefits. The University has no additional obligation to fund ORP benefits once it makes the required contributions at the applicable rate. The University has made all contributions that it is required to make to ORP to date.

For additional information concerning the University's pension benefits, see Note 10 of "Appendix A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

OPEB. The University participates in other multiple-employer defined benefit post-employment benefit plans relating to health and disability for retired or disabled employees that are administered by the State of Idaho, as agent, as well as a single-employer defined benefit life insurance plan. Idaho Code establishes the benefits and contribution obligations relating to these plans. The most recent actuarial valuation of these plans is as of July 1, 2015. The University funds these benefits on a pay-as-you-go basis, which the University has continued to make on a timely basis: the University has not set aside any assets to pay future benefits under such plans. As of July 1, 2015, the University's proportionate share of the combined unfunded accrued actuarial liability for such plans equaled approximately \$10.5 million. For additional information concerning post-retirement benefits other than pensions, see Note 11 of "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

INSURANCE

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

FINANCIAL INFORMATION REGARDING THE UNIVERSITY

The principal sources of University revenues are direct appropriation of State revenues by the State legislature (the "*Legislature*"), Student Fees, federal government appropriations, grants and contracts, gifts to the University, F&A Recovery Revenues, Investment Income, Sales and Services Revenues, and Other Operating Revenues. Of these revenue sources, Student Fees, Investment Income, Sales and Services Revenues, F&A Recovery Revenues, and Other Operating Revenues are included in Pledged Revenues. The following describes revenue sources that are not included in Pledged Revenues, as well as certain Pledged Revenues. See "SECURITY FOR THE 2018A BONDS."

STATE APPROPRIATIONS

Legislatively-approved State appropriations represent approximately 19% of the University's total annual revenues for Fiscal Year 2018. Such revenues are not included as

Pledged Revenues. The Legislature meets beginning in January of each calendar year and sets budgets and appropriations for all agencies and departments of State government for the fiscal year beginning the following July 1. The Legislature may also make adjustments to budgets and appropriations for the fiscal year during which the Legislature is meeting.

If, in the course of a fiscal year, the Governor determines that the expenditures authorized by the Legislature for the current fiscal year exceed anticipated revenues expected to be available to meet those expenditures, the Governor, by executive order, may reduce (“*Holdback*”) the spending authority on file in the office of the Division of Financial Management for any department, agency or institution of the State, or request a reversion (“*Reversion*”) of appropriations back to the State to balance the State budget. There have been no Holdbacks or Reversions since Fiscal Year 2010; the University does not anticipate a Holdback or Reversion during Fiscal Year 2018. Although State appropriations are not included in Pledged Revenues, Holdbacks, Reversions or reductions in the amount appropriated to the University could adversely affect the University’s financial and operating position.

The table below sets forth the Legislative appropriations from the State General Fund for all higher education institutions and for the University for the Fiscal Years shown. Legislative appropriations reached a pre-recession high in 2009 of approximately \$285 million for all higher education, but declined sharply during the recession to an approximate low of \$209 million in 2012. Since the 2012 low, State appropriations have steadily climbed to approximately \$287 million in 2018.

STATE GENERAL FUND APPROPRIATIONS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
All Higher Education ⁽¹⁾	\$251,223,200	\$258,776,400	\$279,546,500	\$287,053,200
Boise State University ⁽²⁾	\$79,981,000	\$85,579,900	\$92,968,100	\$96,212,300
Percentage Increase (Decrease) over prior year for the University	7.5%	3.4%	8.8%	1.4%

⁽¹⁾ Source: Sine Die Report for the respective legislative years.

⁽²⁾ Source: Legislative appropriations bills for the respective legislative years: 2014 Legislature Senate Bill No. 1417, 2015 Legislature Senate Bill No. 1176, 2016 Legislature House Bill No. 637, 2017 Legislature Senate Bill No. 1152

GRANTS AND CONTRACTS

Through various grant and contract programs, the United States government and various other public and private sponsoring agencies, provide a substantial percentage of the University’s current revenues. The use of such funds is usually restricted to specific projects and is not included in the appropriated budget for the University. Such revenues include grants and contracts for research, public service, instruction and training programs, fellowships, scholarships, endowment scholarship programs, student aid programs, and grants for construction projects. The University believes it has complied with all material conditions and requirements of these grants and contracts. For Fiscal Year 2017, total grants and contracts totaled \$39,302,136, which amount includes the \$6,903,074 of F&A Recovery Revenues

included in Pledged Revenues. The University also received \$22,615,664 in federal Pell Grants for the 2016-2017 academic year. The following table displays federally funded expenditures, which include Pell Grants and direct loan programs, for each the last four Fiscal Years:

GRANTS AND CONTRACTS EXPENDITURES
(in 000s)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Federal	\$25,993	\$25,988	\$28,815	\$31,613
Non Federal	8,282	7,415	7,531	7,689
Total	\$34,275	\$33,403	\$36,346	\$39,302

*Excludes Federal financial aid.

Pledged Revenues do not include Restricted Fund Revenues, which consist of revenues that the University is obligated to spend in accordance with restrictions imposed by external third parties, such as revenues from grants, contracts, gifts and scholarships. However, Pledged Revenues do include F&A Recovery Revenues, which consist of revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University. See “SECURITY FOR THE 2018A BONDS–Pledged Revenues–Facilities and Administrative Recovery Revenues” and “Historical Revenues Available for Debt Service” above.

Direct financial aid to students, primarily in the form of student loans, scholarships, grants, student employment, awards, and deferred payments, totaled approximately \$147 million for Fiscal Year 2017. Of such amount, approximately \$56 million was in the form of direct student loans. Due to uncertainty with respect to the amount of federal grants, donations, and other sources the University expects to receive for the purpose of providing financial aid, the University cannot determine the amount of financial aid that will be available in future years.

BUDGET PROCESS

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

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

INVESTMENT POLICY

Board policy establishes permitted investment categories for the University. The University's investment policy establishes, in order of priority, safety of principal preservation, ensuring necessary liquidity, and achieving a maximum return, as the objectives of its investment portfolio. See Note 2 of "APPENDIX A– AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016." Moneys in Funds and Accounts established under the Resolution are required to be invested in Investment Securities, as described in "APPENDIX D– SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–PLEDGE OF REVENUES; ESTABLISHMENT OF FUNDS AND ACCOUNTS – Establishment of Funds; Revenue Fund; Bond Fund; Flow of Funds; Investment of Funds." The University has not experienced any significant investment losses or unexpected limitations on the liquidity of its short-term investments. See "APPENDIX A– AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016" for further information.

NO INTEREST RATE SWAPS

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

BOISE STATE UNIVERSITY FOUNDATION, INC.

The Boise State University Foundation, Inc. is a nonprofit corporation organized under State law in 1967. Its purpose is to receive, manage and otherwise deal in property and apply the income, principal and proceeds of such property for the benefit of the University. An approximately 41 member board of directors manages the Foundation. Royanne Minskoff currently serves as Chairman of the board of directors of the Foundation.

Financial statements for the Foundation are contained in Note 13 to the University's financial statements. See "APPENDIX A– AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016." Net assets of the Foundation at June 30, 2017 were \$181,383,995.

University Advancement, a division within the University, handles donor cultivation and giving campaigns. In 2017, the University concluded a 4-year campaign for scholarships that resulted in \$52 million in new scholarship dollars, doubling the campaign's original goal. Current strategic initiatives for which University Advancement is leading fundraising efforts include scholarships, multiple college-based programs, the Micron Center for Materials Research and a new School of Public Service building. All gifts cultivated by University Advancement are invested and managed by the Foundation.

FUTURE CAPITAL PROJECTS

To address the educational needs of the region and the facilities needs of the growing student body, the University implemented a Strategic Facility Fee in 2006, which the University merged with other facility fees in 2016 as part of the combined Capital Projects and Facilities Fee. The Capital Projects and Facilities Fee is a component of Student Fees which are included in Pledged Revenues. Revenues from the Capital Projects and Facilities Fee are intended to be used together with donations, State of Idaho Permanent Building Fund monies provided by the

State, capital grants and University reserves to provide funds for construction of buildings pursuant to the University's Campus Master Plan.

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

The University is currently evaluating future facility needs. Under discussion is additional parking facilities and a potential new building for the School of Public Service.

OUTSTANDING DEBT

The University has the following debt outstanding as of January 1, 2018:

Outstanding Bonds	Original Issue Amount	Amount Outstanding
<i>General Revenue Bonds</i>		
General Revenue and Refunding Bonds, Series 2009A	\$42,595,000	\$1,565,000
Taxable General Revenue Bonds, Series 2010B (Build America Bonds–Issuer Subsidy)	12,895,000	12,235,000
General Revenue Project and Refunding Bonds, Series 2012A	33,330,000	25,070,000
General Revenue Project and Refunding Bonds, Series 2013A	14,195,000	11,675,000
General Revenue Project and Refunding Bonds, Series 2013B	11,760,000	7,380,000
General Revenue Project and Refunding Bonds, Series 2015A	31,210,000	29,380,000
General Revenue Refunding Bonds, Series 2016A	66,145,000	66,145,000
General Revenue Project and Refunding Bonds, Series 2017A	67,860,000	67,860,000
Total:	\$279,990,000	\$221,310,000
<i>Other Obligations</i>		
Capital Leases for Building and Equipment Alumni and Friends Center ⁽¹⁾	5,000,000	
Total:	\$5,000,000	

[\(1\)](#) To be paid off with proceeds of Series 2018A Bonds

For additional information regarding the University's outstanding debt, see Notes 7, 8 and 9 of "APPENDIX A– AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

FINANCIAL STATEMENTS

The financial statements of the University as of and for the Fiscal Years ended June 30, 2017 and 2016, which are included as APPENDIX A to this Official Statement, have been audited by Moss Adams LLP, independent auditors, as stated in their report appearing therein. Moss Adams has not been engaged to perform and has not performed, since the date of such report, any procedures on the financial statements addressed in the report. Moss Adams has not

performed any procedures relating to this Official Statement, and has not consented to the use of the financial statements of the University in this Official Statement.

TAX MATTERS

2018A BONDS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below: (i) interest on the 2018A Bonds is excluded from gross income pursuant to Section 103 of the Tax Code; (ii) interest on the 2018A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below; and (iii) interest on the 2018A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho.

The Tax Code imposes several requirements which must be met with respect to the 2018A Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2018A Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2018A Bonds; (b) limitations on the extent to which proceeds of the 2018A Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2018A Bonds above the yield on the 2018A Bonds to be paid to the United States Treasury. The exclusion of interest on the 2018A Bonds from gross income for Idaho income tax purposes is dependent on the interest on the 2018A Bonds being excluded from gross income for federal income tax purposes. The University will covenant and represent that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2018A Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the 2018A Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2018A Bonds from gross income (for federal and Idaho income tax purposes) and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the University to comply with these requirements could cause the interest on the 2018A Bonds to be included in gross income (for federal and Idaho income tax purposes), alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the University and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the 2018A Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2018A Bonds. Owners of the 2018A Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2018A Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. With respect to any of the 2018A Bonds sold at a premium, representing a difference between the original offering price of those 2018A Bonds and the principal amount thereof payable at maturity, under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the 2018A Bonds from gross income (for federal and Idaho income tax purposes) and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership of the 2018A Bonds. Owners of the 2018A Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2018A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2018A Bonds, the exclusion of interest on the 2018A Bonds from gross income (for federal and Idaho income tax purposes) or alternative minimum taxable income or both from the date of issuance of the 2018A Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2018A Bonds. Owners of the 2018A Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2018A Bonds. If an audit is commenced, the market value of the 2018A Bonds may be adversely affected. Under current audit procedures the Service will treat the University as the taxpayer and the 2018A Bond owners may have no right to participate in such procedures. The University has covenanted not to take any action that would cause the interest on the 2018A Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the University, the Underwriter, or

Bond Counsel is responsible for paying or reimbursing any 2018A Bond holder with respect to any audit or litigation costs relating to the 2018A Bonds.

[Premium Bonds. The initial public offering price of certain maturities of the 2018A Bonds (the “Premium Bonds”), as shown on the inside cover page, are issued at original offering prices in excess of their original principal amount. The difference between the amount of the Premium Bonds at the original offering price and the principal amount payable at maturity represents “bond premium” under the Tax Code. As a result of requirements of the Tax Code relating to the amortization of bond premium, under certain circumstances an initial owner of a Premium Bond may realize a taxable gain upon disposition of such a bond, even though such bond is sold or redeemed for an amount equal to the original owner’s cost of acquiring such bond. All owners of 2018A Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning and disposing of 2018A Bonds, whether the disposition is pursuant to a sale of the 2018A Bonds or other transfer, or redemption.

Original Issue Discount. The initial public offering price of certain maturities of the 2018A Bonds (the “Discount Bonds”), as shown on the inside cover page hereof, is less than the amount payable on such 2018A Bonds at maturity. The difference between the amount of the Discount Bonds payable at maturity and the initial public offering price of the Discount Bonds will be treated as “original issue discount” for federal income tax purposes. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on April 1 and October 1 with straight line interpolation between compounding dates. In the case of a purchaser who acquires the Discount Bonds in this offering, the amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income and Idaho taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner’s basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity).

Beneficial Owners who purchase Discount Bonds in the initial offering at a price other than the original offering price shown on the inside cover page hereof and owners who purchase Discount Bonds after the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds. Beneficial Owners who are subject to state or local income taxation (other than Idaho state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.]

UNDERWRITING

The 2018A Bonds are being purchased by the Underwriter. The purchase contract provides that the Underwriter will purchase all of the 2018A Bonds, if any are purchased, at a price of \$_____, representing the principal amount of the 2018A Bonds, plus original issuance premium of \$_____, and less an Underwriter’s discount of \$_____.

The Underwriter may offer and sell the 2018A Bonds to certain dealers (including dealers depositing the 2018A Bonds in investment trusts) and others at prices lower than the initial offering prices (or prices corresponding to the yields) stated on the inside cover page hereof.

RATINGS

Moody's Investors Service has assigned its municipal rating of "____" to the 2018A Bonds. S&P Global Ratings has assigned its municipal rating of "____" to the 2018A Bonds.

The ratings reflect only the views of the rating agencies. An explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that such ratings will continue for any given period of time or that the ratings may not be revised or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any downward revision or withdrawal of such ratings will be likely to have an adverse effect on the market price or marketability of the 2018A Bonds.

LITIGATION

The University has reported that, as of the date hereof, there is no litigation pending or threatened that, if decided adversely to the interests of the University, would have a materially adverse effect on the operations or financial position of the University. There is no litigation of any nature now pending or threatened restraining or enjoining the issuance or sale of the 2018A Bonds or in any way contesting or affecting the validity of, or having a material adverse effect on, the 2018A Bonds, the pledge and application of Pledged Revenues, or the existence or powers of the University.

APPROVAL OF LEGAL MATTERS

All legal matters incident to the authorization and issuance of the 2018A Bonds are subject to the approval of Hawley Troxell Ennis & Hawley LLP, Bond Counsel to the University. Bond Counsel's approving opinion in the form of Appendix F hereto will be delivered with the 2018A Bonds. Certain legal matters will be passed upon for the University by the Office of General Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Foster Pepper PLLC, and by Hawley Troxell Ennis & Hawley LLP, in its role as disclosure counsel to the University. Any opinion delivered by Foster Pepper PLLC will be limited in scope, addressed only to the Underwriter and cannot be relied upon by investors.

CONTINUING DISCLOSURE

The University will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the Beneficial Owners of the 2018A Bonds. Pursuant to the Undertaking, the University will agree to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and a summary of other terms of the Undertaking, including termination, amendment, and remedies, are set forth in the Undertaking, the proposed form of which is attached as APPENDIX E to this Official Statement.

The University has materially complied with its continuing disclosure undertakings, although its filing was 17 days late for Fiscal Year 2013. The University filed a secondary market information notice regarding the late filing in 2013 on January 5, 2017. The University has taken steps to ensure timely future compliance. See “APPENDIX E– PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING– Consequences of Failure of the University to Provide Information.” A failure by the University to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2018A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2018A Bonds and their market price.

BOISE STATE UNIVERSITY

By _____
Vice President and Chief Finance Officer

APPENDIX A
AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

**APPENDIX B
SCHEDULE OF STUDENT FEES**

The following table sets forth the Student Fees of the University at the rates in effect for Fiscal Year 2017. The amounts shown as Annual Estimated Revenue reflect the University's estimates based on actual collections for Fall 2017 and estimated of collections for Spring 2018 and Summer 2018.

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

[Attached Subject to Change.]

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

APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

APPENDIX E
PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

**APPENDIX F
PROPOSED FORM OF OPINION OF BOND COUNSEL**

APPENDIX G
BOOK ENTRY ONLY SYSTEM

THE DEPOSITORY TRUST COMPANY

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests

in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership **rights** in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

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**AGREEMENT FOR THE DEVELOPMENT, OCCUPANCY, OWNERSHIP AND USE
OF THE ALUMNI AND FRIENDS CENTER**

THIS AGREEMENT is made and entered into this _____ day of _____, 2014 (“Effective Date”), by, among, and between BOISE STATE UNIVERSITY, an agency and institution of higher education of the State of Idaho (the “University”) and BOISE STATE UNIVERSITY FOUNDATION, INC., an Idaho nonprofit corporation separate and independent from Boise State University but existing solely to engage in activities designed to support and benefit University (the “Foundation”), and the BOISE STATE UNIVERSITY ALUMNI ASSOCIATION, INC., an Idaho nonprofit corporation (the “Alumni Association”).

RECITALS

WHEREAS, consistent with its purpose to engage in activities designed to support and benefit University, University, Foundation, and Alumni Association have completed a Real Property Exchange and Charitable Contribution Agreement (“Exchange Agreement”) to exchange properties which resulted in the Foundation’s ownership of certain parcels of real property formerly owned by University and Alumni Association, and described more fully on Exhibit A hereto (the “Foundation Property”); and

WHEREAS, the three parties are mutually interested in the development of the Foundation Property by virtue of construction by the Foundation of a new “Alumni and Friends Center” building or alternatively named building and other improvements (the “Building”) on the Foundation Property as contemplated by State Board of Education formal action on February 21, 2013 at its regular meeting; and

WHEREAS, upon Foundation’s completion of the Building and upon the occurrence of the Foundation incurring debt to cover a portion of the construction costs, the parties have agreed that a portion of the Building’s office or other space will be leased from the Foundation to University; and

WHEREAS, at a point in the future, the University, Foundation, and Alumni Association have further agreed that the Foundation will deed the Foundation Property (to the real property and improvements including the Building) back to the University, and that University will likewise lease a portion of the Building back to the Foundation; and

WHEREAS, the parties have agreed that the Alumni Association shall have certain rights to use the Building; and

WHEREAS, these Recitals shall be limited by and construed to be in accordance with the terms and conditions contained in the body of the Agreement set forth below.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants, conditions, agreements and obligations contained herein, University, Foundation and Alumni Association agree as follows:

1. Design and Construction Costs.

The Building will be designed and constructed by the Foundation upon the Foundation Property at an estimated total project cost of \$12,000,000 (“Project Cost”). Approximately \$7,000,000 has, as of the date of execution, been received by the Foundation from generous donors and is being held and reserved, and shall be applied to the total construction cost of the Building and other improvements (collectively, the “Project”). The remaining balance of approximately \$5,000,000 is anticipated to be raised either by continued donations or through the use of a loan or other debt instrument.

2. Aid and Assistance; Design Collaboration; Compliance with University Design Standards.

- a. University agrees to cooperate with and assist the Foundation during the City of Boise permitting process for design and construction of the Building. Notwithstanding University’s agreement to cooperate with and assist Foundation, Foundation acknowledges and agrees that University is not responsible for the outcome of such permitting process, and all final decisions regarding design and construction, and permitting responsibility, rest with the Foundation.
- b. Preliminary design plans for the Building are attached as Exhibit B. Foundation will collaborate with University and Alumni Association in the continued development of the design of the Building, including but not limited to Building exterior design (including, without limitation, Building elevation, materials, color, canopy sections and other pertinent details), Building density, and Building height. The final design and construction of the new Building will meet the design and guideline standards established by University Architectural & Engineering Services.

3. Construction Costs and Financing; University Guaranty

In the event Foundation receives a loan or otherwise incurs debt to fund the remaining unmet construction costs of approximately \$5,000,000, Foundation will make reasonable efforts to finance the debt on the most favorable terms available, and the debt may be structured in any manner, including but not limited to traditional or balloon financing or tax-exempt bond financing. The University shall guaranty the loan, upon the request of the Foundation if required by the lender or if such guaranty would result in more favorable financing terms. Execution by the University of any of guaranty documents required by this Section shall not create any obligations that are a priority to any secured creditors of the University. Foundation will apply all future donations to the Building which are not otherwise restricted, less any gift or administration fees or related costs, to the repayment of the principal until such time as the debt is repaid, and University shall pay all other amounts due to

principal and interest due and owing during the term of the loan and upon maturity of the loan in consideration for the University's lease of the University Office Space, as further set forth in Section 5 below.

4. Construction

Foundation will begin construction of the Building to have approximately 39,000 square feet within one (1) year following the Effective Date of this Agreement, unless it is necessary in the Foundation's reasonable discretion to extend the construction commencement date.

5. Lease of a Portion of Building to University if Foundation Incurs Debt.

In the event Foundation incurs debt to fund the remaining unmet construction costs (the "Debt Obligation"), Foundation shall lease the "University Office Space," defined as all of the Building except the Foundation Office Space (defined below) and provide the University with the quiet enjoyment of the University Office Space pursuant to the terms set forth herein (the "University Lease"). The Foundation shall retain office space within the Building that is adequate to accommodate its staff (the "Foundation Office Space") in an amount generally consistent with the Foundation's historical usage of space per staff member, and any dispute concerning such allocation shall be resolved in accordance with Section 11 of this Agreement. The Lease shall contain the following terms and conditions:

- a. In consideration for the leased University Office Space, University shall pay lease payments (the "Lease Payments") which shall be sufficient to pay the amount of principal, if any, including any mandatory prepayment or redemption, and interest on the Foundation's Debt Obligation coming due on the next applicable payment date.
- b. In addition, the University shall pay as additional rent, within a reasonable timeframe after receipt of an invoice therefor from the Foundation: (i) any loan fees or other costs, fees and expenses associated with the financing of the Foundation's design and construction of the Building, and (ii) any and all expenses incurred by the Foundation in excess of the Project Costs in connection with the Building's construction ("Additional Expenses"), including, without limitation, any insurance costs paid by the Foundation, closing costs associated with the purchase of the Property, and any property tax(es) against the Property assessed, incurred and/or becoming due and payable, provided that the Foundation will incur no such Additional Expenses without the prior consent of the University, and such consent will not be unreasonably withheld and shall be provided as timely as possible.
- c. The University's obligations under the Lease, including the Lease Payments and Additional Rent, shall be subordinate to the University's existing and future secured obligations, including but not limited to general obligation bonds or student fee revenue bonds issued by the University.
- d. University will take immediate possession of the University Office Space upon completion of the Building and issuance of a certificate of occupancy. The University

will remain in continuous, uninterrupted possession and control of the University Office Space until the Debt Obligation is fully paid and discharged. The University shall not assign the Lease or sublet the University Office Space, except as follows: University may assign or sublet portions of the University Office Space during the term of this Agreement to entities it partners with on projects related to a University purpose, so long as (i) any use of the University Office Space by any third party is in compliance with the terms of this Agreement, including without limitation subsection (c) below with regard to Permitted Use, and (ii) the Foundation provides prior consent to the lease or sublease of the University Office Space, which consent will not be unreasonably withheld.

- e. The University acknowledges and agrees that the Building may be used only for the purposes set forth herein, which are primarily for University Advancement and alumni-related purposes (the “Permitted Use”), and such incidental uses related to the Permitted Use including (without limitation) (i) faculty meetings, (ii) community informational meetings, and (iii) general office use in direct support of the educational and University Advancement endeavors. Additionally, during the term of the lease, University’s use of the Building and University Office Space shall at all times be in compliance with all law applicable to the University and the Foundation, and any applicable donor agreements.
- f. The Foundation shall secure property and premise liability insurance for the Foundation Property, and the University shall, as part of the Additional Expenses, reimburse the Foundation all costs paid for such insurance. To the extent any loss on or of the Foundation Property is not covered by the Foundation’s insurance, University shall bear all risk of loss of the improvements on the Foundation Property. If the Building or any other improvements are destroyed or rendered unusable by an event covered by the Foundation’s insurance, the proceeds of such insurance shall belong to the Foundation.
- g. To the extent permitted by applicable law and subject to the limitations of Idaho Code Sections 6-901-6-929, the Idaho Tort Claims Act, University does hereby agree to indemnify and defend the Foundation from and against any and all claims in any way related to the Property or its use by the University or any person or entity. This indemnification is intended to be construed as broadly as possible, and shall relate to any claims whatsoever involving the Foundation Property and its use, extending, without limitation, to claims that result from the University’s breach of any provision in this Agreement as well as claims that do not result from the University’s breach of any provision herein. Nothing in this Agreement shall be construed as to obligate the University beyond the limits of the Idaho Tort Claims Act or waive the University’s sovereign immunity.
- h. University shall be responsible for all maintenance, janitorial, utility, repair and operational expenses of the Foundation Property and Building. The University shall use its sole discretion in what maintenance or repair is required and shall perform the same at its own expense; provided, however, that the University shall keep the Foundation

Property and Building in good operating condition at all times, and agrees to promptly repair and restore Foundation Property and Building to a condition as good as received by the University from the Foundation or as thereafter improved, reasonable wear and tear excepted. All costs, utilities, assessments or any other obligation associated with the use and occupation of the Foundation Property and Building shall be borne by the University.

- i. The University shall maintain and operate the Foundation Property and Building in accordance with all applicable laws, rules, codes and regulations of any applicable governmental entity(ies), including without limitation the Americans With Disabilities Act of 1990, as amended from time to time (the “ADA”). The University shall not enter into any change of use of the Foundation Property and Building, whether approved by the Foundation or not, if such change in use would result in increased liability of the Foundation under the ADA or any shifting of liability between the University and the Foundation as a result of any such change of use. University shall indemnify and hold the Foundation harmless from and against any and all claims arising from non-compliance or alleged non-compliance with the provisions of the ADA in effect during the term of the lease, including any extensions and renewals, due to the University’s changes or alterations to the Foundation Property and Building and/or the passageways, pedestrian walkways, sidewalks or parking, and from and against all costs, attorney fees, expenses and liabilities incurred in or from any such claim.
- j. University may make such changes or improvements to the Foundation Property and Building only with the written consent of the Foundation.
- k. University shall have the right to provide exterior signage upon the Foundation Property and the Building in its reasonable discretion, so long as the signage is in accordance with all applicable laws and regulations and in accordance with any naming rights granted by the University to any donors in recognition of charitable gifts.
- l. Foundation shall have no duty whatsoever as landlord for the condition of the University Office Space and all such duties or responsibilities are hereby assumed by the University. The Foundation’s sole duties are those specifically set forth herein.

6. Term of University Lease

In the event the Foundation incurs debt for any unmet construction costs, the term of University tenancy shall begin on the date such debt is incurred, and will terminate upon payment in full of the Debt Obligation in accordance with the provisions of this Agreement. In the event no debt is incurred, the Foundation Property and Building will be deeded in fee simple to University upon completion of the construction of the Building in accordance with the terms below.

7. Deed to Property and Improvements – Foundation Tenancy

In the event that (i) the Foundation determines that no debt financing is necessary to complete the Building due to receipt of adequate donations, or (ii) the Foundation incurs debt for any unmet construction costs and the principal and interest on the loan or debt is paid in full by the Foundation and/or University, then, in either case, the Foundation will immediately deed the Foundation Property

and Building in fee simple to the University for an amount of ten dollars in accordance with the following terms and conditions:

- a. Foundation shall prepare and record all legal documents University may require to evidence ownership and conveyance of the Foundation Property, the Building, and any other improvements upon the Foundation Property.
- b. Ownership will be conveyed without lien(s), deed(s) of trust, loan(s), or any other form of lien or other encumbrance. Foundation's personal property will not be considered improvements and will not be conveyed.
- c. Upon conveyance to the University, University shall be solely responsible for any and all costs associated with the Foundation Property and Building, including without limitation, all operational, janitorial, insurance, property taxes, maintenance, utility, and repair costs.
- d. Following the date of the recordation of ownership by University, Foundation may remain in and occupy the Foundation Office Space as a tenant of University, subject to the terms and conditions herein, and University decisions related to the use of the Building. Sole discretion shall be afforded to the University in determining the length of the tenancy and any additional terms of the tenancy if the University decides, in its discretion to repurpose the Building or a portion thereof, and subject to subsection (f) below.
- e. The lease and use of the Foundation Office Space and parking will be in compliance with all law applicable to the University or the Foundation and in accordance with that certain Memorandum of Understanding between Boise State University Foundation and Boise State University dated February 14, 2012 and that Support Agreement between the Foundation and the University dated July 1, 2010.
- f. The term of the lease of the Foundation Office Space shall be until (i) University provides 180 days written notice terminating Foundation's tenancy in the event that University decides, in its reasonable discretion to repurpose the Building or a portion thereof, provided, however, that any repurposing shall be made in accordance with the stated and acknowledged goal of keeping the Foundation, Alumni Association, and University Advancement in the same facility; or (ii) Foundation provides 180 days written notice to University that it is terminating its tenancy. In the event the Building is sold, repurposed, or destroyed during its ownership, University shall make good faith efforts to provide similar use rights and privileges to the Foundation in reasonably comparable space to aid and benefit the Foundation in its mission to "engage in activities designed to support and benefit Boise State University."
- g. Foundation shall have reasonable use of any event or large meeting space and kitchen within the Building at no cost, following normal request and notification procedures established by the University, subject to the terms and conditions stated herein, including but not limited to those established in Section 8 below.
- h. University may make such changes or improvements to the Foundation Property and Building as it sees fit, provided, however, that if such changes or improvements alter the

Foundation Office Space occupied during its tenancy term, the University shall first obtain the written consent of the Foundation.

- i. University shall continue to have the right to provide signage upon the Foundation Property and the Building in its sole discretion, so long as the signage is in accordance with all applicable laws and regulations and in accordance with any naming rights granted by the University to any donors in recognition of charitable gifts, so long as such naming is in compliance with University and Idaho State Board of Education policies.
 - j. Foundation may, during its tenancy, provide reasonable advance notice not less than 60 days in advance, to request expansion of its leased space to reasonably accommodate and provide adequate office space for its staff in an amount generally consistent with the Foundation's historical usage of space per staff member. Any dispute concerning such allocation or expansion request shall be resolved in accordance with Section 11 of this Agreement. Foundation shall be solely responsible for any build-out costs of the additional space.
8. **Use of Building by Alumni Association.** During the Foundation and University ownership and tenancy, the Foundation and University agree to locate all University Alumni Relations employees within the Building in an effort to centrally locate and co-locate University Advancement, Foundation, and Alumni Relations personnel. The Alumni Association will also enjoy, at no cost, priority use of first floor event space, large meeting spaces, conference room space, the kitchen, and the common area surrounding the Building following normal request and notification procedures established by the University. "Priority use," as that phrase is used herein, means that Alumni Association events, gatherings and functions shall have priority over and shall displace all other prior planned events, gatherings and functions in the first floor spaces identified above where there is no detriment (other than the inconvenience of its function's displacement) to the other reserving party. If there is a detriment to the other reserving party, and the use conflict cannot be resolved at the staff level, then the Foundation Chief Operating Officer, an Alumni Association Executive Committee representative, and the Vice President for Advancement will jointly determine which event takes place in the space on the conflict date. In the event the Building is sold, repurposed, or destroyed during its ownership, University shall make good faith efforts to provide similar use rights and privileges to the Alumni Association in reasonably comparable space to aid and benefit the Alumni Association in its mission to "connect, celebrate, and engage alumni and friends of the University to build lifelong relationships that support the future of the University."
9. **Parking.**
- a. Alumni Association, in entering into the Exchange Agreement referenced herein, has deeded ownership of property to the Foundation, which property includes a total of 30 parking spaces (29 plus 1 ADA accessible space) immediately in front of the existing Alumni Association building. In order to reasonably protect the parking revenues and privileges associated with those spaces after the construction of the Alumni and Friends Center, during the Foundation's ownership and the University's tenancy of the Building, the Foundation and the University agree and

- acknowledge herein that revenues derived from operation, rental and use of 30 spaces within the Building parking lot during limited periods of use - football home games, basketball home games, special events, and Alumni Association gatherings and functions (“Game and Event Parking”) - will be and remain with the Alumni Association. Thereafter, during the University’s ownership of the Building, use and/or revenues derived from the operation, rental, and use of such 30 spaces for Game and Event Parking will be provided by the University to the Alumni Association subject to an annually revocable Parking Agreement with the University. Nothing herein shall restrict the Foundation’s use and University’s use and revenue collection related to these same parking spaces during regular business hours and any other time which does not conflict with a scheduled use of the Game and Event Parking spaces by the Alumni Association in accordance with any Parking Agreement in effect.
- b. During the Foundation’s ownership of the Building, the University and Foundation agree and acknowledge herein that Game and Event Parking revenues derived from operation, rental and use of an additional 30 spaces within the Building parking lot shall inure to the benefit of the Foundation, to the extent they do not conflict with the Alumni Association’s rights under subsection (a) above. The Alumni Association shall rent and collect revenues for the Foundation’s 30 spaces, and shall remit such revenue to the Foundation (net any related expenses). Thereafter, during the University’s ownership of the Building, use and/or revenues derived from the operation, rental, and use of such 30 spaces for Game and Event Parking will be provided to the Foundation, subject to an annually revocable Parking Agreement with the University, and during the term of the Parking Agreement, the Alumni Association shall continue to rent and collect revenues for the Foundation’s 30 spaces, and shall remit such revenue to the Foundation (net any related expenses). Nothing herein shall restrict the Foundation and University’s use of these same parking spaces and all parking spaces on the property during regular business hours and any other time which does not conflict with a scheduled use of the spaces by the Alumni Association pursuant to subsection (a) above.
- c. During the Foundation and the University’s ownership and tenancy, during normal business hours, all parking surrounding the Building shall be used by the University in accordance with its normal parking procedures, provided that (i) Foundation and BSU employees working in the Building shall be given priority to park in the spaces surrounding the Building (as opposed to parking elsewhere on campus), and (ii) not less than 5 parking spaces will be sought to be designated for visitor use.

10. Notices.

Any notice to be given hereunder shall be given by personal delivery or by depositing such notice in the United States Mail first class postage prepaid, and addressed to the respective party at the following address:

a. University:

Kevin Satterlee, Vice President, Campus Operations & General Counsel
Boise State University
Administration Building, Ste. 214
1910 University Dr.
Boise, Idaho 83725

Laura Simic, Vice President, Advancement
Boise State University
1910 University Dr.
Boise, Idaho 83725

With a copy to:

Matt Wilde, Deputy General Counsel
Boise State University – MS 1002
1910 University Dr.
Boise, Idaho 83725

b. Foundation:

Chris Anton, Chief Operating Officer
Boise State University Foundation, Inc.
2225 University Drive
Boise, Idaho 83706

c. Alumni Association

Estevan Andrade, Executive Director
Boise State University Alumni Association, Inc.
1910 University Dr.
Boise, ID 83725-1035

Each party shall give notice to the other parties of any change of their address for the purpose of this section by giving written notice of such change to the other in the manner herein provided.

11. Default, Cure, and Litigation. The parties agree that litigation between the parties arising from the terms of this Agreement would be a waste of resources. As such, the parties agree that any disputes or defaults that arise from this Agreement will be resolved in the following manner. Resolution of any dispute will be sought to be resolved in good faith by the appropriate staff of each of the parties. However, if any party shall default in any way upon its respective obligations to another party or parties under this Agreement, the defaulting party shall have a period of 60 days from the date of written notice from the non-defaulting party within which to cure any default. Upon an uncured default of this Agreement by the defaulting party, the matter will be

referred to the Chief Operating Officer of the Foundation, the Executive Director of the Alumni Association, and the Vice President for University Advancement to resolve the dispute. If these parties cannot resolve the dispute or default, then it will be referred to the Chair of the Foundation, the President of the Alumni Association, and the President of the University. If they are unable to resolve the dispute or default, the parties shall hire a mutually acceptable mediator to help resolve it. If and only if all the above steps are followed in sequence and the dispute or default remains unresolved or uncured, either party shall have the right to initiate litigation.

12. **Time Is Of The Essence:** The parties hereto acknowledge and agree that time is strictly of the essence with respect to each and every term, condition and provision hereof, and that the failure to timely perform any of the obligations hereunder shall constitute a breach of and a default under this Agreement by the party so failing to perform.
13. **Binding Upon Successors:** This Agreement shall be binding upon and inure to the benefit of the parties' respective successors, assigns and personal representatives. This Agreement shall run with the Foundation Property.
14. **Effective Date.** This Agreement shall be effective upon the date fully executed.
15. **Invalid Provisions.** If any provision of this Agreement is held not valid, such provision shall be deemed to be excised there from and the invalidity thereof shall not affect any of the other provisions contained herein.
16. **No Agency.** University acknowledges that Foundation and Alumni Association are acting as principals in all the transactions contemplated by this Agreement and in no way shall either be deemed an agent of University. Neither the Foundation nor Alumni Association shall have any obligations to University as an agent of University, nor shall University have any obligations to Foundation or Alumni Association as a principal of Foundation or Alumni Association.
17. **Attorney Fees.** Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover as an element of its costs and not as damages, reasonable attorney fees to be fixed by the court.
18. **Governing Law.** This Agreement shall be interpreted under and governed by the laws of the State of Idaho.
19. **State Board Approval.** This Agreement's provisions and terms, and the validity and enforceability of the same, including but not limited to the provisions contained in Sections 3 and 5. a. herein, are expressly conditioned and contingent upon formal approval by the State Board of Education. In the event that this Agreement's provisions and terms are not expressly approved by the State Board of Education as required, then the parties hereto shall be fully released and

discharged from any obligation contained within this Agreement, and this Agreement shall be of no further force or effect.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

For FOUNDATION:

DATE: _____

DATE: _____

Chris Anton, Chief Operating Officer

Joy Kealey, Chair

For University:

DATE: _____

Dr. Robert Kustra
President, Boise State University

For Alumni Association:

DATE: _____

DATE: _____

Greg Chavez, President

Jesse Harris, Secretary

EXHIBIT A
Foundation Property

EXHIBIT B
Preliminary Design Plans

6965646_1

BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017

IDAHO STATE UNIVERSITY

SUBJECT

Endowment of one-time NCAA money

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.E.2.b.v.

BACKGROUND/DISCUSSION

The Board of Governors of the National Collegiate Athletic Association (NCAA) and the NCAA Division I Board of Directors approved a \$200 million one-time distribution to Division I institutions as the result of the liquidation of an NCAA quasi-endowment. The money is intended to assist Division I schools in their efforts to provide support to student-athletes in four different areas: 1) academics, 2) life-skills and career programs, 3) diversity and inclusion, and 4) health and well-being.

Idaho State University (ISU) submitted its Spending Plan Questionnaire to the NCAA, which was approved on August 21, 2017. ISU received a distribution in the amount of \$549,267.00.

ISU's approved plan includes the investment of its one-time money into a permanent endowment through the ISU Foundation. The money that will be spent each year represents five percent (5%) of the anticipated investment income, which is estimated to be \$27,463.35.

The principal amount will not be used to pay any fee by the Foundation as all money must be used for the benefit of student-athletes. However, the Foundation endowment management fee of one and a half percent (1½%) per annum will be paid from investment earnings on the endowment. Detailed records will be kept regarding the investment rate, spending, and uses of the funds as the NCAA will conduct random audits.

Boise State University and the University of Idaho chose to spend the money over time pursuant to their submitted and approved spending plans. Each institution placed its money into a university account, earmarked for the purposes stated in the plans. ISU chose to endow its funds to be able to support our student-athletes in perpetuity in the four areas identified by the NCAA, as ISU has never before had the funding to be able to do so.

IMPACT

Approval will allow ISU to transfer the NCAA distributed funds to the ISU Foundation to be used as set out in Attachment 1.

**BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017**

ATTACHMENTS

Attachment 1 – Proposed endowment agreement with ISU Foundation Page 3

STAFF COMMENTS AND RECOMMENDATIONS

Pursuant to Board Policy V.E.2.b.v., Board approval is required for the transfer of institutional funds to one of its affiliated foundations, unless one of the specific exceptions listed in the policy applies. In this instance, the exceptions do not apply, and Board approval is required. Following transfer of ISU's funds, the resulting Foundation endowment will benefit the university's student-athletes and programs.

Staff recommends approval.

BOARD ACTION

I move to approve the request by Idaho State University to transfer \$549,267.00 of one-time money to an endowed fund within the Idaho State University Foundation, to be used as set forth in the NCAA-approved spending plan as described in Attachment 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____



The Athletic Academic Enhancement Endowment Fund

Fund Agreement

This agreement is made and entered into this ____ day of _____, 2017, between the Department of Athletics, (hereinafter called the "Department") and the Idaho State University

Foundation, a not-for-profit corporation in the State of Idaho (hereinafter called the Foundation).

A. Terms: The fund is established with funds from the National Collegiate Athletic Association (hereinafter called the "NCAA") as a part of the One-Time \$200 Million Revenue Distribution of 2017, with the sum of \$549,267.00 to be permanently endowed according to the terms herein. The principal gift amount of \$549,267.00 shall not be used to pay gift assessment fees to the Foundation.

B. Acknowledgment / Name of the Fund: The Foundation, in acknowledgment of the distribution and purpose(s) described herein, agrees to hold, administer, and distribute the Fund according to the terms set forth in this fund agreement. The Fund shall be designated on the Books and records of the Foundation as the Athletic Academic Enhancement Endowment Fund (hereinafter called the "Fund").

C. Investments. The Foundation is authorized to invest the Fund in accordance with its approved Investment Policy and shall provide annual reports of the performance and use of the Fund to the University's Chief Financial Officer.

D. Income from Fund. The principal of the Fund shall be held as an endowment and the net income there-from shall be defined and distributed in accordance with established Foundation policies and procedures. Net-income shall be used for the purposes specifically set

forth in the “NCAA Special One-Time \$200 Million Revenue Distribution Spending Plan Questionnaire”, (Attachment A), according to the following terms and conditions:

1. The fund will be used to provide support for student athletes as outlined in a 2017 proposal to the NCAA for use of the funds as outlined in subsections D.1.a. through d. herein.

a. Academic support: academic advisory resources; tutoring resources; computers, desktops, laptops and tablets for use in academic advising or tutoring; and, educational materials for use in academic advising or tutoring.

b. Life skills and career success programs: financial literacy programs; career coaching and job placement services; adversity training; anger management programs; etiquette training; leadership development speakers or materials; and, other life skills programming.

c. Student diversity and inclusion initiatives: creative presentations to raise awareness of equity or inclusion issues; events to encourage women and ethnic minorities to pursue careers in athletics; and, guest speaker(s) on equity or inclusion topics.

d. Students’ health and well-being: nutritional needs; fueling stations; mental health programs; alcohol abuse prevention programs and/or speakers; concussions education (e.g., Impact Program); healthy relationships/sexual health and abuse education; nutritional/diet information materials; access to nutritionist or nutrition education; portable AED units; rest/recovery education; session for staff or students on identifying signs or symptoms of depression; treatment by sports psychologist for stress management, anxiety, burnout and life balance; and, medical equipment for rehabilitation and/or recovery (department only).

2. A committee as outlined in the 2017 proposal to the NCAA for use of the funds, and in accordance with the rules and policies of the Office of Financial Affairs, shall

coordinate expenditures from the Fund and distribute the Fund in a manner consistent with the purpose set forth herein. Committee members will include: Head Strength and Conditioning Coach; Assistant Athletic Director for Academics; Assistant Athletic Director for Student Success; Idaho State University Athletic Department Dietician; Assistant Athletic Director for Major Gifts; and, the Associate Athletic Director for Compliance and Student Support. Should the organizational structure of the Department of Athletics change, this endowment will fall under the purview of the senior administrator of the Department of Athletics and the guidelines set forth in the 2017 proposal to the NCAA for use of the funds.

3. In administering the Fund, the Foundation may pay over to Idaho State University all or part of the net income upon the certification by Idaho State University that said net income shall be applied by it in accordance with the purposes and restrictions designated herein.

E. Alternate Application of Income. The Fund is subject to a random audit by the NCAA national office internal audit department. All expenditures shall be accurately accounted and align with the approved spending plan (Attachment A). If circumstances require modifications to the approved spending plan, spending should be within one of the pre-approved uses noted in the “Suggested Potential Uses” specified in the SPECIAL ONE-TIME DIVISION I DISTRIBUTION Q&A (Attachment B). While a change in the spending plan will not require additional approval from the NCAA national office staff, the institution should document the who, what, why, when and how the plan was modified. National office finance and accounting staff is available for interpretations and should be consulted in this event.

F. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, executors, administrators, legal representatives, successors, and assignees. It is understood that the Foundation and its officers are not legal, financial or tax advisors.

IN WITNESS HEREOF, the parties have authorized this Agreement to be executed the day and year hereinabove written.

FOR IDAHO STATE UNIVERSITY

By: _____
Arthur C. Vailas
President
Idaho State University

_____ Date

By: _____
Jeff Tingey
Director of Athletics
Idaho State University

_____ Date

FOR THE IDAHO STATE UNIVERSITY FOUNDATION

By: _____
Shauna Croft
Director of Finance
Idaho State University Foundation

_____ Date

By: _____
Valerie Hoybjerg
President
Idaho State University Foundation Board of Directors

_____ Date

ATTACHMENT A

**NCAA SPECIAL ONE-TIME \$200 MILLION REVENUE DISTRIBUTION
SPENDING PLAN QUESTIONNAIRE**

NCAA Special One-Time \$200 Million Revenue Distribution

Spending Plan Questionnaire

Instructions:

1. Place a check mark within the box next to the program that best describes the spending of the funds (new program or enhanced program). Choose all that apply.
2. Enter the amount of estimated spend by year for the life of the program. If the institution plans to establish an endowment or quasi-endowment with some or all of the funds provided, enter the value of funds to be placed in endowment within the 2016-17 fiscal year.
3. Please provide clear, concise language when descriptions are required. Typically 2-3 sentences are sufficient.
4. Ensure the "Total Estimated Spend for All Programming" is greater than or equal to "Total Funding from Special One-time Division I Distribution".
5. Schools are encouraged to spend the funds by June 30, 2022. The deadline for expenditure is June 30, 2027.
6. Attach any institutional documents or support that may provide additional information about the planned initiative(s).

Q1 What type of programs will you be funding? (Check all that apply)

- ✓ *Academic support*
- ✓ *Life skills and career success programs*
- ✓ *Student diversity and inclusion initiatives*
- ✓ *Students health and well-being*

Q2 What is the total amount of the one-time Division I distribution you received?

\$549,267

Q3 Will these funds be invested in an endowment or quasi-endowment?

Yes

Answer If Q3, Yes Is Selected

Q4 Describe your institution's spending policy for the endowment, including spending rate, calculation of funds available for use in operations, and the party responsible for approving/changing the spending policy.

The one time distribution gift of \$549,267 will be invested into an endowment for yearly use in the areas checked above. The following chart will show the projected growth and yearly spending amounts of the fund. Spending will be based on 5% of the initial funds and the growth is based on the average growth of endowments over the last 10 years (2006-2016).

Year	Beginning Principal	Rate of Return (Average rate per the previous 10 years)	Principal After Return	Spending (5%)	Ending Principal
2018	\$549,267	6.67%	\$585,903	\$27,463.35	\$558,440
2019	\$558,440	6.67%	\$595,688	\$27,463.35	\$568,224
2020	\$568,224	6.67%	\$606,125	\$27,463.35	\$578,662
2021	\$578,662	6.67%	\$617,258	\$27,463.35	\$589,795
2022	\$589,795	6.67%	\$629,134	\$27,463.35	\$601,671
2023	\$601,671	6.67%	\$641,802	\$27,463.35	\$614,339
2024	\$614,339	6.67%	\$655,315	\$27,463.35	\$627,852
2025	\$627,852	6.67%	\$669,730	\$27,463.35	\$642,266

2026	\$642,266	6.67%	\$685,106	\$27,463.35	\$657,642
2027	\$657,642	6.67%	\$701,507	\$27,463.35	\$674,044
2028	\$674,044				

The needs of our students seem to shift on a yearly basis and thus, our programming shifts on a yearly basis. As it is hard to predict where the needs will lie each year, the yearly spending will fluctuate as need dictates in the four areas highlighted above and that need will be decided by a committee made up of the below individuals at Idaho State University. We do know that we have a yearly need of approximately \$6,000 for tutoring and \$4,000 for nutrition and fueling stations. So we would like to utilize these amounts yearly and then distribute the remaining amount of the yearly endowment funds in the areas most in need during each particular year. Our plan is to utilize the entire yearly payout from the endowment for enhancement of our student's welfare and experience.

Committee for Endowment Spending:

- 1. Head Strength and conditioning coach – for the area of Student health and well-being*
- 2. Assistant Athletic Director for Academics – for the areas of Academic Support and Life Skill and Career Success*
- 3. Assistant Athletic Director for Student Success - for the areas of Life Skill and Career Success and Student Diversity and Inclusion*
- 4. Idaho State Athletic Department Dietitian – for the area of Student health and well-being.*
- 5. Assistant Athletic Director for Major Gifts – for oversight of the spending of the endowment in all areas.*
- 6. Associate Athletic Director for Compliance and Student Support*

Academic Support Answer If Q1, Academic support is selected (\$11,000)

Q5 Please provide details of your academic support plan using the form below. (Mark 'Not Applicable' for programs your institution will not fund through the distribution) New Program Enhanced Program Not Applicable

Salaries and benefits for academic advisors

N/A

Academic advisory resources.

Enhancing the resources needed by our academic advisors. This could include recruiting materials, educational materials such as catalogs and advising forms, study hall enhancement materials and professional development.

Tutoring resources.

Average tutoring expenditures over the past 7 years has been \$6,295.14 per academic year. This has been enhanced through grants from the SSF and AASP funds over the past 5 years. The endowment money in this area would be used to pay for the athletic tutor department needs and expanding the utilization of this program.

Computers: desktops, laptops and tablets for use in academic advising or tutoring.

SSF and AASP funding has been utilized to keep our Student Athlete Study Center up to date with technology. This includes computer updates, smartboards, televisions and check out laptops for students to travel with. This endowment would be used to continue to update and enhance the existing needs.

Educational materials for use in academic advising or tutoring.

Expansion of the educational materials used currently such as catalogs and advising forms.

Other

N/A

Q6 Does your academic support spending plan include funding after 2020-21?

Yes. This endowment would be used to support academic support enhancement for the life of the endowment.

Q7 Please provide details of the fund allocations of your academic support plan using the form below.

2016-17 2017-18 2018-19 2019-20 2020-21 2021-22 2022-23 2023-24 2024-25 2025-26 2026-27

Salaries and benefits for academic advisors.

N/A

Academic advisory resources.

A yearly assessment will be done and endowment funds will be utilized as needed.

Tutoring resources.

Per our average tutoring needs over the past 7 years, we will earmark \$6000 per academic year to be utilized for this needed resource.

Computers: desktops, laptops and tablets for use in academic advising or tutoring.

A yearly assessment will be done and endowment funds will be utilized as needed.

Educational materials for use in academic advising or tutoring.

A yearly assessment will be done and endowment funds will be utilized as needed.

Other (specify in detail below).

N/A

Q9 Provide detailed goals and outcomes of how the institution plans to use dollars for academic support, if applicable. (Typically 2-3 line items are sufficient.)

Goals for academic support and success:

- 1. Calculate the number of our first semester students at a 2.5 ISU GPA or higher in their first full time semester on campus. The success of this initiative is based on 80% of our freshman achieving this benchmark as we feel this leads to higher retention rates and higher graduation rates.*
- 2. Calculate the retention and eligibility rates in the APR database. We believe that this data will continue to back up the notion that overall academic success helps to increase retention and eligibility rates. Our goals are to achieve 960 in both retention and eligibility for the Idaho State University Athletic department.*
- 3. Calculate yearly graduation rates for our students that exhaust eligibility. The goal is to continue to have a 90% graduation rate for those students who have exhausted their eligibility at Idaho State University.*
- 4. Numbers of students (%) using tutoring and average GPA's for those students will be calculated as a measure of success. The goal is to have an 80% pass rate for courses in which students are getting tutored.*

Q10 If advisors or tutors will be used, is there a goal to provide an estimated number of hours of training or programming for students?

There is no specific goal as this fluctuates each year depending on the student needs for that particular year. The committee will oversee this need and allocate accordingly.

Q11 If advisors or tutors will be used, what is the estimated number of students with access to the programming?

All 300 (average number of student athletes at Idaho State University each year) will have access to the tutoring and advising resources.

Q12 If advisors or tutors will be used, how many full-time equivalents (FTEs, combining full-time and/or part-time) will be used to provide academic support programming? (Enter as a number, e.g., 1.5)

Currently we utilize 5 full time employees for academic support in the athletic department. This number will be maintained. Number of tutors is only limited to the number of students that need them.

Q13 If computer equipment was selected above, indicate the approximate number of devices to be purchased.

Our current number of computers that are utilized in our study area is 26 and our current number of check out laptops is 10. Our plan is to replace these resources on a 5 to 7 year basis.

Q14 If Other was selected above, describe in the space provided.

N/A

Life Skills and Career Support Answer If Q1, Life skills and career success programs Is Selected (\$3500)

Q15 Please provide details of your life skills and career support plan using the form below. (Mark 'Not Applicable' for programs your institution will not fund through the distribution) New Program Enhanced Program Not Applicable

Financial literacy programs.

Yearly we do some financial literacy programming but would like to expand this program. We plan to continue these programs and will utilize this fund to enhance the programs.

Career coaching and job placement services.

In the past we have utilized programming for career readiness such as a 'Dress for Success' fashion show, a mock interview program with businesses in the community and seminars for resume and cover letter writing. We plan to continue these programs and will utilize this fund to enhance the programs.

Adversity training.

In the past we have utilized programming for adversity in joining a new community, adversity in academics and adversity in personal and social affairs. We plan to continue these programs based on the needs of our students and will utilize this fund to enhance the programs.

Anger management programs.

Based on the needs of our students in any particular year we may provide programming for this issue and will utilize these funds accordingly.

Etiquette training.

Annually we do some etiquette (communication and writing in regards to professors and supervisors) programming but would like to expand this program. We plan to continue these programs and will utilize this fund to enhance the programs.

Leadership development speakers or materials.

In the past we have utilized programming for leadership development. We plan to continue these programs based on the needs of our students and will utilize this fund to enhance the programs.

Life skills programming.

In the past we have utilized programming for Life skills programming. We plan to continue these programs based on the needs of our students and will utilize this fund to enhance the programs.

Other (specify in detail below).

N/A

Q16 Does your life skills and career support spending plan include funding after 2020-21?

Yes. This endowment would be used to enhance life skills and career support for the life of the endowment.

Q17 Please provide details of the fund allocations of your life skills and career support plan using the form below. 2016-17 2017-18 2018-19 2019-20 2020-21 2021-22 2022-23 2023-24 2024-25 2025-26 2026-27

Salaries and benefits for guidance counselors.

N/A

Financial literacy programs.

A yearly assessment will be done and endowment funds will be utilized as needed.

Career coaching and job placement services.

A yearly assessment will be done and endowment funds will be utilized as needed.

Adversity training.

A yearly assessment will be done and endowment funds will be utilized as needed.

Anger management programs.

A yearly assessment will be done and endowment funds will be utilized as needed.

Etiquette training.

A yearly assessment will be done and endowment funds will be utilized as needed.

Leadership development speakers or materials.

A yearly assessment will be done and endowment funds will be utilized as needed.

Life skills programming.

A yearly assessment will be done and endowment funds will be utilized as needed.

Other (specify in detail below).

N/A

Q18 Provide detailed goals and outcomes of how the institution plans to use dollars for life skills and career success programs, if applicable. (Typically 2-3 line items are sufficient.)

The goals of the life skills and career success programs will be to retain our students, enhance our student success and help students graduate and move

into careers. The measurement of these goals will be looked at in the following ways:

1. Calculate the number of our first semester students at a 2.5 ISU GPA or higher in their first full time semester on campus. The success of this initiative is based on 80% of our freshman achieving this benchmark as we feel this leads to higher retention rates and higher graduation rates.
2. Calculate the retention and eligibility rates in the APR database. We believe that this data will continue to back up the notion that overall academic success helps to increase retention and eligibility rates. Our goals are to achieve 960 in both retention and eligibility for the Idaho State University Athletic department.
3. Calculate yearly graduation rates for our students that exhaust eligibility. The goal is to continue to have a 90% graduation rate for those students who have exhausted their eligibility at Idaho State University.
4. Utilize student feedback on programs and presentations in regards to thoroughness and effectiveness. Goals are to have 80% of our students rate the presentations as average or better.

Q19 If facilitators or trainers will be used, is there a goal to provide an estimated number of hours of training or programming for students?

Over the past 7 years we have averaged 7 programs per year in all of the different areas of concern. Each session is about an hour in length. Our plan is to do at least 7 per year in the areas of concern and possible expand with all campus for some other workshops that would benefit the entire student body. The goal would be to reach 9 per year.

Q20 If facilitators or trainers will be used, what is the estimated number of students with access to the programming?

All 300 (average number of student athletes at Idaho State University each year) will have access to the Life Skills and Career success resources.

Q21 If facilitators or trainers will be used, how many full-time equivalents (FTEs, combining full-time and/or part-time) will be used to provide life skills and career success programming? (Enter as a number, e.g., 1.5)

This will be determined based on the program and the needs for each particular year.

Q22 If Other was selected above, describe in the space provided.

N/A

Student Diversity and Inclusion Answer If Q1, Student diversity and inclusion initiatives is Selected (\$3,500)

Q23 Please provide details of your diversity and inclusion initiative using the form below. (Mark 'Not Applicable' for programs your institution will not fund through the distribution) New Program Enhanced Program Not Applicable

Student attendance at equity or inclusion focused education or professional development event.

N/A

Campus equity or inclusion workshops for students.

N/A

Creative presentations to raise awareness of equity or inclusion issues.

The Idaho State University Diversity Resource Center completes 2 presentations per academic year for all students on campus. We would like to enhance these programs using the endowment funds.

Cultural competency coaching.

N/A

Events to encourage women and ethnic minorities to pursue careers in athletics.

Idaho State University puts on a Women in Sports week here on campus annually. We would like to enhance these programs using the endowment funds.

Guest speaker(s) on equity or inclusion topics.

Idaho State University has had speakers come to campus to present on topics in this area. We would like to enhance these programs using the endowment funds.

Internship programs for female or ethnic minority students.

N/A

Service or mentoring activities with a focus on equity or inclusion awareness.

N/A

Student retreat focusing on equity and inclusion issues.

N/A

Other (specify in detail below).

N/A

Q24 Does your diversity and inclusion spending plan include funding after 2020-21?

Yes. This endowment would be used to enhance diversity and inclusion for the life of the endowment.

Q25 Please provide details of the fund allocations of your diversity and inclusion initiative using the form below. 2016-17 2017-18 2018-19 2019-20 2020-21 2021-22 2022-23 2023-24 2024-25 2025-26 2026-27

Student attendance at equity or inclusion focused education or professional development event.

N/A

Campus equity or inclusion workshops for students.

N/A

Creative presentations to raise awareness of equity or inclusion issues.

A yearly assessment will be done and endowment funds will be utilized as needed.

Cultural competency coaching.

N/A

Events to encourage women and ethnic minorities to pursue careers in athletics.

A yearly assessment will be done and endowment funds will be utilized as needed.

Guest speaker(s) on equity or inclusion topics.

A yearly assessment will be done and endowment funds will be utilized as needed.

Internship programs for female or ethnic minority students.

N/A

Service or mentoring activities with a focus on equity or inclusion awareness.

N/A

Student retreat focusing on equity and inclusion issues.

N/A

Other (specify in detail below).

N/A

Q26 Provide detailed goals and outcomes of how the institution plans to use dollars for diversity and inclusion initiatives, if applicable. (Typically 2-3 line items are sufficient.)

1. Calculate the retention and eligibility rates in the APR database. We believe that this data will continue to back up the notion that overall academic success helps to increase retention and eligibility rates. Our goals are to achieve 960 in both retention and eligibility for the Idaho State University Athletic department.

2. Calculate yearly graduation rates for our students that exhaust eligibility. The goal is to continue to have a 90% graduation rate for those students who have exhausted their eligibility at Idaho State University.

3. Utilize student feedback on programs and presentations in regards to thoroughness and effectiveness. Goals are to have 80% of our students rate the presentations as average or better.

Q27 If facilitators or trainers will be used, is there a goal to provide an estimated number of hours of training or programming for students?

This will be determined based on the program and the needs for each particular year.

Q28 If facilitators or trainers will be used, what is the estimated number of students with access to the programming?

All 300 (average number of student athletes at Idaho State University each year) will have access to the diversity and inclusion resources. Additionally, we would like to create programs that allow for the entire student body to have access.

Q29 If facilitators or trainers will be used, how many full-time equivalents (FTEs, combining full-time and/or part-time) will be used to provide diversity and inclusion programming? (Enter as a number, e.g., 1.5)

This will be determined based on the program and the needs for each particular year.

Q30 How long will the internship be and within what department of athletics?

N/A

Q31 If Other was selected above, describe in the space provided.

N/A

Health and Well-Being Answer If Q1, Students health and well-being is Selected (\$9,000)

Q32 Please provide details of your health and well-being initiative using the form below. (Mark 'Not Applicable' for programs your institution will not fund through the distribution) New Program**Enhanced Program Not Applicable**

Medical, dental or vision insurance premiums for students.

N/A

Medical, dental or vision expenses for students (not covered by another insurance program for students).

N/A

Other expenses related to attendance (up to full cost of attendance).

N/A

Nutritional needs.

Currently the Idaho State University athletic department has a \$2000 yearly budget for nutritional needs of our students. Additionally, business in the community help to support the nutritional program with donations. Our goals is to enhance this budget to at least \$4000 per year depending on the needs of our students.

Fueling stations.

Currently the Idaho State University athletic department has a \$2000 yearly budget for nutritional needs of our students. Additionally, business in the community help to support the nutritional program with donations. Our goals is to enhance this budget to at least \$4000 per year depending on the needs of our students.

Mental health programs.

The Idaho State University department of Athletics conducts a yearly training for athletic department staff that address mental health issues. We would like to enhance this program with the endowment funds. Additionally, our SAAC has run a few programs that address these types of issues. We would also like to expand these programs and offer speakers to the entire student body with the endowment funds. We understand that this particular topic is underreported but we know there is a benefit to exposing students to strategies for coping with mental health issues. We would like to team up with the campus counseling center to have presentations in this area.

Salaries and benefits for mental health counselors.

N/A

Alcohol abuse prevention programs and/or speakers.

We understand that this particular topic is underreported but we know there is a benefit to exposing students to strategies for coping with drug and alcohol issues. We would like to team up with the campus counseling center and the health department in town to have presentations in this area.

Concussions education (e.g., Impact Program).

Our new Faculty Athletic Representative is a leading researcher in the area of concussions. We would like to utilize her expertise and start to present education in this area. We will use the endowment funds as necessary.

Health and safety educational materials.

N/A

Healthy relationships/sexual health and abuse education.

In the past we have utilized programming for healthy relationships. We plan to continue these programs based on the needs of our students and will utilize this fund to enhance the programs.

Nutritional/diet information materials.

Currently the Idaho State University athletic department has a \$2000 yearly budget for nutritional needs of our students. Additionally, business in the community help to support the nutritional program with donations. Our goals is to enhance this budget to at least \$4000 per year depending on the needs of our students.

Access to nutritionist or nutrition education.

Currently the Idaho State University athletic department has a \$2000 yearly budget for nutritional needs of our students and a part time dietician. Additionally, business in the community help to support the nutritional program with donations. Our goals is to enhance this budget to at least \$4000 per year depending on the needs of our students.

Portable AED units.

Currently the ISU Athletic department has 1 unit at Davis Field, 1 unit at Holt Arena and 3 units at Reed gym. The athletic training staff would like to add one to the softball complex and one to the Osborn tennis complex. Additionally, getting one or two to be able to travel with would also benefit the athletic department.

Additionally, there is a yearly or biyearly cost to changing batteries and pads that we feel we would like to help out with this endowment fund.

Rest/recovery education.

Currently the Idaho State University athletic department has a \$2000 yearly budget for nutritional needs of our students and a part time dietician. Additionally, business in the community help to support the nutritional program with donations. Our goals is to enhance this budget to at least \$4000 per year depending on the needs of our students.

Session for staff or students: identify signs or symptoms of depression.

In the past we have utilized programming for depression for both our students and our staff. We plan to continue these programs based on the needs of our students and staff and will utilize this fund to enhance the programs.

Treatment by sports psychologist for stress management, anxiety, burnout and life balance.

In the past we have utilized programming in the different areas of sports psychology for both students and staff. We have utilized presentations that deal with life balance, anxiety and disappointment with students at times when they are feeling excessive amounts of these issues (Midterms, finals, start to season, etc.). We plan to continue these programs based on the needs of our students and will utilize this fund to enhance the programs.

Medical equipment for rehabilitation and/or recovery (department only).

Normatic recovery machines – for pain reduction, increased range of motion, reduces inflammation, and accelerages and enhances recovery of leg injuries.

Team recovery bags which include: Bands, foam rollers, etc to make team kits for recovery

SwimEx Underwater portable treadmills for injury recovery including range of motion, gait training at low impact, biomechanics of land based movements, improved cardiovascular stamina, healing and strengthening of injured tissue, reduction of joint stiffness, reduction of blood pressure levels and increased plyometric.

Other as necessary.

Other (specify in detail below).

N/A

Q33 Does your health and well-being spending plan include funding after 2020-21?

Yes. This endowment would be used to enhance health and well-being for the life of the endowment.

Q34 Please provide details of the fund allocations of your health and well-being initiative using the form below. 2016-17 2017-18 2018-19 2019-20 2020-21 2021-22 2022-23 2023-24 2024-25 2025-26 2026-27

Medical, dental or vision insurance premiums for students.

N/A

Medical, dental or vision expenses for students (not covered by another insurance program for students).

N/A

Other expenses related to attendance (up to full cost of attendance).

N/A

Nutritional needs.

We would like to double the Nutritional budget of \$2,000 and set aside at least \$4,000 each year with the endowment funds for the nutritional needs of our students.

Fueling stations.

We would like to double the Nutritional budget of \$2,000 and set aside at least \$4,000 each year with the endowment funds for the nutritional needs of our students.

Mental health programs.

A yearly assessment will be done and endowment funds will be utilized as needed.

Salaries and benefits for mental health counselors.

N/A

Alcohol abuse prevention programs and/or speakers.

A yearly assessment will be done and endowment funds will be utilized as needed.

Concussions education (e.g., Impact Program).

A yearly assessment will be done and endowment funds will be utilized as needed.

Health and safety educational materials.

A yearly assessment will be done and endowment funds will be utilized as needed.

Healthy relationships/sexual health and abuse education.

A yearly assessment will be done and endowment funds will be utilized as needed.

Nutritional/diet information materials.

We would like to double the Nutritional budget of \$2,000 and set aside at least \$4,000 each year with the endowment funds for the nutritional needs of our students.

Access to nutritionist or nutrition education.

We would like to double the Nutritional budget of \$2,000 and set aside at least \$4,000 each year with the endowment funds for the nutritional needs of our students.

Portable AED units.

Currently the ISU Athletic department has 1 unit at Davis Field, 1 unit at Holt Arena and 3 units at Reed gym. The athletic training staff would like to add one to the softball complex and one to the Osborn tennis complex. Additionally, getting one or two to be able to travel with would also benefit the athletic department. The cost per unit is approximately \$1,245 per unit.

Additionally, there is a yearly or biyearly cost to changing batteries and pads that we feel we would like to help out with this endowment fund. This cost is estimated to be around \$500 per year and this would help us upkeep 2 units each year.

Rest/recovery education.

We would like to double the Nutritional budget of \$2,000 and set aside at least \$4,000 each year with the endowment funds for the nutritional needs of our students which includes rest and recovery education.

Session for staff or students: identify signs or symptoms of depression.

A yearly assessment will be done and endowment funds will be utilized as needed.

Treatment by sports psychologist for stress management, anxiety, burnout and life balance.

A yearly assessment will be done and endowment funds will be utilized as needed.

Medical equipment for rehabilitation and/or recovery (department only).

SwimEx Underwater Portable Treadmill – cost per unit: \$2,310.00

Team Recovery Bags cost per bag: \$125 which include the following:

Trigger Point GRID foam roller at a cost of \$ 39.99

Trigger Point GRID STK foam roller at a cost of \$ 34.99

Trigger Point MB5 massage ball at a cost of \$ 24.99

Trigger point TP massage ball at a cost of \$ 19.99

Stretch straps X 2-4 at a cost of \$ 3.00

Normatec recovery systems at a cost of \$ 1,895

Other (specify in detail below).

N/A

Q35 Provide detailed goals and outcomes of how the institution plans to use dollars for student health and well-being, if applicable. (Typically 2-3 line items are sufficient.)

Q36 If facilitators or trainers will be used, is there a goal to provide an estimated number of hours of training or programming for students?

This will be determined based on the program and the needs for each particular year.

Q37 If facilitators or trainers will be used, what is the estimated number of students with access to the programming?

All 300 (average number of student athletes at Idaho State University each year) will have access to the student health and well-being resources. Additionally, we would like to create programs that allow for the entire student body to have access.

Q38 If facilitators or trainers will be used, how many full-time equivalents (FTEs, combining full-time and/or part-time) will be used to provide health and well-being programming? (Enter as a number, e.g., 1.5)

This will be determined based on the program and the needs for each particular year.

Q39 If cost of attendance, indicate the number of students receiving this type aid.

N/A

Q40 If AED units, indicate the approximate number of devices to be purchased.

Between 2 and 4 over the next 5 years. Also, replacement of pads and batteries to keep current machines up to date.

Q41 If the equipment listed above was purchased to assist in the rehabilitation and/or recovery of injured students indicate the approximate number of items and description of each.

Normatic recovery machines at a cost of around \$1,800 each. We would like to get about 5 more of these machines over the next 5 years.

Bands, foam rollers, etc to make team kits for recovery. The cost is to be determined based on need.

Hydro works underwater portable treadmills for injury recovery

Other as necessary.

Q42 If Other was selected above, describe in the space provided.

N/A

Q43 This is the total estimated spending you have entered: [Automatically calculated in the survey]

\$27,463.35

Q44 Will your accounting system be able to segregate and track the spending in these categories for audit purposes?

Yes

Q45 If funding positions, how will you track the time and effort of individuals performing this work?

N/A

Q46 What controls will you have in place to ensure the funds are used in accordance with the plan presented above?

A committee made up of the following individuals at Idaho State University will oversee the distribution of the endowment funds in the following areas. Complete oversight of the fund will fall to the Assistant Athletic Director for Major Gifts.

- 1. Head Strength and conditioning coach – for the area of Student health and well-being*
- 2. Assistant Athletic Director for Academics – for the areas of Academic Support and Life Skill and Career Success*
- 3. Assistant Athletic Director for Student Success - for the areas of Life Skill and Career Success and Student Diversity and Inclusion*
- 4. Idaho State Athletic Department Dietitian – for the area of Student health and well-being.*
- 5. Assistant Athletic Director for Major Gifts – for oversight of the spending of the endowment in all areas.*
- 6. Associate Athletic Director for Compliance and Student Support – for oversight of the spending of the endowment in all areas.*

Q47 For auditing purposes, what controls will you have in place to ensure the proper storage of invoices or supporting documentation? (note: documents should be retained for a 10 year period for auditing purposes which may exceed your institution's current document retention policy.)

All documents with regards to distribution and spending of the endowment funds will be kept in the cloud based file sharing storage system called Box. This is the system that the university uses to safely store documents. The documents will be stored for 10 years in Box with access going only to the individuals in need.

Q48 How will the institution measure the success of the program?

1. Continued success in the retention and eligibility rates of our student athletes in the APR calculation. Continuing to achieve a 960 in both areas.
2. 80% of first semester freshman achieving a 2.5 or higher in their first semester at Idaho State University.
3. 90% of students that exhaust athletic eligibility graduating from Idaho State University
4. ????????

ATTACHMENT B

SPECIAL ONE-TIME DIVISION I DISTRIBUTION Q&A

(Document prepared and distributed via website by NCAA National Office)

Special One-Time Division I Distribution Q&A

Revised: September 15, 2017

1. Who approved this \$200 million one-time Division I distribution?

Answer: The [Board of Governors](#) (formerly the Executive Committee) approved the distribution, as well as the NCAA Division I Board of Directors. A working group of Division I presidents developed guidelines for appropriate use of the funds.

2. How is the \$200 million distribution being funded?

Answer: The \$200 million is being funded from a liquidation of NCAA Quasi-Endowment.

3. What is the rationale for allocating the \$200 million across the Division I membership?

Answer: For the direct benefit of the student-athlete and their academic success, life skills, career success, health and safety and student-athlete focused diversity and inclusion initiatives. Schools have discretion in using funds among these areas.

4. Is the fund for student-athletes only?

Answer: The distribution is intended to help Division I schools provide greater support to student-athletes. However, as student-athletes are included as eligible recipients of a given service or benefit, enhancements to programs that benefit the entire student body are acceptable (e.g., academic advisory services).

5. Can I spend the dollars as soon as they are received?

Answer: Prior to spending the distribution, each member school must submit a plan for the intended use to the national office. The plan must be submitted within three months of receiving the funds. The plan document will be reviewed by the national office. Once schools receive approval from the national office, the funds may be spent. Please note additional detail may be requested prior to approval.

6. Is there a required plan document format or template?

Answer: Yes, the national office will provide a template at the time of distribution.

7. Can we invest the dollars until our plan is approved?

Answer: Dollars may be invested in a vehicle that provides interest while preserving the principal of the distribution until the plan is approved. (Note: If the school elects to establish a quasi-endowment with the distribution proceeds, this caveat will not apply after approval is received from the national office on the school's spending plan.)

8. Will schools be required to report on the expenditures for these funds?

Answer: No. However, all schools are subject to a random audit by the national office internal audit department. Therefore, all expenditures should be accurately accounted and align with a

school's approved plan. In addition, if an institution elects to modify its approved plan, spending should be within one of the pre-approved uses noted in the "Suggested Potential Uses" below. While a change in the spending plan will not require additional approval from the NCAA national office staff, the institution should document the who, what, why, when and how the plan was modified. National office finance and accounting staff is available for interpretations of new spending.

9. Will the NCAA have another distribution of this type in the future?

Answer: No. We encourage schools not to budget this money as you do your normal NCAA distributions. This disbursement should be treated as one-time cash that has a finite life.

10. Will schools that do not offer athletic scholarships (i.e. Ivy League, military academies) be eligible for the distribution?

Answer: Yes, member schools that do not offer athletics scholarships (including the Ivy League members and military academies) will receive the average amount distributed to Football Championship Subdivision schools.

11. Can all or a portion of the funds be placed into an endowment?

Answer: Yes, however the funds related to this distribution must remain identifiable and a spending policy must be in place documenting the spending rate, calculation of funds available for use in operations, and the party responsible for approving/changing policy. Additionally, all draws from the endowment must be spent on approved uses based on the guidelines below.

12. How do we indicate that the funds will be placed into an endowment within the spending plan questionnaire?

Answer: If the institution plans to establish an endowment or quasi-endowment with some or all of the funds provided, enter the value of funds to be placed in endowment within the 2016-17 fiscal year.

13. After an endowment has been established, can it be liquidated?

Answer: Yes, but all draws from the endowment must be spent on approved uses based on the guidelines below.

14. If funds are placed into an endowment, do they have to be spent prior to 2027?

Answer: No, the principal may remain in the endowment in perpetuity.

15. If the endowment does not perform well and loses value, how does that affect the spending of the entire amount?

Answer: If the endowment value becomes worth less than the original principal the institution should follow the current underwater endowment policy in place for the institution.

16. Should this distribution be included as revenue in the annual submission of the Membership Financial Reporting System?

Answer: Yes, it should be included in the NCAA Distribution category.

Calculation and payment:

17. Which member schools are eligible to receive these funds?

Answer: Schools that were active Division I members as of the 2015-16 academic year, the year the one-time distribution was announced.

18. When will the funds be disbursed to the membership and will they go directly to each school?

Answer: The funds will be disbursed April 19, 2017. Each school will receive their portion of the distribution directly via ACH (i.e. direct deposit into the school's bank account on record at the national office). Changes to the bank information cannot be made to accommodate this specific fund.

19. How is the disbursement amount calculated for each school?

Answer: A school's total revenue distribution equivalencies for grants-in-aid submitted to the NCAA in the summer of 2015 for the 2013-14 academic year multiplied by the unit value. Examples below:

Institution:	Calculation (2013-14 academic year):	Amount to be received:
Example A Institution	87.35 equivalencies x \$3,291 unit value	\$287,382
Example B Institution	123.65 equivalencies x \$3,291 unit value	\$406,809
Example C Institution	165.32 equivalencies x \$3,291 unit value	\$543,903

20. What is the unit value for this one-time distribution?

Answer: The unit value is \$3,291. \$200 million divided by total revenue distribution equivalencies for grants-in-aid reported by Division I schools.

21. What is an "equivalency?"

The equivalency value/award is calculated by dividing the athletics grant amount by the school's "full grant amount or total cost for tuition, fees, room and board, and course related books" as reported on the school's squad list. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated on that squad list in the far-right column labeled "Rev. Dist. /Equivalent Award".

22. What academic year is the data based on to calculate the distribution?

Answer: The most recent, complete grants-in-aid equivalency data from the 2013-14 academic year will be used.

23. What is the disbursement for each institution?

Answer: [Payment-information-DI-Special-Onetime-Distribution](#)

24. Will there be an escalating multiplier similar to the normal grants-in-aid distribution based on the level of athletics grants provided by a school?

Answer: No. There will not be tiers that multiply the equivalencies by factors of 1, 2, 10, and 20 as there is in the grants-in-aid distribution.

Spending categories and approved uses:

25. Can the funds be used for existing programming in its current state if the programming falls within the categories listed for these funds?

Answer: No, the funds are to be used for new programming or to enhance existing programming.

26. Can the funds be used for capital improvements?

Answer: Yes, if the funds are used in a manner that supports the four categories of academic success: life skills and career success, health and safety and student-athlete focused diversity and inclusion initiatives. (Please note the examples of plans that will not be approved in the next question and answer.)

27. Examples of plans that will not be approved are as follows:

Coaches' salaries, strength and conditioning equipment, capital improvements or other expenditures designed to improve athletic performance, athletic competition experiences or fan experiences.

28. Are there guidelines for appropriate spend categories?

Answer: Yes, please reference the attached guidelines.

29. For the health and safety of the student-athlete, can funds be used to increase staff in the athletic training room?

Answer: Yes, the funds are intended for the physical and mental well-being of student athletes. Services provided by athletic training personnel to support these initiatives are allowed. However, the funds cannot be used to pay for initiatives primarily meant to improve athletic performance (e.g. strength and conditioning coach).

30. Can other expenses related to attendance (cost of attendance) be paid for with these funds?

Answer: Yes.

31. Can athletically related equivalency awards and full grants-in-aid (tuition, fees, room, board and course related books) for the regular academic year (Fall and Spring terms only) be funded from the one-time distribution?

Answer: No.

32. Can the funds be used towards guaranteed four-year scholarships?

Answer: No. (The original memorandum to membership on March 10, 2016 inadvertently included guaranteed four-year scholarships in the list of allowable uses.)

33. Can funding be used for summer school scholarships that would enable student-athletes to take summer classes?

Answer: Yes, summer school scholarships are an allowable expense.

34. Can scholarship funds be set aside for student-athletes who have become medical non-counters due to an incapacitating injury or illness?

Answer: Yes, a scholarship can be provided to a medical non-counter student-athlete as long as the scholarship is spent by the June 30, 2027 deadline.

35. Can the Special One-time Division I Revenue Distribution be used to fund benefits for international student athletes?

Answer: Yes, international students are eligible to receive funds from the Special One-time Division I Revenue Distribution.

36. Can the programming be specific to non-students?

Answer: No, the target audience should be for students, and specifically student-athletes. Other groups may attend general sessions provided to students. However, individualized sessions for non-students or programming specific for non-students is not permissible.

37. Can the funds be used in a manner that benefit student athletes within a specific sport?

Answer: Yes, as long as the funds are spent according to the plan.

38. Can the funds be used to provide Hurricanes Harvey and Irma disaster relief to student-athletes and/or their families?

Answer: Yes. Institutions are responsible for the administration and appropriate tracking of these funds. Institutions are encouraged to use careful judgment in determining the needs and appropriate allocation of these funds.

Suggested Potential Uses:

The funds are provided for the direct benefit of the student-athlete and their academic success, life skills, career success, health and safety and student-athlete focused diversity and inclusion initiatives. Schools have discretion in allocating funds among these areas.

BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017

UNIVERSITY OF IDAHO

SUBJECT

Authorization for issuance of General Revenue Bonds, Series 2018A

REFERENCE

October 2007 Regents approval of Series 2007B Bonds.

APPLICABLE STATUTE, RULE OR POLICY

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

BACKGROUND/DISCUSSION

In 2007 the University of Idaho (UI) issued its Series 2007B Bonds in the par amount of \$35,035,000 to finance an Energy Service Company (ESCO) Project for certain electrical equipment upgrades and certain capital maintenance and replacement of UI's utility corridor, central steam plant and central chiller and related improvements. The 2007B Bonds were issued as "variable rate" bonds with a final maturity of April 1, 2041, but with an interest rate set only for the first 10 years. The 2007B Bonds must be refinanced or the interest rate changes to a weekly floating rate after the initial 10 year period. The financing mechanism utilized in 2007 anticipated that UI could elect to repeat a second 10 year fixed rate, and then a third in another 10 years if it chose. This allowed UI to take advantage of the shorter end of the yield curve in 2007, but exposes UI to interest rate risk to the prevailing market conditions at the end of each term. However, due to changes in the bond market and federal regulations this mechanism is effectively no longer available, and continuing with the original plan of 10 year rate periods is no longer an option.

Thus, UI must either issue new bonds prior to April 1, 2018 to defease and redeem the outstanding 2007B Bonds, or remarket the 2007B Bonds as variable rate bonds subject to a weekly interest rate reset. Based on the fact that prevailing interest rates remain in the range of historic lows, UI's municipal advisor, PFM Financial Advisors LLC ("PFM"), has recommended issuing new bonds at fixed rates to provide funds to defease and redeem the 2007B Bonds.

Principal Amount

Total not to exceed \$35,000,000.

Maturities and Amortization Plan

To be determined the day of pricing, currently scheduled for January 22, 2018. The maturity structure will amortize the 2018A Bonds over the same time frame as the 2007B Bonds, with a final maturity of April 1, 2041.

BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017

Source of Security

General Revenue pledge of UI, excluding appropriated funds, direct grant and contract revenues and restricted gifts.

Ratings

Rating agency surveillance calls were conducted in May and August of 2017. UI's current ratings are Aa3/A+ by Moody's Investors Service (Moody's) and S&P Global Ratings, respectively. UI intends to request a rating only from Moody's for this issue. PFM has advised UI that in the current market underwriters do more in house credit analysis than in years past. With the volume of debt issuance that UI plans to issue, there is less need and less value to continue holding two ratings.

Manner of Sale of Bonds

UI is proposing to sell the 2018A Bonds through a "competitive" bond sale based on the analysis of our municipal advisor, PFM.

UI engaged the services of PFM, a large, national municipal advisory firm, in 2017, and PFM is the municipal advisor for the issuance of the proposed 2018A Bonds. The role of municipal advisor rose to the forefront in 2013 when the Securities and Exchange Commission promulgated extensive rules on the municipal finance industry as part of the Dodd-Frank financial reforms. Significantly, the regulations limited the role of bond underwriting firms (firms that sell bonds to their customers) and required an underwriter to specifically disclose to the public entity whose bonds it was selling that the underwriter does not act in a fiduciary role to the bond issuer. In contrast, a "municipal advisor," which advises the issuer but does not sell bonds, acts with a fiduciary duty to the issuer. UI has elected to adopt this model for its bond issuances so that it has services of a municipal advisor that has a fiduciary duty to UI.

With utilization of PFM as our municipal advisor, many of the tasks historically performed by our underwriter have been assumed by PFM; such as analyzing UI's debt, reviewing documents provided by bond counsel, and orchestrating the rating agency presentations. With the role of the underwriter greatly reduced, PFM believes the most financially advantageous method for selecting an underwriter and selling the bonds is through a "competitive" sale. On the day of the bond sale, UI will receive bids from underwriting firms through an electronic bid platform. Bidders must bid for all the 2018A Bonds and specify the all-in true interest cost. The underwriter whose bid provides the lowest overall interest cost, which is verified by PFM, is the winning bidder, and that underwriting firm then places the bonds with its customers. Attachment 7 contains a memorandum by PFM with respect to a competitive sale and the advantages for UI.

The use of a municipal advisor in this bond transaction results in some minor variations in the documentation trail typically provided to the Board for a competitive sale. For example, note that in Attachment 6—Draft Preliminary

**BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 21, 2017**

Official Statement—there is a form of Notice of Bond Sale. This has replaced the form of Bond Purchase Agreement with the Underwriter, which was historically attached to bond requests to the Board. The Bond Purchase Agreement was the contract with a single underwriter selected in advance. The Notice of Sale (page 83) specifies the criteria under which all underwriters must bid.

IMPACT

UI is not incurring additional debt, but replacing existing debt that was incurred for essential University infrastructure, which has a long useful life. Since this transaction only replaces existing debt, UI does not expect its current debt burden ratio to be materially impacted.

ATTACHMENTS

Attachment 1 – Draft Supplemental Bond Resolution	Page 5
Attachment 2 – Moody’s 2017 Rating Report	Page 59
Attachment 3 – S&P Global Ratings 2017 Rating Report	Page 65
Attachment 4 – Debt Service Projection	Page 73
Attachment 5 – Ten Year Debt Projection	Page 75
Attachment 6 – Draft Prelim. Official Statement (with Notice of Sale)	Page 77
Attachment 7—Memo from PFM on Competitive Sale Methodology	Page 145

STAFF COMMENTS AND RECOMMENDATIONS

The proposed issuance of refunding bonds at fixed interest rates is a prudent strategy to replace the current debt structure which would expose the university to unpredictable and volatile varied interest rates after 2017. The proposed use of competitive bidding to select an underwriter should help the university obtain a favorable interest rate.

Staff recommends approval.

BOARD ACTION

I move to approve a Supplemental Resolution for the Series 2018A Bonds, the title of which is as follows:

A SUPPLEMENTAL RESOLUTION of the Board of Regents of the University of Idaho authorizing the issuance of General Revenue Refunding Bonds, delegating authority to approve the terms and provisions of the bonds and the principal amount of the bonds up to \$35,000,000, authorizing the acceptance of the winning bid for sale of the bonds; and providing for other matters relating to the authorization, issuance, sale and payment of the bonds.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

A roll call vote is required.

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SUPPLEMENTAL RESOLUTION

Authorizing the Issuance and Providing for the Sale of

**REGENTS OF THE UNIVERSITY OF IDAHO
GENERAL REVENUE REFUNDING BONDS, SERIES 2018A**

Adopted December 20, 2017

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SUPPLEMENTAL RESOLUTION

A SUPPLEMENTAL RESOLUTION of the Regents of the University of Idaho Authorizing the Issuance and Providing for the Sale of General Revenue Refunding Bonds, Series 2018A; Delegating Authority to Approve the Terms and Provisions of the Bonds and the Principal Amount of the Bonds up to \$35,000,000; Authorizing Advertisement for Competitive Sale of the Bonds; and Providing for Other Matters Relating to the Authorization, Issuance, Sale and Payment of the Bonds.

* * * * *

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

WHEREAS, the Regents of the University of Idaho (the "Regents") are authorized, pursuant to the Educational Institutions Act of 1935, the same being chapter 38, Title 33, Idaho Code, and chapter 5, Title 57, Idaho Code (collectively, the "Act"), and the Constitution of the State of Idaho, to issue bonds to finance or refinance "projects" as defined in said Act;

WHEREAS, on November 22, 1991, the Regents adopted a Resolution, which has been subsequently amended and supplemented (as supplemented, the "Resolution" or "Bond Resolution") relating to the issuance and sale of Facility Revenue Bonds, Series 1992A (the "Series 1992A Bonds"), and providing among other things for the issuance of additional Facility Revenue Bonds for future projects or refunding purposes (the "Additional Bonds"), with payment of the Series 1992A Bonds and any Additional Bonds secured by Pledged Revenues (as defined in the Resolution);

WHEREAS, the University is authorized under the provisions of Article VII of the Resolution to issue, and has issued from time to time, various series of Additional Bonds authorized under Supplemental Resolutions, upon compliance with the requirements of Section 7.2 of the Resolution;

WHEREAS, on October 11, 2007, the Regents adopted a resolution supplementing the Resolution (the "2007 Supplemental Resolution") and providing for the issuance and sale of up to \$70,000,000 Adjustable Rate General Revenue Refunding Bonds, Series 2007A, as Additional Bonds thereunder (the "2007A Bonds"), which Series 2007A Bonds have been refunded, and up to \$40,000,000 Adjustable Rate General Revenue Bonds, Series 2007B, as Additional Bonds thereunder (the "2007B Bonds");

WHEREAS, the 2007B Bonds were issued to finance the acquisition of certain electrical equipment upgrades and capital maintenance on, and replacement of, portions of the University's utility corridor, central steam plant and central chiller and related improvements, as a "project" in accordance with the Act;

WHEREAS, the outstanding 2007B Bonds described on Schedule 1 (the “2007B Bonds”) are subject to mandatory tender for purchase or rate conversion on April 1, 2018, pursuant to the 2007 Supplemental Resolution and the University desires to defease until purchase or redemption of such 2007B Bonds on or near April 1, 2018, which shall be accomplished pursuant to the provisions herein;

WHEREAS, the Regents have determined that the defeasance, purchase or redemption and cancellation of the 2007B Bonds can be completed in accordance with the Act, and to achieve a savings and/or other objectives that the Regents find to be beneficial to the University in accordance with Title 57, chapter 5, Idaho Code;

WHEREAS, the Regents desire to authorize the issuance of its General Revenue Refunding Bonds, Series 2018A (collectively, for purposes of this Supplemental Resolution, the “Series 2018A Bonds” or “2018A Bonds”) to provide funds to defease, purchase or redeem, and cancel the 2007B Bonds and to pay the Costs of Issuance of such 2018A Bonds;

WHEREAS, pursuant to Section 57-235, Idaho Code, the Regents desire to delegate authority, in accordance with the specific instructions and procedures set forth herein, for determination and approval of certain final terms and provisions of the 2018A Bonds and other matters;

WHEREAS, the Regents desire to sell the 2018A Bonds pursuant to competitive bond sale and to appoint PFM Financial Advisors LLC as the University’s municipal advisor to conduct the sale of the 2018A Bonds (the “Municipal Advisor”);

WHEREAS, Section 57-233, Idaho Code, provides that the Regents may, in their discretion, provide for the sale of bonds pursuant to any system of electronic bidding which the Regents, in the exercise of their sound discretion, deem fair to potential bidders which produces the lowest effective interest rate to the University;

WHEREAS, the Regents have received and reviewed certain information about the PARITY® electronic bid submission system to enable the Regents to approve such system in accordance with Section 57-233, Idaho Code;

WHEREAS, the Regents desire to authorize the officials of the University to assist in the preparation and completion of the preliminary official statement related to the offering of the 2018A Bonds (the “POS”), including the official notice of bond sale (the “Notice of Bond Sale”) advertising the public sale of the 2018A Bonds and inviting sealed bids through the PARITY® electronic bid submission system for the purchase of the 2018A Bonds, and authorize the Delegated Officer, as hereinafter defined, to deem final the POS, including the Notice of Bond Sale, in the form presented to the Regents or at such time the POS is final, provided the POS is made available to the Regents for review, and to authorize the use of the POS in connection with the offering of the 2018A Bonds and the submission of the POS to rating agencies for purposes of obtaining a rating for the 2018A Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE REGENTS OF THE UNIVERSITY OF IDAHO AS FOLLOWS:

**ARTICLE I
DEFINITIONS**

Section 101. Definitions.

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

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

“Bond Register” shall mean the registration records of the University, maintained by the Trustee, on which shall appear the names and addresses of the Registered Owners of the Series 2018A Bonds.

“Book-Entry System” shall mean the book-entry system of registration for the Series 2018A Bonds described in Section 209 of this Supplemental Resolution.

“Cede & Co.” shall mean Cede & Co., as nominee of DTC.

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

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking with respect to the 2018A Bonds authorized by Section 204 of this Supplemental Resolution, substantially in the form of **Exhibit B** hereto.

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

“DTC Participants” shall mean those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of participants exists at the time of such reference.

“Delegated Officer” means the Vice President for Finance and Bursar or the President of the University.

“Delegation Certificate” means the Certificate as to Bond Pricing and Related Matters signed and delivered by the Delegated Officer to approve the final terms and provisions of the 2018A Bonds upon the sale thereof, substantially in the form of **Exhibit D** hereto.

“Escrow Account” means the account established under Section 301 hereof into which shall be deposited certain proceeds from the sale of the Series 2018A in accordance with Section 302 hereof.

“Escrow Agent” shall mean Wells Fargo Bank, N.A., or its successor in function, as now or hereafter designated, which shall supervise the Escrow Account and the Investment Securities, as defined in the Escrow Agreement.

“Escrow Agreement” means the agreement between the University and Trustee, as Escrow Agent, authorized by Section 204 hereof, substantially in the form of **Exhibit C** hereto dated the date of delivery of the Series 2018A Bonds, and providing for the defeasance and redemption of the 2007B Bonds.

“Liquidity Facility” means the standby bond purchase agreement among the Regents, the Trustee and Dexia Credit Local, the liquidity provider, with respect to the 2007B Bonds maturing April 1, 2041.

“Regulations” means the treasury regulations promulgated under the Code and those provisions of the treasury regulations originally promulgated under Section 103 of the Internal Revenue Code of 1954, as amended, which remain in effect under the Code.

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

“Resolution” shall mean the Resolution adopted by the Regents on November 22, 1991, as previously amended and supplemented, and as supplemented by this Supplemental Resolution.

“Securities Depository” shall mean DTC, or any successor Securities Depository appointed pursuant to Section 210.

“Supplemental Resolution” means this Supplemental Resolution adopted by the Regents on December 20, 2017, authorizing the issuance and providing for the sale of the 2018A Bonds; delegating authority to approve the terms and provisions of the 2018A Bonds and the principal amount thereof; authorizing advertisement for competitive sale of the 2018A Bonds; and providing for other matters relating to the authorization issuance, sale and payment of the 2018A Bonds.

“Trustee” means Wells Fargo Bank, N.A., and its successors and permitted assigns under the Resolution, as paying agent, trustee, and registrar for the 2018A Bonds.

“2018A Costs of Issuance Account” means the account created pursuant to Section 301 of this Supplemental Resolution, to be established, held and administered by the Escrow Agent from which the Costs of Issuance of the 2018A Bonds shall be paid by the Escrow Agent.

“2007 Insurer” means Financial Security Assurance Inc., a New York insurance company, or successor thereto or assignee thereof, as issuer of the insurance policy guaranteeing the scheduled payment of principal and interest on the 2007B Bonds when due.

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

Section 103. Effective Date. This Supplemental Resolution contemplates the issuance and sale of the 2018A Bonds through a delegation of authority as provided in Section 205 hereof. Unless the context clearly indicates otherwise -- for example, the provisions of Section 204(a) through Section 204(d) take effect upon adoption of this Supplemental Resolution -- this Supplemental Resolution shall not take effect and no provision thereof shall be binding upon the University unless and until the 2018A Bonds are sold and issued.

**ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE
OF SERIES 2018A BONDS**

Section 201. Authorization of 2018A Bonds, Principal Amounts, Designation and Series; Confirmation of Pledged Revenues. In order to provide sufficient funds for the defeasance and purchase or refunding of the 2007B Bonds, and in accordance with and subject to the terms, conditions and limitations established in the Resolution, as previously amended and as amended by this Supplemental Resolution, a series of Additional Bonds is hereby authorized to be issued in the aggregate principal amount of up to \$35,000,000. Such series of Bonds shall be designated "General Revenue Refunding Bonds, Series 2018A." The 2018A Bonds shall be issued as Additional Bonds under the Resolution in fully-registered form, without coupons, in denominations of \$5,000 each or any integral multiple thereof.

The Series 2018A Bonds are secured by the pledge of the Pledged Revenues under Section 5.1 of the Resolution equally and ratably with Bonds of the University previously issued under the Resolution.

Section 202. Finding and Purpose. The Regents hereby find, determine and declare:

- (a) pursuant to Section 33-3804 and Section 57-504, Idaho Code, the 2007B Bonds can be refunded to the benefit and advantage of the University; and
- (b) the applicable requirements of Article VII of the Resolution relating to issuance of Additional Bonds will have been complied with upon the delivery of the Series 2018A Bonds.

Section 203. Issue Date. The Series 2018A Bonds shall be dated the date of original delivery.

Section 204. Authorization of Actions Preliminary to Sale of 2018A Bonds.

- (a) The Regents desire to sell the 2018A Bonds pursuant to competitive sale pursuant to Idaho Code Section 57-233, and related provisions of the Municipal Bond Law of the State of Idaho, and pursuant to 57-504(2), Idaho Code.
- (b) The Regents ratify the appointment and engagement of the Municipal Advisor for the issuance and sale of the 2018A Bonds.

(c) In accordance with Idaho Code Section 57-233, the Regents hereby find and determine that the PARITY® electronic bid submission system, pursuant to which the 2018A Bonds are to be sold, is a fair bidding system to all bidders which produces the lowest effective interest rate to the University.

(d) The Regents authorize the officials of the University to cause delivery of notice of intent not to renew the Liquidity Facility to the 2007 Insurer required under Section 2.12(i)(x) of the 2007 Supplemental Resolution no later than ninety (90) days prior to the date the Liquidity Facility is not renewed or replaced.

(e) The Regents authorize the officials of the University to assist in the preparation and completion of the POS, including the Notice of Bond Sale included therein, related to the offering of the 2018A Bonds and authorize the Delegated Officer to deem final the POS pursuant to Rule 15c2-12 of the Securities Exchange Commission adopted pursuant to the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") in connection with the offering of the 2018A Bonds at such time the POS is final, provided the POS is made available to the Regents for review, and to authorize the use of the POS in connection with the offering of the 2018A Bonds and the submission of the POS to rating agencies for purposes of obtaining a rating for the 2018A Bonds.

(f) Upon the sale of the 2018A Bonds, the POS together with such changes, omissions, insertions and revisions to reflect the final terms and provisions of the 2018A Bonds (hereafter referred to as the "Official Statement"), shall be approved and signed by the President or Vice President for Finance and Bursar of the University to authorize distribution to prospective purchasers of the 2018A Bonds and other interested persons.

(g) The Continuing Disclosure Undertaking in substantially the form attached hereto as **Exhibit B** is hereby ratified and approved in all respects, and the Regents authorize inclusion of a copy thereof in the POS and Official Statement. Upon delivery of the 2018A Bonds, the President or Vice President for Finance and Bursar of the Regents is hereby authorized to execute and deliver the Continuing Disclosure Undertaking. Such Continuing Disclosure Undertaking shall constitute the University's undertaking for compliance with Rule 15c2-12.

(h) The Escrow Agreement between the University and the Escrow Agent, in substantially the form attached hereto as **Exhibit C**, is hereby authorized and approved, and, prior to the issuance of the 2018A Bonds, the President or Vice President for Finance and Bursar of the University is hereby authorized, empowered and directed to execute and deliver the Escrow Agreement on behalf of the Regents and the University, with such changes to the Escrow Agreement from the form presented to the Regents as are approved by such officer, the execution thereof to constitute conclusive evidence of such approval. The Vice President for Finance and Bursar is hereby authorized to perform all such acts as may be necessary or advisable to comply with the Escrow Agreement or to carry out or give effect to the Escrow Agreement.

Section 205. Sale of 2018A Bonds and Related Documents; Delegation Authority.

(a) Pursuant to Section 57-235, Idaho Code, as amended, the Regents hereby delegate to the Delegated Officers the power to make the following determinations on the date of sale of

the 2018A Bonds and to evidence the award of the sale of the 2018A Bonds to the lowest bidder(s) pursuant to the Notice of Bond Sale, without any requirement that the members of the Regents meet to approve such determinations, but subject to the limitations provided:

- (i) The rates of interest to be borne by the 2018A Bonds.
 - (ii) The principal amount of the 2018A Bonds, provided such amount shall not exceed \$35,000,000.
 - (iii) The amount of principal of the 2018A Bonds maturing, or subject to mandatory sinking fund redemption, in any particular year, and the rate of interest accruing thereon.
 - (iv) The maturities and amounts of the 2007B Bonds to be defeased and purchased or redeemed.
 - (v) The final maturity of the 2018A Bonds, provided that the final maturity date of the Bonds shall not fall later than April 1, 2041, the final maturity of the 2007B Bonds to be defeased and redeemed.
 - (vi) The price at which the 2018A Bonds will be sold (including the par amount plus original issue premium/discount net of underwriter's discount), provided that the Bonds shall not be sold at less than the aggregate par value thereof.
 - (vii) The dates, if any, on which, and the prices at which, the Bonds will be subject to optional redemption, pursuant to the terms of the Notice of Bond Sale.
 - (viii) The terms of any contract for credit enhancement of the 2018A Bonds.
- (b) Upon the sale of the 2018A Bonds, the Delegated Officers shall execute a Delegation Certificate substantially in the form attached hereto as **Exhibit D** reflecting the final terms and provisions of the 2018A Bonds and certifying that the final terms and provisions of the 2018A Bonds are consistent with, not in excess of, and no less favorable than the terms set forth in subparagraph (a) above.

Section 206. Form of Series 2018A Bond. The form of the Series 2018A Bonds is attached to this Supplemental Resolution as Exhibit A and is incorporated herein by this reference, and approved with such revisions and designations as required pursuant to the terms of sale thereof.

Section 207. Execution and Delivery of 2018A Bonds. The 2018A Bonds shall be manually executed on behalf of the University by the President of the Regents, countersigned by the Bursar of the University, and attested by the Secretary to the Regents. The 2018A Bonds shall be delivered to the purchaser thereof upon compliance with the provisions of Section 3.2 of the Resolution.

Section 208. Redemption of Series 2018A Bonds Prior to Maturity.

Upon the sale of the 2018A Bonds, the 2018A Bonds will be subject to redemption, as approved by the Delegated Officer in the Delegation Certificate, and if subject to redemption, the following provisions shall apply:

(a) Selection for Redemption. If less than all Series 2018A Bonds are to be redeemed, the particular maturities of such Series 2018A Bonds to be redeemed and the principal amounts of such maturities to be redeemed shall be selected by the University. If less than all of the Bonds of any maturity of the Series 2018A Bonds are to be redeemed, the Series 2018A Bonds to be redeemed will be selected by lot. If less than all of a Series 2018A Bond that is subject to mandatory sinking fund redemption is to be redeemed, the redemption price shall be applied to such mandatory sinking fund installments as the University shall direct.

If less than all of the principal amount of any Series 2018A Bond is redeemed, upon surrender of such Bond at the principal corporate trust office of the Trustee there shall be issued to the Registered Owners, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Series 2018A Bond or Series 2018A Bonds, at the option of the Registered Owners, with like maturity and interest rate in any of the denominations authorized by this Supplemental Resolution

(b) Notice of Redemption. The Resolution requires the Trustee to give notice of any redemption of the 2018A Bonds not less than 35 days nor more than 60 days prior to the redemption date, by first class mail, postage prepaid, addressed to the registered owners of such 2018A Bonds to be redeemed at the addresses appearing on the registry books kept by the Trustee and may be sent to all registered securities depositories and one or more national information services disseminating notices of redemption. With respect to any notice of optional redemption of 2018A Bonds, unless upon the giving of such notice such 2018A Bonds shall be deemed to have been paid within the meaning of the Resolution, such notice may state that the redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the redemption price of and interest on the 2018A Bonds to be redeemed, and that if such money shall not have been so received, the notice shall be of no force and effect and the University shall not be required to redeem such 2018A Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption will not be made and the Trustee will promptly thereafter give notice,

in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

Section 209. Book-Entry Only System.

(a) The Series 2018A Bonds shall initially be registered on the Bond Register in the name of Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2018A Bonds, except in the event the Trustee issues Replacement Bonds as provided below. It is anticipated that during the term of the Series 2018A Bonds, the Securities Depository will make book-entry transfers among the DTC Participants and receive and transmit payments of principal of and interest on the Series 2018A Bonds until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described below. So long as any of the Series 2018A Bonds are registered in the name of Cede & Co., as nominee of the DTC, all payments with respect to principal of, premium, if any, and interest on the Series 2018A Bonds and all notices with respect to the Series 2018A Bonds shall be made and given in the manner provided in the Representations Letter.

(b) If the Securities Depository determines to discontinue providing its services with respect to the Series 2018A Bonds and the University cannot obtain a qualified successor Securities Depository, or if the University determines not to use the book-entry system of the Securities Depository, the University shall execute and the Trustee shall authenticate and deliver one or more Series 2018A Bond certificates (the "Replacement Bonds") to the DTC Participants in principal amounts and maturities corresponding to the identifiable Beneficial Owners' interests in the Series 2018A Bonds, with such adjustments as the Trustee may find necessary or appropriate as to accrued interest and previous calls for redemption, if any. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Series 2018A Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds.

(c) With respect to Series 2018A Bonds registered in the name of Cede & Co. as nominee for the Securities Depository, neither the University nor the Trustee shall have any responsibility to any Beneficial Owner with respect to:

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

(ii) the accuracy of the records of the Securities Depository or Cede & Co. with respect to any ownership interest in the Series 2018A Bonds;

(iii) the payment to any Beneficial Owner, or any person other than the Securities Depository, of any amount with respect to principal of, interest on, or redemption premium, if any, on the Series 2018A Bonds; or

(iv) any consent given or other action taken by the Securities Depository or Cede & Co. as owner of the Series 2018A Bonds.

(d) The Representations Letter previously executed and delivered by the University to DTC is for the purpose of effectuating the initial Book-Entry System for the Series 2018A Bonds through DTC as Securities Depository and shall not be deemed to amend, supersede or supplement the terms of this Supplemental Resolution which are intended to be complete without reference to the Representations Letter. In the event of any conflict between the terms of the Representations Letter and the terms of this Supplemental Resolution, the terms of this Supplemental Resolution shall control. The Securities Depository may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 210. Successor Securities Depository. In the event the Securities Depository resigns, is unable to properly discharge its responsibilities or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation, the Trustee, with the written consent of the University, may appoint a successor Securities Depository, provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable state or federal statute or regulation. Upon the appointment of a successor Securities Depository, the Trustee shall cause the authentication and delivery of Series 2018A Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE III CREATION OF ACCOUNTS; APPLICATION OF BOND PROCEEDS

Section 301. Creation of Accounts. In connection with the issuance of the Series 2018A Bonds, the University hereby establishes the following funds and subaccounts under the Construction Fund:

- (i) the Escrow Account, to be held by the Escrow Agent; and
- (ii) the 2018A Costs of Issuance Account, to be held by the Escrow Agent.

Section 302. Application of Proceeds of Series 2018A Bonds. Proceeds of the sale of the Series 2018A Bonds shall be applied as follows:

(i) Proceeds of the 2018A Bonds in the amount as specified in a Written Certificate of the University shall be transferred to the Escrow Agent for investment as contemplated by the Escrow Agreement (as hereinafter approved) and in accordance with the provisions of Section 57-504, Idaho Code (except for any amount to be retained as cash), and the obligations in which such proceeds are so invested and any remaining cash shall be deposited in trust by the Escrow Agent as required by the Escrow Agreement; and

(ii) The amount necessary to pay the 2018A Costs of Issuance, in the amount as specified in a Written Certificate of the University, shall be transferred to the 2018A Costs of Issuance Account held by the Escrow Agent. The Escrow Agent shall be directed in the Written

Certificate to transfer any balance remaining in the 2018A Costs of Issuance Account, after payment of the 2018A Costs of Issuance, to the Trustee for deposit in the Bond Fund for the Series 2018A Bonds, no later than September 1, 2018.

**ARTICLE IV
PLAN OF DEFEASANCE AND REDEMPTION**

Section 401. Defeasance and Redemption of 2007B Bonds. In the event the 2018A Bonds are sold and issued pursuant to the authority delegated in Section 205 hereof, the 2007B Bonds shall be defeased upon issuance of the 2018A Bonds, and the 2007B Bonds maturing April 1, 2041, shall be irrevocably called for mandatory redemption on April 1, 2018 (the "Redemption Date"). The 2007B Bonds shall be paid with proceeds of the 2018A Bonds, together with proceeds of investment, and other available funds, if any, as provided in Section 302 hereof and in the Escrow Agreement. Notices of defeasance and mandatory redemption of the 2007B Bonds shall be given as provided in the 2007 Supplemental Resolution, the Escrow Agreement and the Representations Letter.

Pursuant to the Escrow Agreement the University shall irrevocably set aside for and pledge to the 2007B Bonds moneys and Investment Securities in amounts which, together with known earned income from the Investment Securities, will be sufficient in amount to pay the principal of, interest on, and any redemption premiums on the 2007B Bonds as the same become due upon mandatory redemption on the Redemption Date. Based upon the foregoing as shall be verified by the report of _____, the 2007B Bonds will be defeased upon deposit of such moneys and Investment Securities immediately following the delivery of the 2018A Bonds.

Upon establishment and funding of the Escrow Account, the money, securities and funds pledged under the Resolution, and all covenants, agreements and obligations of the University to the holders of the 2007B Bonds shall thereupon cease, terminate and thereupon become void and be discharged and satisfied.

After all the 2007B Bonds shall have become due and payable upon maturity or pursuant to mandatory redemption, any investments remaining in the Escrow Account shall be liquidated and any proceeds of liquidation over and above the amount necessary to be retained for the payment of 2007B Bonds not yet presented for payment, including interest due and payable, shall be paid over to the University for deposit into the Bond Fund.

Section 402. Investment Securities. Pursuant to the Escrow Agreement, Investment Securities shall be purchased with proceeds of the 2018A Bonds and deposited into the Escrow Account to defease the 2007B Bonds. In the event that state and local government series securities (SLGS) are not available for purchase, the Regents authorize a request for bids be issued on behalf of the University by a bidding agent (the "Bidding Agent"), to solicit bids to provide certain Investment Securities purchased on the open market for deposit into the Escrow Account pursuant to the Escrow Agreement (the "Open Market Securities"). The University is authorized to direct that the Bidding Agent solicit bids for the Open Market Securities in a manner that will avail the University of the safe harbor for establishing the yield on the Investment Securities contained in Section 1.148-5(d)(6)(iii) of the Regulations.

Upon determination by the Bidding Agent of the best bid for providing the Open Market Securities, the President or Vice President for Finance and Bursar of the University of the University is hereby authorized to accept the bid and to do or perform all such acts as may be necessary or advisable to evidence the University's acceptance and approval of the bid and to carry the same into effect.

The officials of the University are directed to obtain from the Bidding Agent prior to issuance of the 2018A Bonds, such certifications as shall be necessary to evidence the University's compliance with Section 1.148-5(d)(6)(iii) of the Regulations.

ARTICLE V MISCELLANEOUS

Section 501. Other Actions With Respect to 2018A Bonds. The officers and employees of the University shall take all actions necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated hereby and shall take all action necessary in conformity with the Act to carry out the sale and issuance of the 2018A Bonds, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the sale and delivery of the 2018A Bonds. All actions heretofore taken in connection therewith are hereby ratified, approved and consummated. If the President of the Regents or the Bursar shall be unavailable to execute the 2018A Bonds or the other documents that they are hereby authorized to execute, the same may be executed by any Vice President of the Regents.

Section 502. Governing Law. By the acceptance of the Series 2018A Bonds, the owners of the Series 2018A Bonds shall be deemed to agree that their rights as bondholders shall be governed by the laws of the State of Idaho.

Section 503. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Supplemental Resolution on the part of the University (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Supplemental Resolution or of the Series 2018A Bonds; but the owners of the 2018A Bonds shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 504. Savings Clause. Except as amended by this Supplemental Resolution, the Resolution shall remain in full force and effect.

Section 505. Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 506. Restatement of Resolution. To the extent that this Supplemental Resolution amends or supplements the Resolution, the Resolution shall be treated as so amended or supplemented, and the University is hereby authorized to incorporate any of the provisions of this Supplemental Resolution into a restatement of the Resolution.

[The next page is the signature page]

ADOPTED AND APPROVED this 20th day of December, 2017.

REGENTS OF THE UNIVERSITY OF
IDAHO

President

Vice President for Finance and Bursar

ATTEST:

Secretary

SCHEDULE 1
2007B BONDS

MATURITY DATE (APRIL 1)	PRINCIPAL AMOUNT	INTEREST RATE
2041	\$17,100,000	4.50%
2041	17,135,000	4.25

registration books (the “Bond Register”) of the University maintained by the principal corporate trust office of Wells Fargo Bank, N.A. (the “Trustee”). Interest shall be paid to the registered owner whose name appears on the Bond Register on the fifteenth day of the calendar month next preceding the interest payment date, at the address appearing on the Bond Register, and shall be paid by check or draft of the Trustee mailed to such registered owner on the due date at the address appearing on the Bond Register, or at such other address as may be furnished in writing by such registered owner to the Trustee. Principal shall be paid to the registered owner upon presentation and surrender of this Bond at the principal corporate trust office of the Trustee, on or after the date of maturity or prior redemption.

This Bond is one of a duly authorized issue of General Revenue Refunding Bonds, Series 2018A (the “Series 2018A Bonds”) of like date, tenor, and effect, except for variations required to state numbers, denominations, rates of interest, and dates of maturity, aggregating \$_____ in principal amount. The Series 2018A Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Idaho, particularly chapter 38 of Title 33, Idaho Code, and chapter 5, Title 57, Idaho Code, and proceedings duly adopted and authorized by the Regents of the University (the “Regents”), on behalf of the University, more particularly the Resolution adopted by the Regents on November 22, 1991, as previously amended and supplemented, and as further amended and supplemented by a Supplemental Resolution adopted by the Regents on December 20, 2017, authorizing the issuance of the Series 2018A Bonds (collectively, the “Bond Resolution”).

This Bond is one of the Series 2018A Bonds of the University issued for the purpose of (i) defeasing and redeeming certain of the University’s outstanding bonds, and (ii) paying expenses properly incident thereto and to the issuance of the Series 2018A Bonds. The principal of, interest on, and redemption price of the Series 2018A Bonds is payable solely from certain revenues and funds of the University pledged therefor and consisting generally of revenue from certain student fees and enterprises as more particularly set forth in the Bond Resolution.

The Series 2018A Bonds are initially issued in the form of a separate single certificated fully registered Bond for each maturity, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”).

Unless this Bond is presented by an authorized representative of DTC to the University or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[insert redemption provisions]

Reference is hereby made to the Bond Resolution for the covenants and declarations of the University and other terms and conditions under which this Bond and the Series 2018A Bonds of this issue have been issued. The covenants contained herein and in the Bond

Resolution may be discharged by making provisions, at any time, for the payment of the principal of and interest on this Bond in the manner provided in the Bond Resolution.

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

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions, and things required by the Constitution and statutes of the State of Idaho to exist, to have happened, been done, and performed precedent to and in the issuance of this Bond have happened, been done, and performed, and that the issuance of this Bond and the Series 2018A Bonds of this issue does not violate any Constitutional, statutory, or other limitation upon the amount of bonded indebtedness that the University may incur.

IN WITNESS WHEREOF, the Regents of the University of Idaho have caused this Bond to be executed by the manual or facsimile signature of the President of the Regents, of the Bursar of the University, and attested by the manual or facsimile signature of the Secretary of the Regents, and a facsimile or original of the official seal of the University to be imprinted hereon, as of this ____ day of _____, 2018.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By _____
President

COUNTERSIGNED:

Bursar

ATTEST:

Secretary

(SEAL)

[Form of Trustee's Certificate of Authentication]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Bond is one of the Regents of the University of Idaho General Revenue Refunding Bonds, Series 2018A, described in the within-mentioned Bond Resolution.

WELLS FARGO BANK, N.A., as Trustee

By _____
Authorized Officer

[End of Form of Trustee's Certificate of Authentication]

[Form of Assignment]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Name of Transferee: _____

Address: _____

Tax Identification No.: _____

the within Bond and hereby irrevocably constitutes and appoints _____

of _____
to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" that is a member of or a participant in a "signature guarantee program" (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).

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

[End of Form of Assignment]

** Include when Bonds registered with DTC.**
[Bracketed text deleted when Bonds DTC-registered.]

[End of Form Series 2018A Bond]

EXHIBIT B

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

**REGENTS OF UNIVERSITY OF IDAHO
GENERAL REVENUE REFUNDING BONDS, SERIES 2018A**

THIS CONTINUING DISCLOSURE UNDERTAKING (the "Undertaking") is executed and delivered by the Regents of the University of Idaho (the "Issuer") and Wells Fargo Bank, N.A. (the "Dissemination Agent") in connection with the issuance of \$_____ General Revenue Refunding Bonds, Series 2018A (the "Bonds") being issued pursuant to a master Resolution providing for the issuance of Facility Revenue Bonds adopted November 22, 1991, as previously supplemented and amended, as supplemented by Supplemental Resolution adopted December 20, 2017 (collectively, the "Resolution"). The Undertaking is executed and delivered as of the date set forth below in order for the Issuer to authorize and direct the Dissemination Agent, as the agent of the Issuer, to make certain information available to the public in compliance with Section (b)(5)(i) of Rule 15c2-12, as hereinafter defined.

WITNESSETH:

1. Background. The Issuer has resolved to issue the Bonds pursuant to the Resolution. The CUSIP number assigned to the final maturity of the Bonds is 914318__.

2. Appointment of Dissemination Agent. The Issuer hereby appoints the Dissemination Agent and any successor Dissemination Agent acting as such under the Resolution as its agent under this Undertaking to disseminate the financial information and notices furnished by the Issuer in the manner and at the times as herein provided and to discharge the other duties assigned.

3. Definitions. As used herein, the following terms shall have the following meanings:

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final Official Statement relating to the Bonds dated _____, 2018.

"obligated person" as defined in Rule 15c2-12 shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Repository" shall mean the MSRB through its Electronic Municipal Market Access system ("EMMA") at <http://emma.msrb.org>, or such other nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to Rule 15c2-12.

“Rule 15c2-12” shall mean Rule 15c2-12, as amended, promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

“SEC” shall mean the Securities and Exchange Commission.

4. Annual Reports of the Issuer.

a. Provision of Annual Reports. Commencing fiscal year ending June 30, 2018, and for each fiscal year ending thereafter until no Bonds are outstanding, the Issuer agrees, in accordance with the provisions of Rule 15c2-12, to provide or cause to be provided through the Repository, not later than 180 days following the close of each fiscal year of the Issuer (July 1 - June 30), the annual financial information and operating data (the “Annual Report”) described in Section 4b herein. The Issuer further agrees, in accordance with Rule 15c2-12, to provide or cause to be provided in a timely manner through the Repository notice of any failure to provide or cause to be provided the Annual Report or any part thereof, as described in this paragraph.

b. Contents of Annual Report. The Annual Report shall include the audited financial statements of the Issuer prepared in accordance with generally accepted accounting principles, together with the report thereon of the Issuer’s independent auditors, beginning with the fiscal year ending June 30, 2018. If audited financial statements are not available by the time specified herein, unaudited financial statements will be provided and audited financial statements will be provided when, and if, available. The Issuer shall include with each submission a written representation addressed to the Dissemination Agent to the effect that the financial statements are the financial statements required by this Undertaking and that they comply with the applicable requirements of this Undertaking. For the purposes of determining whether information received from the Issuer is the required financial statements, the Dissemination Agent shall be entitled conclusively to rely on the Issuer's written representation made pursuant to this Section.

The Annual Report shall also include the other financial, statistical and operating data for said fiscal year of the Issuer in the form and scope similar to the financial, statistical, and operating data contained in the Official Statement, specifically the tables and/or information contained under the following headings and subheadings of the Official Statement:

- Security for the Series 2018A Bonds – Historical Pledged Revenues, p. ____
- The University – Five-Year Historical Enrollment Summary, p. ____
- Financial Information Regarding the University
 - State General Fund Appropriations table, p. ____
 - Total Restricted-Expendable Revenues (in table format), included under subheading Restricted-Expendable Revenues, p. ____
 - Financial Aid to Students (in table format), included under subheading Restricted-Expendable Revenues, p. ____

– Schedule of Outstanding Indebtedness, p. ____

Any or all of the items listed above in Sections 4a or 4b may be included by specific reference to documents available to the public on the Repository or filed with the SEC.

5. Notice of Certain Events. The Issuer agrees, in accordance with the provisions of Rule 15c2-12, to provide or cause to be provided through the Repository, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies (which for the purpose of this Undertaking shall mean the Issuer's failure to provide funds to the Trustee for payments of principal and interest at the times specified in the Resolution);
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of owners of Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;¹

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of an obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(15) In a timely manner, notice of a failure of the Issuer or the obligated person to provide the required annual financial information and operating data specified in Sections 4a and 4.b above, on or before the date specified therein.

The Dissemination Agent shall attempt to promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Resolution, the Dissemination Agent identifies an occurrence which would require the Issuer to provide a notice of the occurrence of any of the events listed in this Section 5; provided that the failure of the Dissemination Agent so to advise the Issuer of such occurrence shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities hereunder or under the Resolution and the Dissemination Agent shall not be required to assess the materiality of such occurrence, or whether an unscheduled draw reflects financial difficulties, in advising the Issuer of such occurrence.

6. Manner and Time by Which Information is to be made Public by the Dissemination Agent.

a. Manner and Time of Delivery. After the receipt from the Issuer of any Annual Report information pursuant to Section 4 or Notices of Certain Events pursuant to Section 5, it shall be the Dissemination Agent's duty:

(1) to deliver the Annual Report information to the Repository not later than ten (10) days after receipt thereof;

(2) to deliver Notices of Certain Events to the Repository as soon as possible following receipt from the Issuer, but in no event later than the next business day;

(3) to determine the identity and address of the Repository to which Annual Report Information and Notices of Certain Events must be sent under rules and regulations promulgated by the MSRB or by the SEC.

The Issuer shall deliver Annual Report information and Notices of Certain Events to the Dissemination Agent as provided in Sections 4 and 5 above so that the Dissemination Agent can deliver such information to the Repository.

officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of an obligated person.

b. Limitation of Dissemination Agent's Duty. The Dissemination Agent shall have no duty or obligation to disclose to the Repository any information other than (i) Annual Report information that the Dissemination Agent actually has received from the Issuer and (ii) Notices of Certain Events about which the Dissemination Agent has received written notice from the Issuer. Any such disclosures shall be required to be made only as and when specified in this Undertaking. The Dissemination Agent's duties and obligations are only those specifically set forth in this Undertaking, and the Dissemination Agent shall have no implied duties or obligations. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Issuer. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition. The Dissemination Agent shall be afforded all of the rights and protections hereunder accorded to it in its role as Trustee under the Resolution.

c. Form of Disclosure. All Annual Report information and Notices of Certain Events, or other financial information and notices pursuant to this Undertaking are to be provided to the Repository in electronic PDF format (word-searchable) as prescribed by the MSRB. All documents provided to the MSRB pursuant to this Undertaking must be accompanied by identifying information as prescribed by the MSRB, which the Issuer shall provide to the Dissemination Agent in a timely manner.

7. Limitation to Dissemination Agent Obligation. The Dissemination Agent shall have no obligation to examine or review the Annual Report information or Notices of Certain Events and shall have no liability or responsibility for the compliance of this Undertaking with Rule 15c2-12 or the accurateness or completeness of the Annual Report information and Notices of Certain Events disseminated by the Dissemination Agent hereunder. The Annual Report information shall contain a legend to such effect. This Section 7 shall survive the termination of this Undertaking or the earlier removal or resignation of the Dissemination Agent.

8. Compensation. The Issuer hereby agrees to compensate the Dissemination Agent for the services provided and the expenses incurred pursuant to this Undertaking in an amount to be agreed upon from time to time hereunder. Such compensation shall be in addition to any fees previously agreed upon with respect to the fiduciary services of the Dissemination Agent in its capacity as Trustee under the Resolution.

To the extent permitted by law, if the Dissemination Agent renders any extraordinary service not provided for in this Undertaking, which service is reasonably necessary to render under the circumstances, or the Dissemination Agent is made a party to or intervenes in any litigation pertaining to this Undertaking or institutes interpleader proceedings relative hereto, the Dissemination Agent shall be compensated reasonably by the Issuer for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and reasonable expenses, including out-of-pocket and incidental expenses and reasonable legal fees and expenses occasioned thereby.

9. Enforcement. The obligations of the Issuer under this Undertaking shall be for the benefit of the registered and beneficial holders of the Bonds. However, any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default under the Resolution, and the sole remedy under this Undertaking in the event of the failure of the Issuer or the Dissemination Agent to comply with this Undertaking shall be an action by the holders of the Bonds in mandamus for specific performance or similar remedy to compel performance. Neither the Issuer nor the Dissemination Agent shall have any power or duty to enforce this Undertaking.

This Undertaking shall inure solely to the benefit of the Issuer, the Dissemination Agent, the participating Underwriter of the Bonds, and the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

10. Amendments and Termination. Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is consistent with Rule 15c2-12. Written notice of any such amendment or waiver shall be provided by the Issuer to the Dissemination Agent who shall file it with the MSRB, and the Annual Report shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Any party to this Undertaking may terminate this Undertaking by giving written notice of an intent to terminate to the other parties at least thirty (30) days prior to such termination, provided that no such termination shall relieve the obligation of the Issuer to comply with Rule 15c2-12(b)(5) either through a successor agent or otherwise.

The Issuer's next annual financial report must explain, in narrative form, the reasons for any such amendment or termination of the undertaking contained in this Undertaking and the impact, as applicable, of any change in the type of operating data or financial information being provided or, in the case of accounting principles, the presentation of such operating data or financial information.

The undertaking contained in this Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (i) the date all principal and interest on the Bonds shall have been paid pursuant to the terms of the Resolution; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 that require this written undertaking (a) are held to be invalid by a court of competent jurisdiction in a nonappealable action, (b) have been repealed retroactively, or (c) in the opinion of counsel who is an expert in federal securities laws, acceptable to the Issuer or the Dissemination Agent, otherwise, do not apply to the Bonds. The Issuer shall notify the Repository if this Undertaking is terminated pursuant to (iii), above.

11. Successor Dissemination Agent. Upon the transfer of the duties created under the Resolution from the current Dissemination Agent in its capacity as Trustee, to a

successor Dissemination Agent, in its capacity as successor trustee, such successor Dissemination Agent shall succeed to the duties under this Undertaking without any further action on the part of any party, and the then current Dissemination Agent shall have no further duties or obligations upon the transfer to a successor Dissemination Agent. Such Successor Dissemination Agent may terminate this Undertaking or cause it to be amended as provided in Section 10 hereof.

12. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating (or causing the Dissemination Agent to disseminate) any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report information or notice of the occurrence of any Notices of Certain Events, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report information or Notices of Certain Events in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report information or notice of occurrence of any Notices of Certain Events.

If the Issuer provides to the Dissemination Agent information relating to the Issuer or the Bonds, which information is not designated as Notices of Certain Events, and directs the Dissemination Agent to provide such information to the Repository, the Dissemination Agent shall provide such information in a timely manner to the Repository.

13. Notices. Notices and the required information under this Undertaking shall be given to the parties at their addresses set forth below under their signatures or at such places as the parties to this Undertaking may designate from time to time.

14. Counterparts. This Undertaking may be executed in one or more counterparts, and each such instrument shall constitute an original counterpart of this Undertaking.

15. Governing Law. This Undertaking shall be governed by the laws of the State of Idaho and Rule 15c2-12.

[Signatures on following page]

IN WITNESS WHEREOF, the Issuer and the Dissemination Agent have caused this Undertaking to be executed and delivered by a duly authorized officer of each of them, all as of this ____ day of _____, 2018.

ISSUER:

REGENTS OF THE UNIVERSITY OF
IDAHO

By: _____
Bursar

Notice Address:

DISSEMINATION AGENT:

WELLS FARGO BANK, N.A.

By: _____
Title: _____

Notice Address:

EXHIBIT C
FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT

between

REGENTS OF THE UNIVERSITY OF IDAHO

and

**WELLS FARGO BANK, N.A.
as Escrow Agent**

Dated as of _____, 2018

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ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made and entered into as of _____, 2018, by and between the Regents of the University of Idaho (the “University”) and Wells Fargo Bank, N.A. (the “Escrow Agent”).

ARTICLE I RECITALS

The University’s 2007B Bonds (hereinafter defined) maturing April 1, 2041, are subject to mandatory tender for purchase and redemption pursuant to the University’s 2007 Supplemental Resolution (hereinafter defined) and the University is desirous of defeasing and redeeming such bonds (the “Defeased Bonds”), all of which shall be accomplished pursuant to the provisions of this Escrow Agreement and the provisions of the Supplemental Resolution adopted by the University on December 20, 2017 (the “2017 Supplemental Resolution”). Pursuant to the 2017 Supplemental Resolution, the University authorized the sale and issuance of its 2018A Bonds (hereinafter defined) and defeasance of the Defeased Bonds with proceeds of the 2018A, and other available moneys, if applicable, until the Defeased Bonds are purchased upon mandatory tender on April 2, 2018. The University has irrevocably pledged to defease and redeem the Defeased Bonds. The defeasance, mandatory tender, purchase and redemption shall be irrevocable upon the delivery of the 2018A Bonds.

Reference is hereby made to the 2017 Supplemental Resolution for the provisions of the plan of defeasance, mandatory tender, purchase and redemption of the Defeased Bonds.

The University has caused to be delivered to the Escrow Agent statements setting forth the interest payment schedules and maturity schedules of the Defeased Bonds by amount, date of maturity and interest rates, the amount of interest to be paid on each semiannual interest payment date, if any, and the amount of the principal and premium to be paid on the date that the Defeased Bonds are to be redeemed, and by execution of this Escrow Agreement the Escrow Agent acknowledges receipt of such statements.

ARTICLE II DEFINITIONS

All terms used herein, unless otherwise defined herein, shall have the meanings set forth in the 2017 Supplemental Resolution or the Resolution, as hereinafter defined, or as set forth in the Recitals above. For all purposes of this Escrow Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

“Defeased Bonds” means the 2007B Bonds listed in Article III hereof, all of which will be defeased upon the issuance of the 2018A Bonds and tendered for purchase as provided in the 2017 Supplemental Resolution and this Escrow Agreement.

“Escrow Account” shall mean the Escrow Account on deposit with the Escrow Agent created under the 2017 Supplemental Resolution for the purpose of defeasing and redeeming the Defeased Bonds.

“Escrow Agent” shall mean Wells Fargo Bank, N.A., Minneapolis, Minnesota.

“Escrow Agreement” shall mean this agreement by and between the University and the Escrow Agent providing for the defeasance, call for mandatory tender for purchase and redemption of the Defeased Bonds.

“Investment Securities” shall mean cash or any government obligation qualified under Section 57-504 of the Idaho Code, as it reads on the date hereof, as provided in the Resolution. Said Investment Securities may include either U.S. Treasury Securities-State and Local Government Series or open market securities. They shall be limited to direct noncallable obligations of the U.S. Government. Investments in mutual funds or unit investment trusts shall be prohibited.

“Original Resolution” shall mean the Resolution adopted by the University on November 11, 1991, as previously amended and supplemented.

“Resolution” shall mean the Original Resolution as supplemented by the 2017 Supplemental Resolution.

“Trustee” shall mean Wells Fargo Bank, N.A., as the Trustee for the 2018A Bonds.

“2018A Bonds” shall mean the \$_____ principal amount of General Revenue Refunding Bonds, Series 2018A, authorized to be issued under the 2017 Supplemental Resolution.

“2007 Insurer” means Financial Security Assurance Inc., the insurer of the 2007B Bonds.

“2007 Supplemental Resolution” shall mean the Supplemental Resolution adopted by the University on October 11, 2007, supplementing the Original Resolution and authorizing the issuance of the 2007B Bonds.

“2007B Bonds” shall mean the Adjustable Rate General Revenue Bonds, Series 2007B dated October 31, 2007, authorized to be issued under the Original Resolution pursuant to the 2007 Supplemental Resolution.

“2017 Supplemental Resolution” shall mean the Supplemental Resolution adopted on December 20, 2017 of the Regents of the University authorizing the issuance of the 2018A Bonds, creation of the Escrow Account for the defeasance of the Defeased Bonds, and the mandatory tender for purchase and cancellation of the Defeased Bonds.

“University” shall mean the University of Idaho, a state institution of higher education and body politic and corporate organized and existing under and pursuant to the Constitution and laws of the State of Idaho.

ARTICLE III DEFEASED BONDS AND REDEMPTION PROVISIONS

The Issuer has determined to terminate effective April 1, 2018, the Liquidity Facility in effect with respect to the 2007B Bonds maturing April 1, 2041. Therefore, pursuant to Section 4.8(a)(iii) of the Issuer’s 2007 Supplemental Resolution, such 2007B Bonds are subject to call for mandatory tender for purchase and redemption on April 2, 2018, at the price of 100% of the principal amount thereof, plus accrued interest to the date of redemption. The Defeased Bonds are scheduled to mature and bear interest as follows:

Maturity Date	Principal	Interest	CUSIP
<u>April 1</u>			<u>914318</u>
2041	\$ 17,100,000	4.50%	A67
2041	17,135,000	4.25	A91

ARTICLE IV PLAN OF REDEMPTION FOR THE DEFEASED BONDS

Section 4.1 Deposits Into the Escrow Account.

The University represents and warrants to the Escrow Agent that the University has established under the 2017 Supplemental Resolution an account for the University designated the "Escrow Account" to be held by the Escrow Agent. The Escrow Agent will administer and hold the Escrow Account separate and apart from all other funds and accounts held by the Escrow Agent. Simultaneously with the delivery of the 2018A Bonds, the University will cause to be deposited irrevocably into the Escrow Account, for the security and benefit of the owners of the Defeased Bonds, cash and/or Investment Securities, as described in **Exhibit A**.

Section 4.2 Redemption of Defeased Bonds.

The Escrow Agent shall present for payment on the due dates thereof the Investment Securities, if any, and shall apply cash or the proceeds derived from the Investment Securities in accordance with the provisions of the 2017 Supplemental Resolution and this Escrow Agreement, as verified by the Verification Report attached hereto as **Exhibit D** (the “Verification Report”).

On April 2, 2018, the Escrow Agent, acting as the paying agent under the 2007 Supplemental Resolution, shall transfer sufficient amounts from the Escrow Account to the 2007B Bond Purchase Fund established under the 2007 Supplemental Resolution to redeem and cancel on April 2, 2018, such Defeased Bonds. The Defeased Bonds shall be redeemed at the price of 100% of the principal amount thereof, together with the interest accrued thereon, from the preceding interest payment date, all as reflected and verified in the Verification Report.

Section 4.3 Investment Securities.

The Investment Securities (described in Exhibit A hereto), if any, as such may be substituted pursuant to this Escrow Agreement, shall mature not later than the date needed to redeem the Defeased Bonds and will be sufficient to redeem the Defeased Bonds.

Section 4.4 Safekeeping of the Investment Securities.

All Investment Securities, money and investment income deposited with or received by the Escrow Agent pursuant to Article IV shall be subject to the trust created by this Escrow Agreement and irrevocably pledged only for the Defeased Bonds' debt service, and the Escrow Agent shall be liable for the safekeeping thereof. All money deposited with the Escrow Agent or received by the Escrow Agent as maturing principal or interest on the Investment Securities prior to the times the Escrow Agent is required to make the payments hereinbefore set forth shall be held by the Escrow Agent and shall not be reinvested.

All income derived from the Investment Securities and any money deposited with the Escrow Agent pursuant to Section 4.1 of this Escrow Agreement that is not required to make the payments hereinbefore required to be made shall be paid to the Trustee (as defined in the 2017 Supplemental Resolution) for the credit of the Debt Service Account under the 2017 Supplemental Resolution, upon payment in full of the Defeased Bonds.

Section 4.5 Substitution of the Investment Securities; Reinvestment.

The University has reserved the right to substitute higher yielding direct noncallable obligations of the United States for investments in the Escrow Account in the event it may do so pursuant to Section 103 of the Code, provided that at all times the money and Investment Securities in the Escrow Account shall be sufficient, without any further investment, to purchase and redeem the Defeased Bonds. Prior to each such substitution, the University will obtain:

- (a) A supplemental verification addressed to the University and the Escrow Agent from an independent firm of certified public accountants, which shall be satisfactory to nationally recognized bond counsel, that the money and Investment Securities on deposit after such substitution will be sufficient, without any further investment, to effect the redemption of the Defeased Bonds and that such substitute Investment Securities are noncallable; and

(b) A written opinion addressed to the University from nationally recognized bond counsel that such substitution will not cause the interest on the Defeased Bonds and the 2018A Bonds to become includible in gross income for federal and state income tax purposes.

Except as reflected in Exhibit A, the Escrow Agent shall not otherwise invest cash which it holds from time to time in the Escrow Account unless it receives an opinion of the University's bond counsel as to the legality of any such investment and its effect, if any, on the exclusion of the interest on the 2018A Bonds from gross income for federal income tax purposes and it makes such investment in accordance with the provisions of this Section.

Section 4.6 Surplus Money.

If at any time during the term of the escrow created pursuant to this Escrow Agreement there should be Investment Securities and/or money held by the Escrow Agent in excess of that required to make all remaining payments described in Section 4.2. hereof, when due, considering the interest to be earned on such Investment Securities and the University requests that such surplus obligations or the proceeds thereof or such surplus money be returned by the Escrow Agent to the University, the Escrow Agent shall do so forthwith; provided however, that prior to requesting any such transfer, the University shall have furnished to the Escrow Agent:

(a) A supplemental verification addressed to the University and the Escrow Agent from an independent firm of certified public accountants, which shall be satisfactory to nationally recognized bond counsel, that the money and Investment Securities on deposit after such transfer will be sufficient, without any further investment, to effect the redemption of the Defeased Bonds; and

(b) A written opinion addressed to the University from nationally recognized bond counsel that such transfer will not cause the interest on the Defeased Bonds and the 2018A Bonds to become includible in gross income for federal and state income tax purposes.

Notwithstanding any provision of this Section 4.6. to the contrary, any money remaining on deposit with the Escrow Agent after the payment and redemption in full of the outstanding Defeased Bonds shall be transferred to the Trustee for deposit into the Debt Service Account under the 2017 Supplemental Resolution.

ARTICLE V PAYMENT OF THE COSTS OF ISSUANCE

The University represents and warrants to the Escrow Agent that the University has established under the 2017 Supplemental Resolution an account for the University designated the "2018A Costs of Issuance Account" to be held by the Escrow Agent and that, upon delivery of the 2018A Bonds, there shall be deposited therein the sums sufficient to pay the costs of issuing the 2018A Bonds. As directed in a Written Certificate and Request by the University, the

Escrow Agent shall disburse monies from the 2018A Costs of Issuance Account upon receipt of invoices for payment. Pending payment of all costs of issuance, the monies held in the 2018A Costs of Issuance Account shall be invested by the Escrow Agent in investments as permitted under Section 67-1210, Idaho Code, with any interest received on such investments to remain in the 2018A Costs of Issuance Account. After payment of all costs of issuance or no later than September 1, 2018, any excess monies remaining in the 2018A Costs of Issuance Account shall be transferred promptly by the Escrow Agent to the Trustee for deposit into the Bond Fund under the 2017 Supplemental Resolution.

ARTICLE VI DUTIES AND OBLIGATIONS OF THE ESCROW AGENT

The duties and obligations of the Escrow Agent shall be prescribed by the provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of its duties and obligations as specifically set forth herein and to act in good faith in the performance thereof and no implied duties or obligations shall be incurred by such Escrow Agent other than those specified herein.

The Escrow Agent may consult with counsel of its choice and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

Nothing contained herein shall require the Escrow Agent to advance its own funds to carry out its obligations hereunder. If there are any difficulties in payment of the Defeased Bonds, the Escrow Agent shall notify the University in writing.

Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Escrow Agreement shall be in writing.

ARTICLE VII NOTICES

Section 7.1 Notice to Trustee; Notice of Call for Mandatory Tender for Purchase and Redemption of Defeased Bonds

The University shall provide notice to the Escrow Agent, acting as Trustee for the 2007B Bonds pursuant to the Resolution, in the form attached to this Escrow Agreement as **Exhibit B-1**. As directed by such notice, the Escrow Agent, acting as Trustee for the 2007B Bonds, shall give Notice of Call for Mandatory Tender for Purchase and Redemption of the Defeased Bonds to the holders thereof and the 2007 Insurer, in substantially the form attached to this Escrow Agreement as **Exhibit B-2**. Such notice will be delivered by first class mail, postage prepaid, pursuant to the 2007 Supplemental Resolution.

Section 7.2 Notice of Defeasance of Defeased Bonds

The Escrow Agent, as the Trustee of the 2007B Bonds, shall provide, as soon as practicable after the execution and delivery of this Escrow Agreement, in accordance with the provisions of the Resolution and this 2007 Supplemental Resolution, by first class mail, a notice to the holders of the Defeased Bonds notifying the holders that the principal amounts, applicable premium, if any, and interest accrued on the Defeased Bonds are deemed to have been paid in accordance with the provisions of the Resolution, as provided in this Escrow Agreement, said notice stating the redemption date upon which moneys are to be available for the payment of the principal or redemption price, as applicable, plus accrued interest, on the Defeased Bonds, such notice to be prepared by the Escrow Agent in substantially the form attached to this Escrow Agreement as **Exhibit C**.

ARTICLE VIII COMPENSATION OF ESCROW AGENT

By execution hereof the Escrow Agent acknowledges receipt of the sum of \$_____ for services rendered and to be rendered by it pursuant to the provisions of this Escrow Agreement in payment of all fees, compensation and expenses of the Escrow Agent, and the Escrow Agent expressly acknowledges that it is not entitled to a lien, nor shall it ever assert a lien, on any Investment Securities or other obligations or money of the University held by it pursuant to this Escrow Agreement. The Escrow Agent hereby agrees that such compensation has been made to the satisfaction of the Escrow Agent.

ARTICLE IX AMENDMENTS TO THIS ESCROW AGREEMENT

The Escrow Agent and the University recognize that the owners of the Defeased Bonds have a beneficial interest in the money and the Investment Securities, if any, to be held in the Escrow Account in trust by the Escrow Agent pursuant to this Escrow Agreement. Therefore, this Escrow Agreement shall be subject to revocation or amendment only for the purposes of clarifying an ambiguity in the duties and obligations set forth hereunder, or altering the reporting or other ministerial obligations of the Escrow Agent to the University, provided that no such amendment shall permit the Escrow Agent to invest in or deposit in the Escrow Account any obligations other than noncallable direct obligations of the United States of America, and each such amendment shall be accompanied by:

(a) A supplemental verification addressed to the University and the Escrow Agent from an independent firm of certified public accountants, which shall be satisfactory to nationally recognized bond counsel, that the money and Investment Securities on deposit after the amendment will be sufficient, without any further investment, to effect the redemption of the Defeased Bonds;

(b) A written opinion addressed to the University and the Trustee from nationally recognized bond counsel that such amendment will not cause the interest on the Defeased Bonds or the 2018A Bonds to become includible in gross income for federal and state income tax purposes; and

(c) A certificate signed by the Bursar of the University confirming that the University has provided the notice of the amendment to the respective rating agencies that rated the 2018A Bonds.

**ARTICLE X
NOTIFICATION OF DEFICIENCY**

The Escrow Agent shall give the University prompt notice if the Escrow Agent shall determine there are or will be insufficient money or Investment Securities to make the payments specified in Section 4.2 hereof, and the University shall deposit with the Escrow Agent additional sums of money required to correct such deficiencies.

**ARTICLE XI
SUCCESSOR ESCROW AGENT**

The obligations assumed by the Escrow Agent pursuant to this Escrow Agreement may be transferred by the Escrow Agent to a successor if (a) the Escrow Agent has presented evidence satisfactory to the University and its bond counsel that the successor meets the requirements of Idaho Code Section 57-504, as now in effect or hereafter amended; (b) the successor has assumed all the obligations of the Escrow Agent under this Escrow Agreement; and (c) all the Investment Securities and money then held by the Escrow Agent pursuant to this Escrow Agreement have been duly transferred to such successor.

**ARTICLE XII
MISCELLANEOUS**

In the event any one or more of the provisions contained in this Escrow Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Escrow Agreement, but this Escrow Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. If any portion of this Escrow Agreement is amended, severed or revoked, the University agrees to notify and provide draft copies of any amendatory documents to any rating agency with a current rating on the 2018A Bonds prior to such action.

Execution of this Escrow Agreement by the Escrow Agent shall constitute written acknowledgment by the Escrow Agent of its receipt from the University of the amounts specified herein.

This Escrow Agreement may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same Escrow Agreement.

Dated as of the day and year first above written.

REGENTS OF THE UNIVERSITY OF
IDAHO

By: _____
Vice President for Finance and Bursar

WELLS FARGO BANK, N.A.

By: _____
Its: Vice President

EXHIBIT A
INVESTMENT SECURITIES
SCHEDULE OF SLGS

Amount	Rate %	Maturity

COMPOSITION OF ESCROW

Cash	\$	_____
Securities		_____
Total Escrow		<u>\$0000</u>

EXHIBIT B-1

NOTICE TO TRUSTEE

TO: Wells Fargo Bank, National Association, as Trustee

FROM: Regents of the University of Idaho, as Issuer

RE: Adjustable Rate General Revenue Bonds, Series 2007B (the "2007B Bonds") issued October 31, 2007 (the "2007B Bonds")

DATE: _____, 2018

Pursuant to Section 4.8(a)(iii) of the Issuer's Supplemental Resolution adopted October 11, 2007, authorizing the 2007B Bonds (the "Resolution"), **NOTICE IS HEREBY GIVEN** to the above Trustee that the undersigned Issuer and the provider of the liquidity facility in effect with respect to the 2007B Bonds maturing April 1, 2041, have agreed to terminate the liquidity facility and not to convert the rate of such 2007B Bonds to another interest rate mode. Therefore, the Issuer desires to redeem upon mandatory tender on April 2, 2018 (the "Mandatory Redemption Date"), its outstanding 2007B Bonds maturing April 1, 2041, at the price of par plus accrued interest due thereon (the "Called Bonds").

BY THIS NOTICE the Issuer is directing the Trustee to deliver, by first class mail, postage prepaid, the required Notice of Call for Mandatory Tender for Purchase and Redemption pursuant to Section 4.8(d) of the Resolution, in substantially the form provided herewith, to the holders of the Called Bonds and to Financial Security Assurance Inc., as insurer of the Called Bonds, no later than fifteen (15) days prior to the Mandatory Redemption Date, in compliance with the Resolution.

REGENTS OF THE UNIVERSITY OF IDAHO

By: _____

EXHIBIT B-2

Notice of Call for Mandatory Tender for Purchase and Redemption

THE REGENTS OF THE UNIVERSITY OF IDAHO
ADJUSTABLE RATE GENERAL REVENUE BONDS, SERIES 2007B

NOTICE IS HEREBY GIVEN to the holders of the following-described Adjustable Rate General Revenue Bonds, Series 2007B (the “2007B Bonds”) issued by the Regents of the University of Idaho (the “Issuer”) on October 31, 2007, that the 2007B Bonds are called for mandatory tender for purchase and redemption on April 2, 2018 (the “Mandatory Redemption Date”), at the principal corporate trust office of Wells Fargo Bank, N.A., at the redemption price of 100% of the principal amount of each 2007B Bond so redeemed, plus accrued interest to the Mandatory Redemption Date (the “Redemption Price”). The Issuer has determined to terminate the liquidity facility in effect with respect to the 2007B Bonds and not to convert the rate of the 2007B Bonds to another interest rate mode; therefore, pursuant to Section 4.8(a)(iii) of the Issuer’s Supplemental Resolution dated October 11, 2007, authorizing the 2007B Bonds (the “2007 Resolution”), the 2007B Bonds are subject to mandatory tender for purchase and redemption at the above Redemption Price on the Mandatory Redemption Date. Payment of the redemption proceeds will be made on or after the redemption date upon presentation and surrender of the securities to:

Registered/Certified Mail:
Wells Fargo Bank, N.A.
Corporate Trust Operations
P.O. Box 1517
Minneapolis, MN 55480-1517

Air Courier:
Wells Fargo Bank, N.A.
600 Fourth Street South, 7th Floor
Minneapolis, MN 55479
MAC N9300-070

Wells Fargo Bank, N.A. policy does not allow the safekeeping of securities within Corporate Trust Operations for a period of longer than 30 days. Please DO NOT submit your securities for payment more than 30 days in advance of the redemption date. A \$25.00 wire transfer fee will be deducted from each payment requested to be made by wire. When inquiring about this redemption, please have the Bond number available. Please inform the customer service representative of the CUSIP number(s) of the affected Bond. Customer Service can be reached at 612-667-9764 or Toll Free at 1-800-344-5128.

The principal amounts and rates of the 2007B Bonds to be so redeemed are as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>CUSIP</u>
<u>April 1</u>			<u>914318</u>
2041	\$ 17,100,000	4.50%	A67
2041	17,135,000	4.25	A91

Notice is further given that funds necessary to pay the Redemption Price for each such 2007B Bond, arising from the proceeds of sale of certain refunding bonds, will be available at the place of payment on the Mandatory Redemption Date and interest on such 2007B Bonds shall cease to accrue from and after such Mandatory Redemption Date and that on said date there will become due and payable on each of said 2007B Bonds the Redemption Price.

This Notice is additionally given to Financial Security Assurance Inc., the insurer of the 2007B Bonds, as required by the 2007 Resolution.

IMPORTANT NOTICE REGARDING TAX CERTIFICATION DOCUMENTATION AND POTENTIAL WITHHOLDING: Pursuant to U.S. federal tax laws, you have a duty to provide the required type of tax certification form to anyone making a payment to you that could constitute income or gross proceeds reportable to you. That tax certification documentation must be received by the Paying Agent (which includes the term "Withholding Agent" if you are a Nonresident Alien Individual or Foreign Entity) on or before the date of the payment, or the date on which the transaction is reportable on either IRS Form 1099 or IRS Form 1042-S even if no payment is made at that time. If you do not provide a valid tax certification form as required, the Paying Agent will be required to apply the maximum amount of withholding on that reportable payment. For example, if you are a U.S. taxpayer and do not provide a Form W-9 by the effective date of a merger, the trade date of a sale, the Redemption Date or Mandatory Tender Date or Tender Date or Conversion Date for a bond as the applicable term is defined in the Notice, or the payment date for interest or dividends, the Paying Agent is required to apply 28% backup withholding to the amount reportable as gross proceeds on a Form 1099-B, the interest amount reportable on a Form 1099-INT or the dividend amount reportable on a Form 1099-DIV. If you are a foreign person or entity, you are required to provide the applicable type of IRS Form W-8 by those aforementioned dates, and failure to do so can result in a 30% withholding rate being applied to the amount of the payment reportable on IRS Form 1042-S.

Publication Date: _____

REGENTS OF THE UNIVERSITY OF IDAHO

By: Wells Fargo Bank, N.A. as Agent

By _____
 Its _____

EXHIBIT C

Notice of Defeasance

REGENTS OF THE UNIVERSITY OF IDAHO
 ADJUSTABLE RATE GENERAL REVENUE BONDS, SERIES 2007B

NOTICE IS HEREBY GIVEN to the holders of the Adjustable Rate General Revenue Bonds, Series 2007B dated October 31, 2007, described below (the “Defeased Bonds”) of the Regents of the University of Idaho (the “University”) that money and direct obligations of the United States of America, the principal of and the interest on which when due will be sufficient to pay when due the principal or redemption price, as applicable, and interest due and to become due on the Defeased Bonds on or prior to the redemption date thereof, upon mandatory tender for purchase and redemption on April 2, 2018, have been deposited in escrow with Wells Fargo Bank, N.A., as escrow agent (the “Escrow Agent”) under an Escrow Agreement dated _____, 2018, entered into between the University and Escrow Agent (the “Escrow Agreement”). The Defeased Bonds are specifically identified as follows:

Maturity Date			CUSIP
<u>April 1</u>	<u>Principal</u>	<u>Interest</u>	<u>914318</u>
2041	\$17,100,000	4.50%	A67
2041	17,135,000	4.25	A91

In accordance with the terms of the resolution of the University pursuant to which the Defeased Bonds were issued (the “2007 Resolution”), the Defeased Bonds and the interest accrued thereon are deemed to have been paid.

Moneys will be available from the money and from the principal of and interest on such direct obligations of the United States of America held in escrow at the principal corporate trust office of the Escrow Agent for the Defeased Bonds, and shall be transferred to the undersigned paying agent of the Defeased Bonds to pay the Defeased Bonds at the price of par pursuant to maturity or call for mandatory tender for purchase and redemption on April 2, 2018, at the price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, in accordance with their terms and the terms of the 2007 Resolution and the Escrow Agreement.

Dated this _____ day of _____, 2018.

Wells Fargo Bank, N.A., as Trustee and Paying Agent

By _____
 Its _____

EXHIBIT D
FORM OF DELEGATION CERTIFICATE

CERTIFICATE AS TO BOND PRICING AND RELATED MATTERS

The undersigned official of the University of Idaho (the "University") does hereby certify as follows (capitalized terms used herein and not defined have the meanings assigned to such terms in the Supplemental Resolution, hereinafter defined):

1. The undersigned is familiar with the Supplemental Resolution of the Regents of the University (the "Regents") adopted on December 20, 2017 (the "Supplemental Resolution") to authorize issuance of the University's General Revenue Refunding Bonds, Series 2018A (the "Bonds") and related documents, which Bonds were sold this date to _____, as the winning bidder (the "Winning Bidder").

2. Section 205 of the Supplemental Resolution delegated to the undersigned, as Delegated Officer, the power to make certain determinations on the date of sale of the Bonds.

3. Pursuant to such delegation, the Delegated Officer hereby determines as follows:

(a) Details of the terms of the Bonds are reflected in the final bond sale number schedules provided by the Purchaser on this date, which schedules are attached as Exhibit A hereto.

(b) Details of the 2007B Bonds to be defeased and redeemed are reflected in Exhibit A (hereinafter, the "2007B Bonds").

(c) The rates of interest to be borne by the 2018A Bonds.

(d) The aggregate principal amount of the Bonds is \$_____, which amount does not exceed \$35,000,000.

(e) The final maturity of the Bonds is April 1, 20___, which is not later than April 1, 2041, the final maturity of the 2007B Bonds.

(f) The Bonds were sold at the purchase price of \$_____, representing the principal amount thereof, plus [net] premium in the amount of \$_____, less underwriter's discount of \$_____, which purchase price is greater than the principal amount of the Bonds.

(g) The Bonds are subject to optional and mandatory redemption as reflected in Exhibit A and as specifically reflected in Exhibit B attached hereto.

(h) Credit enhancement on the Bonds consists of: none.

4. The undersigned Delegated Officer hereby certifies that the final terms and provisions of the Bonds, as described in the attached Exhibit A and Exhibit B, are consistent with, not in excess of and no less favorable than the terms set forth in Section 205 of the Supplemental Resolution.

5. The undersigned Delegated Officer has therefore executed and delivered this date an acceptance of the bid to the Winning Bidder.

DATED: _____, 2018.

UNIVERSITY OF IDAHO

By: _____
Vice President for Finance and Bursar

EXHIBIT A

FINAL NUMBERS PROVIDED BY UNDERWRITER

EXHIBIT B

REDEMPTION PROVISIONS

1. Optional Redemption: The Bonds maturing on or after April 1, 202__, are subject to redemption at the election of the University at any time on or after April 1, 202__, in whole or in part, from such maturities as may be selected by the University. Such optional redemption of the Bonds shall be at a price of 100% of the principal amount of the Bonds to be so redeemed, plus accrued interest to the date fixed for redemption.

2. Mandatory Sinking Fund Redemption: The Bonds maturing on April 1, 20__, are subject to mandatory sinking fund redemption prior to their stated maturity, at a price of 100% of the principal amount of the Bonds to be so redeemed, plus accrued interest to the date fixed for redemption, on April 1 of the years, and in the amounts, shown below:

APRIL 1
OF THE YEAR

MANDATORY
REDEMPTION AMOUNT

*Stated maturity.

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CREDIT OPINION

24 August 2017

Update

Rate this Research >>

Analyst Contacts

Susan E Shaffer 212-553-4132
 VP-Senior Analyst
 susan.shaffer@moodys.com

Eva Bogaty 415-274-1765
 VP-Sr Credit Officer
 eva.bogaty@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
 Asia Pacific 852-3551-3077
 Japan 81-3-5408-4100
 EMEA 44-20-7772-5454

University of Idaho, ID

Update to discussion of key credit factors

Summary

University of Idaho's Aa3 rating reflects the university's important role as the state's land-grant and leading research university, with sizable enrollment and a statewide presence through instructional centers as well as agricultural research and extension centers. The rating is also supported by good wealth for the rating category and a history of balanced operations, with diverse revenue and healthy cash flow providing good debt service coverage. Offsetting factors include thin liquidity for the rating category and limited opportunity for revenue and enrollment growth.

Credit Strengths

- » Consistently balanced operations, with good cash flow providing 3.9 times debt service coverage for fiscal 2016
- » Diverse revenue, including gift support and research funding, which offer some cushion to absorb enrollment fluctuations
- » Improved spendable cash and investments, covering operations by 0.5 times and debt by 1.0 times

Credit Challenges

- » Limited opportunity for net tuition revenue and enrollment growth given state influence on admissions and price-setting and the competitive student market
- » Expansion of research profile dependent on enrollment growth and resulting need for increased faculty
- » Thin though improved liquidity, with \$111 million of monthly liquidity providing 120 monthly days cash on hand

Rating Outlook

The stable outlook incorporates expectations of continued balanced operations, demonstrating management's ability to adjust to enrollment fluctuations.

Factors that Could Lead to an Upgrade

- » Material growth in financial resources and liquidity
- » Growth in student demand and expanded research profile

Factors that Could Lead to a Downgrade

- » Deterioration of liquidity
- » Inability to maintain positive operating performance and good cash flow
- » Substantial new debt without offsetting revenue growth

Key Indicators

Exhibit 1

UNIVERSITY OF IDAHO, ID						
	2012	2013	2014	2015	2016	Medians by Rating Category
Total FTE Enrollment	10,379	9,996	9,735	9,505	9,518	28,405
Operating Revenue (\$000)	341,746	351,916	355,839	370,078	378,096	1,104,854
Annual Change in Operating Revenue (%)	-0.3	3.0	1.1	4.0	2.2	4.4
Total Cash & Investments (\$000)	309,824	333,540	380,430	390,840	414,630	1,201,140
Total Debt (\$000)	161,384	165,871	158,671	193,403	188,888	597,459
Spendable Cash & Investments to Total Debt (x)	0.8	0.8	1.1	0.9	1.0	1.3
Spendable Cash & Investments to Operating Expenses (x)	0.4	0.4	0.5	0.5	0.5	0.7
Monthly Days Cash on Hand (x)	95	94	101	114	120	162
Operating Cash Flow Margin (%)	10.3	10.1	11.0	12.6	12.9	12.0
Total Debt to Cash Flow (x)	4.6	4.7	4.0	4.2	3.9	4.4
Annual Debt Service Coverage (x)	2.6	2.6	2.7	3.1	3.9	3.0

Medians reflect 2016 medians for Aa-rated public universities.

Source: Moody's Investors Service

Detailed Credit Considerations

Market Profile: Important role as Idaho's land grant and leading research university, enrollment stabilizing

The University of Idaho will continue to play an important role as the state's land-grant and leading research university, with sizable enrollment and a statewide presence through instructional centers as well as agricultural research and extension centers. The state's educational policies have a growing though uncertain impact on the university's enrollment. Drivers include a state-wide emphasis on increased participation in higher education and improved graduation rates, a direct admit program for qualified high school seniors implemented in fall 2015, and changes in state scholarship funding.

With the impact of these changes as well as enhanced recruitment and retention strategies, enrollment is stabilizing after an 8% decline over the past five years. Areas with the most significant declines are non-resident undergraduate students, reflecting competition from neighboring states, and resident graduate students, impacted partially by the improving economy's countercyclical impact on graduate enrollment. Freshmen and transfer enrollment is expected to be flat for fall 2017. However, the overall enrollment environment remains pressured, with net tuition revenue per student dipping slightly in fiscal 2016 after strong growth over the prior four years.

Philanthropic support is good for the rating category, with gifts per student of \$2,345 comparing favorably with the Aa3 median of \$719. Management reports that fiscal 2017's fundraising was the university's highest, at \$38 million. Increased philanthropy, resulting in continued outsized growth of cash and investments relative to peers, would be credit positive.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Operating Performance: Consistent positive operations, with good cash flow and revenue diversity

UI will continue to deliver positive operating performance, though margins will show some softening in fiscal 2017 as the university adjusts to lower enrollment levels. Healthy cash flow margins averaging 12% over the last three years provided a good 3.2 times average annual debt service coverage.

The university benefits from diverse revenues, which provide some cushion against enrollment fluctuations. In an improved state funding environment, state support increased from 31% to 34% of revenues over the past five years. Fiscal 2017 total state appropriations increased to \$221 million from \$209 million in fiscal 2016 but growth is expected to moderate for fiscal 2018, with \$224 million in anticipated appropriations.

As the state's research university, UI has a growing research profile, with capacity for additional growth. However, leveraging this capacity is contingent upon enrollment growth needed to support the addition of new faculty members. Research funding was \$92 million (25% of revenue) in fiscal 2016 and is expected to increase 2% to 3% for fiscal 2017. For fiscal 2016, the federal government provided over half of UI's research funding, largely from the USDA (31%) and NSF (23%) and the NIH (16%). State research funding contributed another 25%.

Wealth and Liquidity: Solid growth of wealth though liquidity remains thin

Positively, overall financial resources have grown through fundraising and operating surpluses. Total cash and investments grew a strong 34% relative to a Aa3 peer median of 24%. For fiscal 2016, spendable cash and investments cover debt by 1.0 times and operations by 0.5 times, improved from 0.8 times and 0.4 times in fiscal 2012 and now more in line with peers.

The university's foundation manages the endowment, at \$264 million as of June 30, 2017. Management reports a preliminary return of 11.7% for fiscal 2017. The foundation distributed \$22 million to the university in fiscal 2017, including \$11 million from the endowment, which follows a conservative 4.4% spending policy.

LIQUIDITY

While liquidity has improved, with monthly liquidity of \$111 million up from \$82 million in fiscal 2012, it remains thin for the rating category, providing 120 monthly days cash on hand compared to a peer median of 157 days.

Leverage: Modest debt and no plans for increased leverage

Leverage is manageable, with modest overall debt of \$189 million relative to UI's revenue and enrollment base. Debt to cash flow is a low 3.9 times, and debt service comprises a low 3%-4% of operating expenses. The university has no immediate plans for additional debt though it is considering refinancing options during fiscal 2018 for its term-mode bonds with an approaching mandatory tender.

DEBT STRUCTURE

Almost 50% of long-term debt is adjustable rate, currently term-mode with the initial terms of more than three years ending on April 1, 2018 (Series 2007B), and April 1, 2021 (Series 2011). These bonds are subject to a mandatory tender on the effective date of any new Term Interest Rate Period. After the initial period, the university can determine the interest rate period (one, three, six, nine, or twelve months or any multiple of six months). If sufficient funds are not available to pay the purchase price on the bonds, these tendered bonds will bear interest at the Bond Buyer 25 Revenue Bond Index plus 150 basis points to final maturity. The university is not obligated to purchase the tendered bonds and failure to purchase does not constitute an event of default. Moody's tracks these bonds as demand debt, although we note that the soft put and the initially more remote tender dates create significantly less risk than traditional variable rate demand debt.

In addition, the 2007B bonds have a standby bond purchase agreement in place provided by Dexia Credit Local, scheduled to expire on October 31, 2019.

DEBT-RELATED DERIVATIVES

Not applicable.

PENSIONS AND OPEB

The university has a sizeable pension obligation that comprises approximately 40% of its \$319 million total adjusted debt. This pension obligation is associated with participation in a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI), which covers substantially all employees of the State of Idaho. Moody's three-year

average adjusted net pension liability for UI's PERSI obligation, which uses current market interest rates closer to 4.4% instead of the PERSI's 7% rate assumption, is \$119 million for fiscal years 2014-2016.

Favorably, UI has a \$2 million asset for its OPEB plan. Employees hired after January 1, 2002, are not eligible to participate in the plan, and UI has established a trust to help fund future costs and aims to contribute the full actuarially required contribution (ARC) annually.

Annual pension and OPEB contributions as well as contributions to an optional retirement program and modest costs related to other plan commitments totaled a manageable 4% of operating expenses for fiscal 2016.

Management and Governance: Prudent fiscal management delivers consistently positive results

University leadership continues to exhibit prudent fiscal management, resulting in continued positive operating results despite enrollment pressures. With a largely new leadership team in place since the current president joined the university in 2014, UI set forth a 10-year strategic plan that will guide prioritization of resources through 2025.

The eight members of the university's Board of Regents also serve as the Idaho State Board of Education, which governs K-20 education in the state of Idaho. Seven members of the combined boards are appointed by the Governor and serve for five-year terms. The elected State Superintendent of Public Instruction serves ex-officio as the eighth member of the board for a four-year term.

Legal Security

Bonds are secured by Pledged Revenues of the University of Idaho, which include tuition and student fees, auxiliary revenues, indirect cost recovery revenues, direct payments associated with Build America Bonds (BABs), and other specified revenues. State appropriations and other externally restricted funds are not included in the Pledged Revenues. There is an additional bonds test and rate covenant of 1.0 times coverage of annual debt requirements.

For fiscal 2016, pledged revenues of \$150 million provided 11 times coverage of annual debt service.

Use of Proceeds

Not applicable.

Obligor Profile

The University of Idaho is the state's land-grant and leading research university, with sizable enrollment and a statewide presence through instructional centers as well as agricultural research and extension centers. The university enrolls over 9,500 full-time equivalent students and has operating revenue of over \$375 million.

Moody's Related Research

[Global Higher Education](#), November 2015

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University of Idaho Regents University of Idaho; Public Coll/Univ - Unlimited Student Fees

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University of Idaho Regents

University of Idaho; Public Coll/Univ - Unlimited Student Fees

Credit Profile

University of Idaho Regents, Idaho

University of Idaho, Idaho

University of Idaho Regents (University of Idaho) (BABs)

Long Term Rating

A+ / Stable

Affirmed

Rationale

S&P Global Ratings affirmed its 'A+' long-term rating and underlying rating (SPUR) on the University of Idaho Regents' various outstanding bonds issued for the University of Idaho (UI). The outlook is stable.

We assessed UI's enterprise profile as strong, characterized by its solid market position as the state's flagship, land grant institution with relatively good student characteristics and selectivity offset somewhat by a relatively new management team. We assessed the financial profile as strong, characterized by robust operating performance and solid available resources but below-average available resources to debt. Combined, we believe these credit factors lead to an indicative standalone credit profile of 'a'. As our criteria indicate, the final rating can be within one notch of the indicative credit level. In our opinion, the 'A+' rating on the university's bonds better reflects UI's market position and higher student quality relative to in-state peers. We continue to believe the rating is constrained by balance sheet metrics that are weak for the rating category, and there is limited capacity at the current rating for additional debt.

The 'A+' rating reflects our assessment of UI's strengths:

- Role as the flagship institution in the state's higher education system, with 29% of fiscal 2016 revenues coming from the state of Idaho;
- Relatively diverse enrollment base compared to those of other in-state public universities;
- Historically positive operating surpluses on a full-accrual basis; and
- Manageable maximum annual debt service (MADS) burden of about 3.51% of fiscal 2016 adjusted expenses.

The 'A+' rating reflects our assessment of UI's weaknesses:

- Relatively low levels of available resources compared to operating expenses and debt for the rating category, and
- Relatively small, but increasing, endowment for the rating, of about \$239 million at June 30, 2016.

Securing the bonds is a pledge of all revenues of the university with the exception of general account appropriated funds and restricted gift and grant revenues, which we consider substantially equivalent to an unlimited student fees pledge.

The University of Idaho was established in 1889, in Moscow, as a territorial university and is the state's oldest

institution of higher learning. One of three public universities in Idaho, UI is charged with the primary responsibility for advanced research and graduate education. UI is Idaho's leading research university, recording grants and contracts revenue of about \$76 million annually to fund innovative research and teaching, an amount exceeding the combined grants and contracts revenues of all other Idaho institutions of higher education. The university comprises 10 colleges: agricultural and life science; art and architecture; business and economics; education; science; engineering; graduate studies; natural resources; law; and letters, arts, and social sciences.

Outlook

The stable outlook reflects our expectation that, during the next two years, the management team will continue to stabilize and adhere to the formal strategic plan and revised financial policies that were adopted in fiscal 2016. We believe that operations will remain positive on a full-accrual basis, and available resource ratios will improve modestly relative to both operating expenses and debt.

Downside scenario

Although a negative rating action is unlikely, we could consider lowering the rating in the next two years if the university were to experience enrollment declines that lead to sustained below-break-even operations on a full-accrual basis or pressure on the balance sheet metrics. Additionally, we would view negatively any material issuance of new debt.

Upside scenario

We do not believe a positive rating action is likely during the two-year outlook period, but we would view positively substantial growth in available resource metrics, stable to growing enrollment, growth in the endowment, and consistent operating surpluses on a full-accrual basis around fiscal 2015 and 2016 levels.

Enterprise Profile

Industry risk

Industry risk addresses the higher education sector's overall cyclical and competitive risk and growth by applying various stress scenarios and evaluating barriers to entry, levels and trends of profitability, substitution risk, and growth trends observed in the industry. We believe the higher education sector represents a low credit risk when compared with other industries and sectors.

Economic fundamentals

In our view, the university has a mostly regional geographic draw with 73% of undergrad students from within the state. As such, our assessment of UI's economic fundamentals is anchored by the state of Idaho's gross domestic product (GDP) per capita.

Market position and demand

After declining slightly for the past three years, total headcount increased to 11,780 for fall 2016 from 11,372 in fall 2015. Management reported that freshman applications were down 10% for fall 2016 and are preliminarily trending up for fall 2017. Going forward, management anticipates applications will stabilize and slightly increase because of a new

state program instituted that automatically admits in-state graduating high school students into the public universities for which they are eligible. Additionally, management has moved responsibility of the enrollment function to the provost to ensure its ongoing prioritization.

Approximately 80% of students are undergraduates, with the majority attending classes full time. The university accepted 81% of freshman applicants in fall 2016; we believe its acceptance rate has weakened incrementally over the past couple of years from the low-60% range. Approximately 600 students transfer into UI compared to just under 1,700 incoming freshmen. Student quality is slightly above average, with an average ACT score of 23.9, and the freshman-to-sophomore retention rate is good, at 77%.

Management and governance

The responsibility for overall management and determination of university policy and standards is vested with the UI Board of Regents, whose members also comprise the Idaho State Board of Education (SBOE). The SBOE serves as the Boise State University Board of Trustees, the Board of Trustees for Idaho State University in Pocatello, the Board of Trustees for Lewis Clark State College in Lewiston, and the State Board for Professional-Technical Education and Vocational Rehabilitation. The governor appoints seven of the members of the combined boards for five-year terms. The elected state superintendent of public instruction serves ex officio as the eighth member of the combined boards for a four-year term. The UI Board of Regents is responsible for policy direction.

UI's senior management has experienced a fair amount of transition over the last three years, including the appointment of its new president, Dr. Chuck Staben, in March 2014. Since then, UI also hired a provost as well as a vice president of infrastructure in June 2015, a vice president of advancement as well as and a vice president of finance in September 2015, and a vice president of research in September 2016. We believe management has largely completed its transition and is beginning to stabilize. The management team has implemented a new strategic plan and has introduced new financial policies, which we view positively.

Budgeting practices have generally been conservative, and the university presents interim comparative quarterly financial reporting on a modified-accrual basis, including management's discussion and analysis. We consider this a best practice.

Financial Profile

Financial management policies

The financial policies assessment reflects our opinion that financial reporting and disclosure, investment allocation and liquidity, debt profile, contingent liabilities, and legal structure are relatively standard for an organization of its type and size are unlikely to negatively affect the organization's future ability to pay debt service. More specifically, there is currently no formal reserve and liquidity policy, although management's practices do not appear to have generated a significant risk to the financial profile at this time. Senior management has formalized financial management policies, specifically adopting a debt policy to reduce risks that could weaken future financial performance.

Financial performance

Historically the university's financial operations have been positive on a full-accrual basis. In fiscal 2016, after adjustments for unrealized/realized gains and losses, the university's operations improved and generated a strong full-accrual basis resulting in a surplus of \$6 million, or 1.5%. This is less than adjusted operations of \$16 million in fiscal 2015 and consistent with adjusted operations in fiscal 2014 of \$8 million and essentially break-even results in fiscal 2013 and fiscal 2012. Management reports that it expects fiscal 2017 operations may be weaker than fiscal 2015 results but will remain at a surplus on a full-accrual basis.

State appropriations, which represented about 29% of fiscal 2016 operating revenues, are one of the university's largest revenue sources. After a couple of years of cuts and holdbacks, state appropriations have been on the rise since fiscal 2012. They were up to \$121 million in fiscal 2016 from \$118 million and \$109 million for fiscal 2015 and fiscal 2014, respectively. Student tuition and fees, combined with associated auxiliaries, make up 34.4% of university revenues, and research grants account for another 18.4%. For the 2016-2017 school year, total tuition and fees were raised 3% to \$7,232 per year for resident undergraduates, a level we consider affordable.

Available resources

UI has grown its cash and investments substantially over the past couple of years as it wrapped up a major capital campaign. Cash and investments were down slightly to \$130 million for fiscal 2016 from \$154 million for fiscal 2015, but up compared to \$95 million in fiscal 2014. We view positively this improvement as well as the \$260 million raised on the campaign ending in fiscal 2015, which had an original fundraising target of \$225 million. The overall endowment was \$239 million at the end of fiscal 2016, which is on the lower side of other state flagships, in our opinion. The endowment draw remains conservative, in our opinion, at 4.4% of a rolling 12-month market value average. According to management, the university does not draw down on its endowment funds as part of planned operating expenses.

For fiscal 2016, when adjusted to include the foundation's \$7 million of unrestricted net assets, the university's available resources remained low for the rating category with approximately \$98 million in adjusted unrestricted net assets, equal to 24% of adjusted operating expenses and 52% of pro forma debt.

Debt and contingent liabilities

The university had a total of \$189 million in long-term debt at the end of fiscal 2016. All of the debt is fixed rate and secured by a pledge of all revenue of the university with the exception of general appropriations and restricted gifts and grant revenues. We consider the security pledge substantially equivalent to an unlimited student fee pledge. UI has MADS of approximately \$14.3 million in 2019, which results in a debt burden of 3.5% of adjusted fiscal 2016 operating expenses. We view the MADS debt burden as manageable.

Management does not have additional debt plans in the two-year outlook period. Current capital plans are generally dependent on fundraising. We believe that the university is at its debt capacity for the rating and growth in available resources is required to absorb any future additional debt. We will evaluate the effects of any future debt when issued.

The obligor has no contingent liability risk exposures from financial instruments with payment provisions that change upon the occurrence of certain events.

The university's retirement plan for a certain population of employees is run through the state-created Public Employee Retirement System of Idaho (PERSI). For non-PERSI eligible employees, the university offers an optional retirement plan and contributes a certain percentage of total payroll. Funding for other postemployment benefits is provided by a combination of contributions from the university, employee, and the state, and employee benefits are capped.

	Fiscal year ended June 30					Medians
	2017	2016	2015	2014	2013	Public Colleges & Universities 'A' 2015
Enrollment and demand						
Headcount	11,780	11,372	11,534	12,024	12,420	MNR
Full-time equivalent	9,456	9,430	9,657	10,020	10,105	11,127
Freshman acceptance rate (%)	80.8	72.1	67.5	64.7	65.7	74.6
Freshman matriculation rate (%)	36.7	35.5	27.6	31.5	33.0	MNR
Undergraduates as a % of total enrollment (%)	81.4	80.2	80.0	79.3	81.5	85.4
Freshman retention (%)	77.0	80.0	77.0	78.0	77.0	74.8
Graduation rates (five years) (%)	N.A.	N.A.	54.0	52.0	56.0	MNR
Income statement						
Adjusted operating revenue (\$000s)	N.A.	412,312	415,930	398,681	391,512	MNR
Adjusted operating expense (\$000s)	N.A.	406,336	399,224	390,318	390,142	MNR
Net adjusted operating income (\$000s)	N.A.	5,976	16,706	8,363	1,370	MNR
Net adjusted operating margin (%)	N.A.	1.47	4.18	2.14	0.35	-0.49
Estimated operating gain/loss before depreciation (\$000s)	N.A.	31,136	41,097	33,587	24,549	MNR
Change in unrestricted net assets (UNA; \$000s)	N.A.	8,837	(6,502)	7,904	(6,843)	MNR
State operating appropriations (\$000s)	N.A.	121,063	117,862	109,404	105,846	MNR
State appropriations to revenue (%)	N.A.	29.4	28.3	27.4	27.0	22.7
Student dependence (%)	N.A.	34.4	34.5	34.3	35.6	51.6
Health care operations dependence (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Research dependence (%)	N.A.	18.4	18.7	19.7	19.9	MNR
Endowment and investment income dependence (%)	N.A.	0.5	0.5	0.5	0.3	0.3
Debt						
Outstanding debt (\$000s)	N.A.	188,888	193,403	155,771	162,823	155,104
Proposed debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Total pro forma debt (\$000s)	N.A.	188,888	N.A.	N.A.	N.A.	MNR
Pro forma MADS	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Current debt service burden (%)	N.A.	3.08	3.18	3.72	5.44	MNR
Current MADS burden (%)	N.A.	3.51	3.57	3.86	N.A.	4.52
Pro forma MADS burden (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR

University of Idaho (cont.)

	Fiscal year ended June 30					Medians
	2017	2016	2015	2014	2013	Public Colleges & Universities 'A' 2015
Financial resource ratios						
Endowment market value (\$000s)	N.A.	239,180	238,239	239,630	N.A.	85,533
Related foundation market value (\$000s)	N.A.	275,743	277,895	282,922	243,417	182,492
Cash and investments (\$000s)	N.A.	129,775	154,421	95,446	88,660	MNR
UNA (\$000s)	N.A.	67,350	58,513	65,015	55,673	MNR
Adjusted UNA (\$000s)	N.A.	98,235	89,625	70,962	60,723	MNR
Cash and investments to operations (%)	N.A.	31.9	38.7	24.5	22.7	43.5
Cash and investments to debt (%)	N.A.	68.7	79.8	61.3	54.4	93.5
Cash and investments to pro forma debt (%)	N.A.	68.7	N.A.	N.A.	N.A.	MNR
Adjusted UNA to operations (%)	N.A.	24.2	22.4	18.2	15.9	22.2
Adjusted UNA plus debt service reserve to debt (%)	N.A.	52.0	46.3	45.6	38.1	44.1
Adjusted UNA plus debt service reserve to pro forma debt (%)	N.A.	52.0	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	16.9	16.6	15.3	15.7	13.9
OPEB liability to total liabilities (%)	N.A.	N.A.	N.A.	N.A.	0.0	MNR

N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current debt service burden = 100*(current debt service expense/adjusted operating expenses). Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term & long-term investments. Adjusted UNA = Unrestricted net assets + unrestricted net assets of the foundation. Average age of plant = accumulated depreciation/depreciation & amortization expense.

Ratings Detail (As Of June 13, 2017)

University of Idaho Regents, Idaho

University of Idaho, Idaho

University of Idaho Regents (University of Idaho) adj

Long Term Rating	A+/Stable	Affirmed
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University of Idaho Regents (University of Idaho) gen rev & rfdg bnds

Long Term Rating	A+/Stable	Affirmed
------------------	-----------	----------

University of Idaho Regents (University of Idaho) GO rev rfdg bnds (University of Idaho) ser 2015A dtd 02/12/2015 due 04/01/2017-2026

Long Term Rating	A+/Stable	Affirmed
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University of Idaho Regents (University of Idaho) adj rage gen rev bnds ser 2007A

Unenhanced Rating	A+(SPUR)/Stable	Affirmed
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Many issues are enhanced by bond insurance.

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University of Idaho
Attachment 4
Debt Service Projection

Series 2018A Bonds – Preliminary Debt Service

Maturity Date			Total
<u>April 1</u>	<u>Principal</u> ⁽¹⁾	<u>Interest</u> ⁽¹⁾	<u>Debt Service</u>
2019	\$ 40,000	\$ 1,495,667	\$ 1,535,667
2020	245,000	1,280,400	1,525,400
2021	245,000	1,270,600	1,515,600
2022	250,000	1,260,800	1,510,800
2023	250,000	1,250,800	1,500,800
2024	255,000	1,240,800	1,495,800
2025	255,000	1,230,600	1,485,600
2026	260,000	1,220,400	1,480,400
2027	1,580,000	1,210,000	2,790,000
2028	1,635,000	1,146,800	2,781,800
2029	1,685,000	1,081,400	2,766,400
2030	1,745,000	1,014,000	2,759,000
2031	1,805,000	944,200	2,749,200
2032	1,870,000	872,000	2,742,000
2033	1,935,000	797,200	2,732,200
2034	2,000,000	719,800	2,719,800
2035	2,070,000	639,800	2,709,800
2036	2,135,000	557,000	2,692,000
2037	2,205,000	471,600	2,676,600
2038	2,285,000	383,400	2,668,400
2039	2,360,000	292,000	2,652,000
2040	2,445,000	197,600	2,642,600
2041	<u>2,495,000</u>	<u>99,800</u>	<u>2,594,800</u>
Total	<u>\$ 32,050,000</u>	<u>\$ 20,676,667</u>	<u>\$ 52,726,667</u>

⁽¹⁾ Preliminary, subject to change after the pricing of the bonds.

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University of Idaho
Attachment 5 - A
Ten Year Debt Projection

Date	2007B		2010B		2010C		2011		2013A		2013B		2014		2015		2018A - Preliminary		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest ⁽¹⁾	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal ⁽²⁾	Interest ⁽²⁾	
2018	\$ 200,000	\$ 1,506,238	\$ -	\$ 496,400	\$ -	\$ 850,664	\$ 1,215,000	\$ 2,868,600	\$ 780,000	\$ 142,050	\$ 265,000	\$ 177,685	\$ 855,000	\$ 2,189,350	\$ 1,960,000	\$ 717,750	\$ -	\$ -	\$ 14,223,737
2019	-	-	-	496,400	-	850,664	1,280,000	2,804,813	820,000	103,050	270,000	173,578	895,000	2,146,600	2,055,000	619,750	40,000	1,495,667	14,050,521
2020	-	-	-	496,400	-	850,664	1,350,000	2,737,613	520,000	86,650	275,000	168,313	915,000	2,128,700	1,640,000	517,000	245,000	1,280,400	13,210,739
2021	-	-	-	496,400	-	850,664	1,420,000	2,666,738	545,000	60,650	285,000	162,318	960,000	2,082,950	1,715,000	435,000	245,000	1,270,600	13,195,319
2022	-	-	-	496,400	-	850,664	1,495,000	2,592,188	100,000	38,850	290,000	155,193	1,010,000	2,034,950	1,805,000	349,250	250,000	1,260,800	12,728,294
2023	-	-	810,000	496,400	-	850,664	1,570,000	2,513,700	85,000	35,850	300,000	147,363	1,060,000	1,984,450	1,210,000	259,000	250,000	1,250,800	12,823,227
2024	-	-	850,000	455,900	-	850,664	1,645,000	2,431,275	90,000	33,300	305,000	138,663	1,115,000	1,931,450	1,265,000	198,500	255,000	1,240,800	12,805,552
2025	-	-	890,000	413,400	-	850,664	1,730,000	2,344,913	90,000	30,600	315,000	129,208	1,165,000	1,875,700	1,320,000	135,250	255,000	1,230,600	12,775,334
2026	-	-	935,000	368,900	-	850,664	1,815,000	2,254,088	100,000	27,900	325,000	118,813	1,225,000	1,817,450	1,385,000	69,250	260,000	1,220,400	12,772,464
2027	-	-	985,000	322,150	-	850,664	1,905,000	2,158,800	100,000	24,900	335,000	107,438	1,290,000	1,756,200	-	-	1,580,000	1,210,000	12,625,152
2028	-	-	1,030,000	272,900	-	850,664	2,000,000	2,058,788	100,000	21,900	350,000	95,210	1,355,000	1,691,700	-	-	1,635,000	1,146,800	12,607,962
2029	-	-	1,085,000	221,400	-	850,664	2,100,000	1,953,788	105,000	18,900	365,000	81,910	1,420,000	1,623,950	-	-	1,685,000	1,081,400	12,592,012
2030	-	-	1,135,000	172,575	-	850,664	2,205,000	1,843,538	110,000	15,356	375,000	67,675	1,495,000	1,552,950	-	-	1,745,000	1,014,000	12,581,758
2031	-	-	1,185,000	121,500	-	850,664	2,315,000	1,727,775	110,000	11,644	390,000	52,675	1,565,000	1,478,200	-	-	1,805,000	944,200	12,556,658
2032	-	-	1,245,000	62,250	-	850,664	2,430,000	1,606,238	115,000	7,931	410,000	35,905	1,645,000	1,399,950	-	-	1,870,000	872,000	12,549,938
2033	-	-	-	-	1,120,000	850,664	2,555,000	1,478,663	120,000	4,050	425,000	18,275	1,730,000	1,317,700	-	-	1,935,000	797,200	12,351,552
2034	-	-	-	-	1,200,000	778,760	2,680,000	1,344,525	-	-	-	-	1,810,000	1,231,200	-	-	2,000,000	719,800	11,764,285
2035	-	-	-	-	1,270,000	701,720	2,815,000	1,203,825	-	-	-	-	1,885,000	1,158,800	-	-	2,070,000	639,800	11,744,145
2036	-	-	-	-	1,355,000	620,186	2,955,000	1,056,038	-	-	-	-	1,960,000	1,083,400	-	-	2,135,000	557,000	11,721,624
2037	-	-	-	-	1,445,000	533,195	3,105,000	900,900	-	-	-	-	2,060,000	980,500	-	-	2,205,000	471,600	11,701,195
2038	-	-	-	-	1,530,000	440,426	3,260,000	737,888	-	-	-	-	2,175,000	872,350	-	-	2,285,000	383,400	11,684,064
2039	-	-	-	-	1,630,000	340,670	3,425,000	566,738	-	-	-	-	2,285,000	758,163	-	-	2,360,000	292,000	11,657,570
2040	-	-	-	-	1,725,000	234,394	3,595,000	386,925	-	-	-	-	2,410,000	638,200	-	-	2,445,000	197,600	11,632,119
2041	-	-	-	-	1,870,000	121,924	3,775,000	198,188	-	-	-	-	2,500,000	541,800	-	-	2,495,000	99,800	11,601,712
2042	-	-	-	-	-	-	-	-	-	-	-	-	2,600,000	441,800	-	-	-	-	3,041,800
2043	-	-	-	-	-	-	-	-	-	-	-	-	2,705,000	337,800	-	-	-	-	3,042,800
2044	-	-	-	-	-	-	-	-	-	-	-	-	2,810,000	229,600	-	-	-	-	3,039,600
2045	-	-	-	-	-	-	-	-	-	-	-	-	2,930,000	117,200	-	-	-	-	3,047,200
Total	\$ 200,000	\$ 1,506,238	\$ 10,150,000	\$ 5,389,375	\$ 13,145,000	\$ 17,381,899	\$ 54,640,000	\$ 42,436,538	\$ 3,890,000	\$ 663,581	\$ 5,280,000	\$ 1,830,218	\$ 47,830,000	\$ 37,403,063	\$ 14,355,000	\$ 3,300,750	\$ 32,050,000	\$ 20,676,667	\$ 312,128,327

⁽¹⁾ The 2010C Bonds are Build America Bonds with an Issuer Subsidy; however, the interest represented is the total gross interest without the subsidy in this table.

⁽²⁾ Preliminary, subject to change after pricing of the bonds.

University of Idaho
Attachment 5 - B
Ten Year Debt Projection

	<u>Outstanding Principal</u>	<u>After Payment Bond Balance</u>	<u>Pay down Percentage</u>	<u>Year</u>
2018	\$ 5,275,000	\$176,265,000	2.91%	1
2019	5,360,000	170,905,000	5.86%	2
2020	4,945,000	165,960,000	8.58%	3
2021	5,170,000	160,790,000	11.43%	4
2022	4,950,000	155,840,000	14.16%	5
2023	5,285,000	150,555,000	17.07%	6
2024	5,525,000	145,030,000	20.11%	7
2025	5,765,000	139,265,000	23.29%	8
2026	6,045,000	133,220,000	26.62%	9
2027	6,195,000	127,025,000	30.03%	10
2028	6,470,000	120,555,000	33.59%	11
2029	6,760,000	113,795,000	37.32%	12
2030	7,065,000	106,730,000	41.21%	13
2031	7,370,000	99,360,000	45.27%	14
2032	7,715,000	91,645,000	49.52%	15
2033	7,885,000	83,760,000	53.86%	16
2034	7,690,000	76,070,000	58.10%	17
2035	8,040,000	68,030,000	62.53%	18
2036	8,405,000	59,625,000	67.16%	19
2037	8,815,000	50,810,000	72.01%	20
2038	9,250,000	41,560,000	77.11%	21
2039	9,700,000	31,860,000	82.45%	22
2040	10,175,000	21,685,000	88.05%	23
2041	10,640,000	11,045,000	93.92%	24
2042	2,600,000	8,445,000	95.35%	25
2043	2,705,000	5,740,000	96.84%	26
2044	2,810,000	2,930,000	98.39%	27
2045	<u>2,930,000</u>	--	100.00%	28
	<u>\$ 181,540,000</u>			

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2018

New Issue—Book Entry Only

MOODY'S RATING: _____

See "RATINGS" herein

In the opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein: (i) interest on the Series 2018A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2018A Bonds (the "Tax Code"); (ii) interest on the Series 2018A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and (iii) interest on the Series 2018A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See "TAX MATTERS-- Series 2018A Bonds."



\$ _____ *
THE REGENTS OF THE UNIVERSITY OF IDAHO
GENERAL REVENUE REFUNDING BONDS,
SERIES 2018A

Dated: Date of Delivery

Due: April 1, as shown on the inside cover

Under Article IX, Section 10 of the Constitution of the State of Idaho confirmed the Regents as the governing body for the University of Idaho (the "University"). The above captioned The Regents of the University of Idaho General Revenue Refunding Bonds, Series 2018 in the aggregate principal amount of \$ _____ * (the "Series 2018A Bonds"), will be issued by the Regents of the University pursuant to a Master Resolution adopted by the Regents of the University on November 22, 1991, as supplemented and amended, including a Supplemental Resolution adopted on December 20, 2017.

The proceeds of the Series 2018A Bonds will be used (i) to defease and redeem certain of the University's outstanding bonds (the "Defeasance Project"), and (ii) to pay costs of issuing the Series 2018A Bonds. The Series 2018A Bonds are initially issuable in book-entry form only through The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2018A Bonds. Interest on the Series 2018A Bonds is payable on each October 1 and April 1, commencing October 1, 2018. The Series 2018A Bonds are subject to optional and mandatory sinking fund redemption as described herein. The Series 2018A Bonds are payable solely from and secured solely by the Pledged Revenues, which include certain student fees, enterprise revenues and interest earnings on University funds and accounts. See "SECURITY FOR THE SERIES 2018A BONDS" herein.

THE SERIES 2018A BONDS SHALL BE EXCLUSIVELY OBLIGATIONS OF THE REGENTS, PAYABLE ONLY IN ACCORDANCE WITH THE TERMS THEREOF, AND SHALL NOT BE OBLIGATIONS, GENERAL, SPECIAL OR OTHERWISE, OF THE STATE OF IDAHO. THE SERIES 2018A BONDS SHALL NOT CONSTITUTE A DEBT—LEGAL, MORAL OR OTHERWISE—OF THE STATE OF IDAHO, AND SHALL NOT BE ENFORCEABLE AGAINST THE STATE, NOR SHALL PAYMENT THEREOF BE ENFORCEABLE OUT OF ANY FUNDS OF THE REGENTS OTHER THAN THE INCOME AND REVENUES PLEDGED AND ASSIGNED TO, OR IN TRUST FOR THE BENEFIT OF, THE HOLDERS OF THE SERIES 2018A BONDS. THE REGENTS ARE NOT AUTHORIZED TO LEVY OR COLLECT ANY TAXES OR ASSESSMENTS, OTHER THAN THE PLEDGED REVENUES DESCRIBED HEREIN, TO PAY THE SERIES 2018A BONDS. THE REGENTS HAVE NO TAXING POWER.

See Inside Cover for Maturity Schedule

The Series 2018A Bonds are offered when, as and if executed and delivered by the Regents of the University and accepted by the underwriter, subject to the approval of legality by Hawley Troxell Ennis & Hawley LLP, bond counsel, and certain other conditions. Certain matters will be passed on for the Regents and the University by its Office of General Counsel, and by Hawley Troxell Ennis & Hawley LLP, in its capacity as disclosure counsel to the University. It is expected that the Series 2018A Bonds will be available for delivery through the facilities of DTC on or about _____, 2018.*

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

THE REGENTS OF THE UNIVERSITY OF IDAHO

\$ _____ *

GENERAL REVENUE REFUNDING BONDS,

SERIES 2018A

DUE	PRINCIPAL AMOUNT \$	INTEREST RATE %	YIELD %	CUSIP No.**
4/1/2019				
4/1/2020				
4/1/2021				
4/1/2022				
4/1/2023				
4/1/2024				
4/1/2025				
4/1/2026				
4/1/2027				
4/1/2028				
4/1/2029				
4/1/2030				
4/1/2031				
4/1/2032				
4/1/2033				
4/1/2034				
4/1/2035				
4/1/2036				
4/1/2037				
4/1/2038				
4/1/2039				
4/1/2040				
4/1/2041				

* Preliminary; subject to change.

** The CUSIP numbers herein are provided by CUSIP Global Services. These numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided herein for the convenience of reference only. CUSIP numbers are subject to change. CUSIP numbers are assigned by CUSIP Global Services. The Regents take no responsibility for the accuracy of such CUSIP numbers.

THE REGENTS OF THE UNIVERSITY OF IDAHO

AND

STATE BOARD OF EDUCATION

Linda Clark, President Debbie Critchfield, Vice President

David Hill, Secretary Emma Atchley

Don Soltman Andrew Scoggin

Sherri Ybarra Richard Westerberg

Matt Freeman—Executive Director

UNIVERSITY OFFICIALS

Chuck Staben — President
John Wienczek —Provost and Executive Vice President
Brian Foisy — Vice President for Finance
Janet Nelson — Vice President of Research and Economic Development
Mary Kay McFadden — Vice President for University Advancement
Kent E. Nelson — University Counsel
Dan Ewart — Vice President for Infrastructure

BOND AND DISCLOSURE COUNSEL

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877 Main Street, Suite 1000
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Phone: (208) 344-6000
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TRUSTEE, PAYING AND ESCROW AGENT

Wells Fargo Bank, N.A.
Attn: Bondholder Communications –
MAC N9300-070
600 S. 4th Street, Floor 07
Minneapolis, MN 55415-1526
Phone: 1-800-344-5128
Fax: 612-667-6282

MUNICIPAL ADVISOR

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OFFICIAL NOTICE OF SALE

§ _____ *

The Regents of the University of Idaho
General Revenue Refunding Bonds, Series 2018

NOTICE IS HEREBY GIVEN that electronic bids will be received by the Regents of the University of Idaho (the "University"), for purchase of the above described bonds (the "Series 2018A Bonds") at

_____ a.m. Pacific Time on _____, 2018.

or such other day or time and under such other terms and conditions as may be established by the University and communicated as described under "Modification; Cancellation; Postponement."

The Series 2018A Bonds will be sold on an all-or-none basis.

Bids must be submitted electronically as described herein.

Bids must be submitted electronically via the Qualified Electronic Bid Provider in accordance with this Official Notice of Sale. The University has designated PARITY® as the Qualified Electronic Bid Provider for purposes of receiving electronic bids for the Series 2018A Bonds. Electronic bids will be received via PARITY® until the time and date of sale, and no bid will be accepted after that time. For further information about PARITY® including any fees charged, potential bidders may contact PARITY® at (212) 849-5021. By designating a bidding service as a Qualified Electronic Bid Provider, the University does not endorse the use of such bidding service. See "BIDDING INFORMATION AND AWARD - Submission of Bids" below.

All bids properly received will be considered and acted on by the University no later than 12:00 p.m. Pacific Time on the sale date, pursuant to a delegation of authority adopted by the Board of Trustees of the University. Bidders are referred to the Preliminary Official Statement for additional information regarding the University, the Series 2018A Bonds, the security therefor, and other matters.

Modification; Cancellation; Postponement

Bidders are advised that the University may modify the terms of this Official Notice of Sale prior to the time set for the receipt of bids. Any such modifications will be provided to the Qualified Electronic Bid Provider and i-Deal Prospectus on or prior to the time bids are due. In addition, the University may cancel or postpone the date and time for the receipt of bids for the Series 2018A Bonds at any time prior to the time bids are due. Notice of such cancellation or postponement will be communicated to the Qualified Electronic Bid Provider and i-Deal Prospectus as soon as practical following such cancellation or postponement. If a postponement occurs, bids will be received at the time and in the manner the University will determine. As an accommodation to bidders, telephonic, or electronic notice of any amendment or modification of

this Official Notice of sale will be given to any bidder requesting such notice from the University’s Municipal Advisor, PFM Financial Advisors LLC, telephone: (612) 371-3753 or e-mail at: caspersonh@pfm.com. Failure of any bidder to receive such notice by telephone, the Qualified Electronic Bid Provider or i-Deal Prospectus will not affect the legality of the sale.

Each bidder (and not the University or its Municipal Advisor) is responsible for the timely delivery of its bid. The official time will be determined by the University and not by any bidder or Qualified Electronic Bid Provider.

Description of the Series 2018A Bonds

Bond Details. Each Bond will be dated its date of initial delivery. The Series 2018A Bonds will bear interest payable semiannually on each April 1 and October 1, beginning October 1, 2018, to maturity or earlier redemption. Principal will be payable on the dates and in the amounts shown below, except as may be adjusted as described herein.

Due		Due	
<u>Apr. 1</u>	<u>Amount⁽¹⁾</u>	<u>Apr. 1</u>	<u>Amount⁽¹⁾</u>

()Preliminary; subject to adjustment by the University as provided in this Official Notice of Sale. These amounts will represent serial maturities unless term bonds are specified, by the successful bidder, as described in the Official Notice of Sale, in which case these amounts will represent mandatory redemption amounts of term bonds. See “Redemption Provisions – Mandatory Redemption” below.*

Adjustment of Principal Amount of Series 2018A Bonds After Determination of Best Proposal

Bidders are advised that the University may increase or decrease the total principal amount and/or the amounts of individual maturities of Series 2018A Bonds stated in this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus) prior to the bidding. If such changes are made, they will be reflected in the Official Bid Form to be made available through the Qualified Electronic Bid Provider.

The dollar amount of the purchase price proposed by the successful proposer will be changed if the aggregate principal amount of the Series 2018A Bonds is adjusted as described above. Generally any premium offered or discount taken will be increased or reduced by a percentage

equal to the percentage by which the principal amount of the Series 2018A Bonds is increased or reduced; provided that the University's Municipal Advisor will make every effort to ensure that the net compensation to the successful proposer as a percentage of the adjusted par amount does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule above.

Redemption Provisions

Optional Redemption. The Series 2018A Bonds maturing on or before April 1, 2028, are not subject to redemption prior to their stated maturity dates. The Series 2018A Bonds maturing on or after April 1, 2029, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the University), on any date on or after April 1, 2028, at a price of par plus accrued interest, if any, to the date fixed for redemption.

Term Bond Option. Proposals for the Series 2018A Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

Purpose of the Series 2018A Bonds

Proceeds of the Series 2018A Bonds will be used to pay the costs of (i) defeasing and redeeming certain of the University's outstanding bonds; and (ii) paying the costs of issuance of the Series 2018A Bonds.

Security for the Series 2018A Bonds

The Series 2018A Bonds are secured by Pledged Revenues and money in the Bond Fund on parity with the other Bonds. Pledged Revenues include (i) Student Fees; (ii) revenues generated through operations of auxiliary enterprises and revenues generated incidentally to the conduct of instruction, research and public service activities ("*Sales and Service Revenues*"); (iii) revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University (the "*F&A Recovery Revenues*"); (iv) various revenues generated from miscellaneous sources, including fines and rent and lease revenues (the "*Other Operating Revenues*"); (v) unrestricted income generated on investments of moneys in all funds and accounts of the University (the "*Investment Income*"), (vi) interest subsidy payments received by the University from the United States Treasury pursuant to Section 6431 of the code or other similar programs ("*Direct Payments*") to be made in connection with the University's Taxable Series 2010B Bonds, which are "Build America Bonds" (vii) proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, except as otherwise provided in the Resolution or a supplemental resolution; and (viii) other revenues the Board shall designate as Pledged Revenues, but excluding State appropriations and "Restricted Fund Revenues," which consist of revenues that the University is obligated to spend in accordance with restrictions imposed by external third parties, such as revenues from grants, contracts, gifts and scholarships.

The Series 2018A Bonds are limited obligations of the Regents and do not constitute a debt or liability of the State of Idaho, its Legislature, or any of its political subdivisions or agencies other than the Regents to the extent herein described. The Regents are not authorized to levy or collect

any taxes or assessments other than the fees described herein to pay the Series 2018A Bonds. The Regents have no taxing power. See “SECURITY AND SOURCES OF PAYMENT FOR THE Series 2018A Bonds.”

Registration and Book-Entry Transfer System

The Series 2018A Bonds will be issued as fully registered bonds and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as the initial securities depository for the Series 2018A Bonds. Individual purchases and sales of the Series 2018A Bonds will be made in book-entry form only in minimum denomination of \$5,000 or integral multiples thereof within a maturity (“Authorized Denominations”). Purchasers (“Beneficial Owners”) will not receive physical certificates representing their interests in the Series 2018A Bonds. So long as Cede & Co. is the Registered Owner of the Series 2018A Bonds, as nominee for DTC, references to the Registered Owners herein will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the Series 2018A Bonds. See “APPENDIX G – BOOK-ENTRY TRANSFER SYSTEM” in the Preliminary Official Statement for the Series 2018A Bonds.

BIDDING INFORMATION AND AWARD

Submission of Bids

Bids for the Series 2018A Bonds are to be submitted electronically via the Qualified Electronic Bid Provider.

Hard copy bids will not be accepted. By submitting a bid for the Series 2018A Bonds, such bidder thereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Sale with respect to the Series 2018A Bonds conflicts with information or terms provided or required by the Qualified Electronic Bid Provider, this Official Notice of Sale, including any amendments issued through the Qualified Electronic Bid Provider and i-Deal Prospectus, shall control.
- (ii) Is solely responsible for making necessary arrangements to access the Qualified Electronic Bid Provider for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus).
- (iii) The University has no duty or obligation to provide or assure access to the Qualified Electronic Bid Provider to any bidder, and the University shall not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use or attempted use of the Qualified Electronic Bid Provider or any incomplete, inaccurate or untimely bid submitted by any bidder through the Qualified Electronic Bid Provider.

- (iv) The University is permitting the use of the Qualified Electronic Bid Provider as a communication mechanism, and not as the University's agent, to conduct the electronic bidding for the Series 2018A Bonds. The Qualified Electronic Bid Provider is acting as an independent contractor, and is not acting for or on behalf of the University.
- (v) The University is not responsible for ensuring or verifying bidder compliance with any Qualified Electronic Bid Provider procedures. If a bid is accepted by the University, this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus) and the information that is submitted electronically through the Qualified Electronic Bid Provider shall form a contract, and the bidder shall be bound by the terms of such contract.
- (vi) Information provided by the Qualified Electronic Bid Provider to bidders shall form no part of any bid or of any contract between the successful bidder and the University unless that information is included in this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus).

Bid Details and Parameters

Form of Bids. Bids for the Series 2018A Bonds must be unconditional, and for not less than the entire offering of the Series 2018A Bonds. By submitting a bid, each bidder agrees to all of the terms and conditions of this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus). Bids must be submitted electronically via the Qualified Electronic Bid Provider. Bids may not be withdrawn or revised after the time that bids are due.

Interest Rates Bid. Bids may specify any number of interest rates in multiples of one-eighth of one percent ($1/8$ of 1 percent) or one-hundredth of one percent ($1/100$ of 1 percent). All Series 2018A Bonds of the same maturity must bear interest at the same rate and no Bond shall bear interest at more than one rate. No rate of interest may exceed 5.0 percent. In addition, the Series 2018A Bonds subject to optional redemption (those maturing in the years 2029 through 2041) may not bear an interest rate lower than 4.00%.

Premium and Discount. No bid will be considered for a price that is less than 100 percent of the par value of the Series 2018A Bonds. Each maturity must be reoffered at a yield that will produce a price of not less than 100 percent of the principal amount for that maturity. For purposes of the preceding sentences, "price" means the price as calculated using the lesser of the yield to the redemption date, if any, or the yield to the maturity date.

Good Faith Deposit

The successful bidder for the Series 2018A Bonds shall deliver a good faith deposit in the amount of \$ _____ to the Bursar of the University. The good faith deposit must be paid by federal funds wire transfer delivered no later than two hours following the successful bidder's receipt of the verbal award. Wiring instructions will be provided to the successful bidder at the time of the verbal award. The good faith deposit will be retained by the University as security

for the performance of the successful bidder and shall be applied to the purchase price of the Series 2018A Bonds upon delivery of the Series 2018A Bonds to the successful bidder. Pending delivery of the Series 2018A Bonds, the good faith deposit may be invested for the sole benefit of the University. If the Series 2018A Bonds are ready for delivery and the successful bidder fails or neglects to complete the purchase within 30 days following acceptance of its bid, the good faith deposit shall be retained by the University as reasonable liquidated damages, and not as a penalty.

Such retention will constitute a full release and discharge of all claims by the University against the successful bidder and, in that event, the University may call for additional proposals. The University's actual damages may be higher or lower than the amount of such good faith deposit. Such amount constitutes a good faith estimate of the University's actual damages. Each bidder waives the right to claim that actual damages arising from such default are less than such amount.

Selection of the Successful Bidder

The bids for the Series 2018A Bonds will be considered by the University at the date and time set for sale. The Series 2018A Bonds will be sold to the bidder submitting a bid in conformance with this Official Notice of Sale that produces the lowest true interest cost to the University, based on the bid price, the interest rates specified in the bid and the principal amounts identified in this Official Notice of Sale. The true interest cost will be the rate necessary, on a 30/360 basis and semiannual compounding, to discount the debt service payments from the payment dates to the date of the Series 2018A Bonds and to the price bid. The true interest cost calculations will be performed by the University's Municipal Advisor, and the University will base its determination of the best bid solely on such calculations.

The successful bidder for the Series 2018A Bonds will be bound to purchase the Series 2018A Bonds in the principal amount, at such price, and with such interest rates as are specified in its bid, unless there is an adjustment in the principal amounts of the Series 2018A Bonds, in which case the successful bidder shall be bound to purchase the Series 2018A Bonds in the adjusted principal amounts at the revised bid amount, as described above under the heading "Adjustment of Principal Amount of Series 2018A Bonds and Bid Price for the Series 2018A Bonds."

The University reserves the right to reject any or all bids and to waive any irregularity in any bid or the bidding process. If all bids are rejected, then the Series 2018A Bonds may be sold in any manner provided by law. Any bid presented after the time specified for receipt of the bids will not be accepted, and any bid not backed by the required good faith deposit will not be considered. The successful bid shall remain in effect until 5:00 p.m., Pacific Time, on the date set for the receipt of bids.

Bond Insurance; Rating

Bond Insurance. The purchase of any insurance policy for the Series 2018A Bonds or the issuance of any commitment therefor will be at the sole option and expense of the successful bidder for such Series 2018A Bonds. Bids may not be conditioned upon qualification for or the receipt of municipal bond insurance. Any increased costs of issuance of the Series 2018A Bonds resulting from such purchase of insurance will be paid by the successful bidder for the Series 2018A Bonds and will not, in any event, be paid by the University. Payment of any bond insurance premium and satisfaction of any conditions to the issuance of the municipal bond insurance policy will be the sole responsibility of the successful bidder. In particular, the University will not provide any opinions or enter into any agreements with respect to the provisions of any such policy. Failure of any municipal bond insurer to issue or deliver its policy will not in any way relieve the successful bidder of its contractual obligations arising from acceptance of its proposal for the purchase of the Series 2018A Bonds.

The successful bidder must provide the University with the municipal bond insurance commitment and information with respect to the municipal bond insurance policy and the insurance provider within two business days following the award of the bid by the University. The University will require delivery, on or prior to the date of initial delivery of the Series 2018A Bonds, of:

- (i) a certificate from the insurance provider regarding the accuracy and completeness of the information provided for inclusion in the Official Statement,
- (ii) an opinion of counsel to the insurance provider regarding the validity and enforceability of the municipal bond insurance policy, and
- (iii) a certificate with respect to certain tax matters,

each in a form reasonably satisfactory to the University and its Bond Counsel.

Rating. The University has received a rating from Moody's Investor Service as shown on the cover of the Preliminary Official Statement. The University will pay the fees for the rating. Any other ratings are the responsibility of the successful bidder. See "OTHER BOND INFORMATION - Rating" in the Preliminary Official Statement.

Delivery of Series 2018A Bonds

The Series 2018A Bonds will be delivered to the Registrar on behalf of DTC by Fast Automated Securities Transfer, less payment of the purchase price to the University in immediately available federal funds, less the amount of the applicable good faith deposit. Closing shall occur within 30 days after the sale date.

If, prior to delivery of the Series 2018A Bonds, the interest receivable by the owners of such Series 2018A Bonds becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Preliminary Official Statement, the successful bidder, at its option, may be relieved of its obligation to purchase the Series 2018A Bonds and, in that case, the good faith deposit accompanying its bid will be returned without interest.

The Series 2018A Bonds will be delivered in “book-entry only” form in accordance with the letter of representations from the University to DTC. As of the date of the award of the Series 2018A Bonds, each successful bidder must either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in DTC. The University will furnish to the successful bidder one CD-ROM transcript of proceedings; additional transcripts will be furnished at the successful bidder’s cost.

Establishment of Issue Price at Time of Award

In order to establish the issue price of the Series 2018A Bonds for federal income tax purposes, the University requires proposers to agree to the following, and by submitting a proposal, each proposer agrees to the following.

If a proposal is submitted by a potential underwriter, the proposer confirms that (i) the underwriters have offered or reasonably expect to offer the Series 2018A Bonds to the public on or before the date of the award at the offering price (the “initial offering price”) for each maturity as set forth in the proposal and (ii) the proposer, if it is the winning proposer (the “Purchaser”), shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Series 2018A Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Series 2018A Bonds with a separate CUSIP number constitute a separate “maturity,” and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the proposer’s own account in a capacity other than as an underwriter of the Series 2018A Bonds, and the proposer has no current intention to sell, reoffer, or otherwise dispose of the Series 2018A Bonds, the proposer shall notify the University to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

By submitting a proposal, each Proposer certifies that it is an Underwriter and that it has an established industry reputation for underwriting new issuances of municipal bonds.

If the Purchaser intends to act as an underwriter, the University shall advise the Purchaser at or prior to the time of award whether (i) the competitive sale rule or (ii) the “hold-the-offering price” rule applies.

If the University advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the University at or prior to closing a certification, substantially in the form attached hereto as Exhibit A, as to the reasonably expected initial offering price as of the award date.

If the University advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the “hold-the-offering price” rule applies, the Purchaser shall (1) upon the request of the University confirm that the underwriters did not offer or sell any maturity of the Series 2018A Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth

business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the University a certification substantially in the form attached hereto as Exhibit A, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the University pursuant hereto may be taken or received on behalf of the University by PFM Financial Advisors LLC, the University's Municipal Advisor.

Proposers should prepare their proposals on the assumption that the Series 2018A Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series 2018A Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2018A Bonds; however, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2018A Bonds. The University will obtain CUSIP numbers. The charge of the CUSIP Service Bureau shall be paid by the successful bidder; however, all expenses for printing CUSIP numbers on the Series 2018A Bonds shall be paid for by the University.

Bond Counsel Opinion

The University will furnish to the purchaser of the Series 2018A Bonds, the bond counsel opinion of Hawley Troxell Ennis & Hawley LLP, Bond Counsel, in substantially the form attached to the Preliminary Official Statement in APPENDIX F.

Continuing Disclosure

The University will enter into an undertaking for the benefit of the owners of the Series 2018A Bonds to provide certain financial information and operating data and notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of paragraph (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The University has not failed in the past five years to perform any obligation with respect to any existing undertaking to provide continuing disclosure under the Rule, except as described in the Preliminary Official Statement under the heading "Continuing Disclosure." See "CONTINUING DISCLOSURE" in the Preliminary Official Statement.

Closing Documents

As a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2018A Bonds, the University will furnish a certificate of an official or officials of the University stating that to the best knowledge of such official(s), as of the date of the Official Statement and as of the date of delivery of the Series 2018A Bonds,

- (i) the information (including financial information) regarding the University contained in the Official Statement was, as of its date, and is, as of the date of closing, true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and
- (ii) the descriptions and statements, including financial data, of or pertaining to entities other than the University and their activities contained in the Official Statement have been obtained from sources that the University believes to be reliable and the University has no reason to believe that they are untrue in any material respect (however, the University will make no representation regarding Bond Counsel's form of opinion or the information provided by or obtained from DTC or any entity providing bond insurance or other credit facility).

A no-litigation certificate will also be included in the closing documents for the Series 2018A Bonds.

Official Statement

The Preliminary Official Statement is in a form deemed final by the University for the purpose of Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement, which the University will deliver to the successful bidder, at the University's expense, not later than seven business days after the University's acceptance of the successful bidder's proposal, in sufficient quantities to permit the successful bidder to comply with Rule 15c2-12. The successful bidder shall file, or cause to be filed, the final Official Statement with the Municipal Securities Rulemaking Board ("MSRB") within one business day following the receipt of the Official Statement from the University.

The successful bidder also agrees:

- (i) to provide to the University, in writing, promptly after the acceptance of the bid, pricing and other related information, including initial reoffering prices of the Series 2018A Bonds, necessary for completion of the final Official Statement;
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the University, and
- (iii) to take any and all actions necessary to comply with applicable SEC and MSRB rules governing the offering, sale and delivery of the Series 2018A Bonds to ultimate purchasers, including without limitation, the delivery of a final Official Statement to each investor who purchases Series 2018A Bonds.

Additional Information

Additional information may be obtained from the University's Municipal Advisor, PFM Financial Advisors LLC, Inc. (by telephone: (612) 371-3753; or by e-mail: caspersonh@pfm.com); the Preliminary Official Statement may be obtained from i-Deal Prospectus, a service of i-Deal LLC, at www.i-dealprospectus.com, telephone (212) 849-5021. In addition, the Preliminary Official Statement may be obtained upon request to the University's Municipal Advisor.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By: /s/ Brian Foisy _____

Vice President for Finance

EXHIBIT ACompetitive Sale – Three Bids ReceivedPurchaser's Certificate:

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____ (the "Purchaser"), as representative of the underwriters for the "_____" (the "Bonds");

1. We acknowledge receipt of the Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in [Instrument providing principal amount and interest rate] _____ of the _____ (the "Issuer") on _____, and the instruments described therein, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the sale date at the prices shown [on the [inside] cover page of the Official Statement for the Bonds][in Exhibit 1]. Those prices are the reasonably expected initial offering prices of each maturity of the Bonds to the public which were used by the Purchaser in formulating its bid to purchase the Bonds. For this purpose:

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party.

"Sale date" means the date the Purchaser's bid for the Bonds was accepted on behalf of the Issuer.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

If a yield is shown on the [inside] cover page for any maturity, "price" herein means the dollar price that produces that yield.

3. The underwriter was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the underwriter constituted a firm bid to purchase the Bonds.

5. The Issuer and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of _____, 2017.

_____, as Representative of the Underwriters

By: _____

Title: _____

Exhibit 1

(Offering Prices of Bonds)

10% each maturity soldExhibit B
Purchaser's Certificate:

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____ (the "Purchaser"), as representative of the underwriters for the " _____ " (the "Bonds");

1. We acknowledge receipt of the Bonds in the aggregate principal amount of \$ _____, bearing interest and maturing as provided in the _____ [Instrument providing principal amount and interest rate] of the _____ (the "Issuer") on _____, and the instruments described therein, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the sale date at the initial public offering prices shown on the inside cover page of the Official Statement for the Bonds, a copy of which page is attached as **Exhibit 1** hereto. Those prices are the prices at which the Bonds were initially offered to the public on or before the sale date. A copy of the pricing wire or similar documentation supporting this certification is attached as **Exhibit 2**. For the purposes of this certificate:

"public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party.

"sale date" means the date the Purchaser's offer to purchase the Bonds in the Bond Purchase Agreement between the Issuer and Purchaser was accepted on behalf of the Issuer.

"underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

"substantial amount" is 10% or more of each maturity.

If a yield is shown on the inside cover page for any maturity, "price" herein means the dollar price that produces that yield.

3. With respect to the Bonds maturing on _____ and _____, the first price at which a substantial amount of such Bonds were sold to the public is the price shown on Exhibit 1 attached hereto.

4. With respect to the remaining maturities of the Bonds, as set forth in Exhibit 1 hereto, the underwriter[s] [has][have] agreed in writing that, for each such maturity of the Bonds, [it][they] would neither offer nor sell any of the Bonds of such maturity to any person at a price that is higher than the initial public offering price for such maturity during the period starting on the sale date and ending on the earlier of (i) the close of the fifth business day after the sale date or (ii) the date on which the underwriter[s] [has][have] sold a substantial amount of such maturity of the Bonds to the public at a price that is no higher than the initial public offering price for such maturity.

[No underwriter has][The underwriter has not] offered or sold any such remaining maturity of the Bonds at a price that is higher than the respective initial public offering price for that maturity of the Bonds during the offering period applicable to that maturity described in the preceding sentence.

5. *[Add reserve fund, bond insurance, 8038 information representation if needed]*

6. The Issuer and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate."

DATED as of _____, 2017.

_____, as Representative of the Underwriters

By: _____

Title: _____

GENERAL INFORMATION

No dealer, broker, salesperson or other person has been authorized by the Board (as hereafter defined), the Regents, the University, the Municipal Advisor or the successful bidder to give any information or to make any representations with respect to the Series 2018A Bonds, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Board, the University or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2018A Bonds, nor shall there be any sale of the Series 2018A Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

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

The yields/prices at which the Series 2018A Bonds are offered to the public may vary from the initial reoffering yields on the inside front cover page of this OFFICIAL STATEMENT. In addition, the successful bidder may allow concessions or discounts from the initial offering prices of the Series 2018A Bonds to dealers and others. In connection with the offering of the Series 2018A Bonds, the successful bidder may engage in transactions that stabilize, maintain, or otherwise affect the price of the Series 2018A Bonds. Such transactions may include overallotments in connection with the purchase of Series 2018A Bonds, the purchase of Series 2018A Bonds to stabilize their market price and the purchase of Series 2018A Bonds to cover the successful bidder's short positions. Such transactions, if commenced, may be discontinued at any time.

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

The Preliminary Official Statement has been "deemed final" by the University, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Preliminary Official Statement under said Rule 15c2-12.

PRELIMINARY OFFICIAL STATEMENT

THE REGENTS OF THE UNIVERSITY OF IDAHO

\$ _____ *

**GENERAL REVENUE REFUNDING BONDS,
SERIES 2018**

INTRODUCTION

GENERAL

This Official Statement, including the cover page, the inside cover page and the information contained in the Appendices hereto, is furnished in connection with the offering of the \$ _____ * The Regents of the University of Idaho General Revenue Refunding Bonds, Series 2018 (the "*Series 2018A Bonds*").

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

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

THE REGENTS AND THE UNIVERSITY OF IDAHO

A comprehensive land-grant institution, the University of Idaho (the "University") is the State of Idaho's (the "State") oldest institution of higher learning. Its main campus is located in Moscow, Idaho. With an enrollment of approximately 12,072 full and part-time students, the University has been charged with primary responsibility in the State for advanced research and graduate education. The University was established in Moscow in 1889 by the Territorial Legislature, and provisions of the University's Charter as a territorial university are incorporated into the Idaho State Constitution. Policy direction of the University is vested in the Regents of the University of Idaho (the "Regents"), whose members also serve as the Idaho State Board of Education (the "Board"). See "THE UNIVERSITY," "HISTORICAL PLEDGED REVENUES," "FINANCIAL OPERATIONS OF THE UNIVERSITY" and the audited financial statements of the University in Appendix A for financial and other information as to the University and the Regents.

Certain references herein to the "Regents" shall be deemed to refer to the University or other appropriate authority pursuant to the Act and other applicable laws, as appropriate.

AUTHORIZATION FOR AND PURPOSE OF THE SERIES 2018A BONDS

The Series 2018A Bonds are being issued pursuant to and in compliance with Title 33, Chapter 38, Idaho Code, as amended, and Title 57, Chapter 5, Idaho Code, as amended, and a resolution adopted by the Regents on November 22, 1991, as previously supplemented and amended (the “*Master Resolution*”), and as further supplemented by a resolution adopted by the Regents on December 20, 2017 authorizing the issuance of the Series 2018A Bonds (collectively with the Master Resolution, the “*Resolution*”).

Pursuant to the Master Resolution, the Board has previously authorized the issuance of various series of General Revenue Bonds (the “*Outstanding Bonds*”), which as of January 1, 2018, were outstanding in the principal amount of \$183,725,000 (including the Defeased Bonds, as defined herein). The Series 2018A Bonds, the Outstanding Bonds, and any Additional Bonds hereafter issued under the Resolution are referred to herein as the “Bonds” or the “General Revenue Bonds.” See “DEBT SERVICE REQUIREMENTS” and “FINANCIAL INFORMATION REGARDING THE UNIVERSITY—Outstanding Debt.”

The proceeds of the Series 2018A Bonds will be used (i) to defease and redeem certain of the University’s Outstanding Bonds (the “*Defeasance Project*”) and (ii) to pay costs of issuing the Series 2018A Bonds. See “SOURCES AND USES OF FUNDS” herein.

SECURITY FOR THE SERIES 2018A BONDS

The Series 2018A Bonds are secured by Pledged Revenues and money in the Bond Fund on parity with the other Bonds. Pledged Revenues include (i) Student Fees; (ii) all revenues generated through operations of auxiliary enterprises and revenues generated incidentally to the conduct of instruction, research and public service activities (“*Sales and Service Revenues*”); (iii) revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University (the “*F&A Recovery Revenues*”); (iv) various revenues generated from miscellaneous sources, including fines and rent and lease revenues (the “*Other Operating Revenues*”); (v) income generated on investments of moneys in all unrestricted funds and accounts of the University (the “*Investment Income*”), (vi) interest subsidy payments received by the University from the United States Treasury pursuant to Section 6431 of the code or other similar programs (“*Direct Payments*”) to be made in connection with the University's Taxable Series 2010B Bonds which are “Build America Bonds”; (vii) proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, except as otherwise provided in the Resolution or a supplemental resolution; and (viii) other revenues the Board shall designate as Pledged Revenues, but excluding State appropriations and Restricted Fund Revenues.

Under the Resolution, the University has covenanted to establish and maintain Pledged Revenues sufficient, together with other Pledged Revenues available or to be available in the Debt Service Account to pay debt service for the Fiscal Year, to produce Revenues Available for debt service in each Fiscal Year equal to not less than 100% of debt service on the Bonds Outstanding for each such Fiscal Year. See “SECURITY FOR THE SERIES 2018A BONDS—Rate Covenant.”

ADDITIONAL BONDS

The University has reserved the right in the Resolution to issue Additional Bonds payable from and secured by the Pledged Revenues on parity with the Series 2018A Bonds, and its other parity Outstanding Bonds, subject to the satisfaction of certain conditions contained in the Resolution. See “SECURITY FOR THE SERIES 2018A BONDS—Additional Bonds.”

TAX MATTERS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein: (i) interest on the Series 2018A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2018A Bonds (the “*Tax Code*”); (ii) interest on the Series 2018A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and (iii) interest on the Series 2018A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See “TAX MATTERS—Series 2018A Bonds.”

THE SERIES 2018A BONDS

DESCRIPTION OF THE SERIES 2018A BONDS

The Series 2018A Bonds will be dated their date of original issuance and delivery and will mature on April 1 of the years and in the amounts as set forth on the inside cover page of this Official Statement.

The Series 2018A Bonds shall bear interest from their date at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2018A Bonds is payable on April 1 and October 1 of each year, beginning October 1, 2018. Interest on the Series 2018A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Wells Fargo Bank, N.A., is the trustee and paying agent for the Series 2018A Bonds (the “Trustee”).

The Series 2018A Bonds will be issued as fully-registered bonds, initially in book-entry form only, in denominations of \$5,000 or any integral multiple thereof.

BOOK-ENTRY SYSTEM

The Depository Trust Company, New York, New York (“DTC”), will act as initial securities depository for the Series 2018A Bonds. The ownership of one fully registered 2018 Bond for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede and Co., as nominee for DTC. For so long as the Series 2018A Bonds remain in a “book-entry only” transfer system, the Trustee will make payments of principal and interest only to DTC, which in turn is obligated to remit such payments to its participants for subsequent disbursement to Beneficial Owners of the Series 2018A Bonds. *See APPENDIX G for additional information. As indicated therein, certain information in APPENDIX G has been provided by DTC. The University makes no representation as to the accuracy or completeness of the information in*

APPENDIX G provided by DTC. Purchasers of the Series 2018A Bonds should confirm this information with DTC or its participants.

REDEMPTION AND OPEN MARKET PURCHASE

Optional Redemption. The Series 2018A Bonds maturing on or after April 1, _____ are subject to redemption at the election of the University at any time on or after _____, in whole or in part, from such maturities as may be selected by the University. Such optional redemption of the Series 2018A Bonds shall be at a price of 100% of the principal amount of the Series 2018A Bonds to be so redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2018A Bonds maturing on April 1, _____ are subject to mandatory sinking fund redemption prior to their stated maturity, at a price of 100% of the principal amount of the Series 2018A Bonds to be so redeemed, plus accrued interest to the date fixed for redemption, on April 1 of the years, and in the amounts, shown below:

APRIL 1 OF THE YEAR	MANDATORY REDEMPTION AMOUNT
	\$

*

[†] Stated Maturity.

Notice of Redemption. The Resolution requires the Trustee to give notice of any redemption of the Series 2018A Bonds not less than 35 days nor more than 60 days prior to the redemption date, by first class mail, postage prepaid, addressed to the registered owners of such Series 2018A Bonds to be redeemed at the addresses appearing on the registry books kept by the Trustee. With respect to any notice of optional redemption of Series 2018A Bonds, unless upon the giving of such notice such Series 2018A Bonds shall be deemed to have been paid within the meaning of the Resolution, such notice may state that the redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the redemption price of and interest on the Series 2018A Bonds to be redeemed, and that if such money shall not have been so received, the notice shall be of no force and effect and the University shall not be required to redeem such Series 2018A Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption will not be made and the Trustee will promptly thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

Selection for Redemption. If less than all Series 2018A Bonds are to be redeemed, the particular maturities of such Series 2018A Bonds to be redeemed and the principal amounts of such maturities to be redeemed shall be selected by the University. If less than all of any

maturity of the Series 2018A Bonds is to be redeemed, the Series 2018A Bonds to be redeemed will be selected by lot. If less than all of a 2018 Bond that is subject to mandatory sinking fund redemption is to be redeemed, the redemption price shall be applied to such mandatory sinking fund installments as the University shall direct.

Effect of Redemption. When called for redemption as described above, the Series 2018A Bonds will cease to accrue interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and such Series 2018A Bonds will not be deemed to be Outstanding as of such redemption date.

Open Market Purchase. The University has reserved the right to purchase the Series 2018A Bonds on the open market at a price equal to or less than par. In the event the University purchases the Series 2018A Bonds at a price (exclusive of accrued interest) of less than the principal amount thereof, the Series 2018A Bonds so purchased are to be credited at the par amount thereof against the debt service requirement next becoming due. In the event the University purchases term Series 2018A Bonds at a price (exclusive of accrued interest) of less than the principal amount thereof, the term Series 2018A Bonds so purchases are to be credited against the Mandatory Redemption Amounts next becoming due. All Series 2018A Bonds so purchased are to be cancelled.

SECURITY FOR THE SERIES 2018A BONDS

GENERAL

The Series 2018A Bonds are secured by Pledged Revenues and money in the Bond Fund on parity with all Bonds previously issued and all Additional Bonds that may be issued under the Resolution. Pledged Revenues include:

- (i) Student Fees;
- (ii) Sales and Services Revenues;
- (iii) F&A Recovery Revenues;
- (iv) Other Operating Revenues;
- (v) Investment Income;
- (vi) Direct Payments to be made in connection with the University's Taxable Series 2010B Bonds which are "Build America Bonds"
- (vii) Proceeds from the sale of a Series of Bonds and moneys and investment earnings thereon, except as otherwise provided in the Resolution or a supplemental resolution.
- (viii) Such other revenues as the Board shall designate as Pledged Revenues, but excluding State appropriations and Restricted Fund Revenues.

For a description of the sources and components of the Pledged Revenues, see "PLEGGED REVENUES" below. For the amounts of Pledged Revenues in recent years, see "HISTORICAL REVENUES AVAILABLE FOR DEBT SERVICE" below.

Pledged Revenues do not include State appropriations, which by law cannot be pledged. Pledged Revenues also exclude Restricted Fund Revenues, including restricted gift and grant revenues. See "FINANCIAL INFORMATION REGARDING THE UNIVERSITY" AND "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

PLEGGED REVENUES

Student Fees. The Regents have the exclusive ability to establish and collect tuition charges and student fees for resident and non-resident, graduate and professional students attending the University. Tuition and student fee charges are not subject to a referendum by students or approval by any other governmental entity. The Regents have established a policy that the University may not request more than a 10% annual increase in the total full-time tuition and student fees unless otherwise authorized by the Regents. The Regents' established policy is to announce and conduct a public hearing on the modification of any fees, which has traditionally occurred annually, with fee adjustments effective for the subsequent fall term each year. The Regents increased fees by 3.5% at the April 2017 Regents' meeting, and the increase became effective in the Fall of 2017. There is no prohibition, however, which would preclude the Regents from adjusting fees (for collection beginning with the next academic year) at any time.

For the Fiscal Year ending June 30, 2015, total annual tuition and student fees assessed against full-time undergraduate students were \$6,784 (Idaho residents) and \$20,314 (non-Idaho residents), with the total revenues derived from such tuition and student fees equal to \$89,409,083. For the Fiscal Year ending June 30, 2016, total annual tuition and student fees assessed against full-time undergraduate students were \$7,020 (Idaho residents) and \$21,024 (non-Idaho residents), with the total revenues derived from such tuition and student fees equal to \$87,620,004. For the Fiscal Year ended June 30, 2017, the total annual tuition and student fees assessed against full-time undergraduate students were \$7,232 (Idaho residents) and \$22,040 (non-Idaho residents), with total revenues derived from such tuition and student fees equal to \$86,340,857. On April 19, 2017, the SBOE approved annual tuition and student fees for full-time undergraduate students that became effective in the Fall of 2017 in the total amount of \$7,488 (Idaho residents) and \$23,812 (non-Idaho residents). Student Fee revenues have declined over the past three years despite total enrollment increases since 2015 due to a small decrease in the proportion of on-campus, full-time students.

See "APPENDIX B — SCHEDULE OF STUDENT FEES" for a list of Student Fees assessed for Fiscal Year 2018.

Sales and Services Revenues. Sales and Services Revenues include pledged revenues generated through operations of auxiliary enterprises and revenues generated incidentally to the conduct of instruction, research and public service activities. The majority of these revenues are generated through auxiliaries including the housing and student union operations, bookstore sales, parking charges, ticket and event sales, recreation center activity charges, and other miscellaneous operations. See "THE UNIVERSITY" for a description of the University's

primary revenue generating facilities. Examples of revenues generated incidentally to education are unrestricted revenues generated by the University's testing and training services, labs, sales of scientific materials, sales of miscellaneous services or products, and sales of agriculture and forest products and publications.

Sales and Services Revenues pledged for the Fiscal Years ended June 30, 2015, June 30, 2016 and June 30, 2017 were \$43,880,779, \$42,708,156 and \$42,503,972, respectively. Sales and Services Revenues are driven predominantly by student-related revenues and therefore generally parallel increases or decreases in full-time, on-campus student enrollment. Sales and Service Revenues have thus shown slight declines over the last three years, despite higher overall enrollment numbers, due to a slightly lower proportion of full-time, on-campus students.

See "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

Facilities and Administrative Recovery Revenues. A portion of funds received each year for University activity sponsored by the private sector, the State or the federal government ("Sponsored Activity") is provided to pay the direct costs of the Sponsored Activity, such as salaries for scientists and material and labor used to perform research projects. F&A Recovery Revenues make up the balance granted and are used to pay facilities administrative costs, which encompass spending by the University on items such as facilities maintenance and renewal, heating and cooling, libraries, the salaries of departmental and central office staff, and other general administration costs associated with sponsored project activity. Unlike the revenues for direct costs of Sponsored Activity, F&A Recovery Revenues are not restricted and are available as Pledged Revenues. F&A Recovery Revenues for Fiscal Years ended June 30, 2015, June 30, 2016, and June 30, 2017 were \$10,100,673, \$10,792,832 and \$11,416,369, respectively.

Other Operating Revenues. The University receives other miscellaneous revenues in the course of its operations. Examples of pledged revenues counted in Other Operating Revenues include fines and lease and rental revenues. In the Fiscal Years ended June 30, 2015, June 30, 2016 and June 30, 2017, the University generated Other Operating Revenues in the amounts of \$3,181,741, \$6,174,889 and \$4,821,065, respectively. See "Appendix A— Audited Financial Statements Of The University For The Fiscal Years Ended June 30, 2017 and 2016" and "FINANCIAL INFORMATION REGARDING THE UNIVERSITY." Because Other Operating Revenues are comprised of a wide variety of smaller revenue sources, such revenue can vary significantly from year-to-year; the substantial increase in Other Operating Revenues for Fiscal Year 2016 related primarily to receipt of a one-time award.

Investment Income. Investment Income, which includes all of the University's unrestricted investment income, is pledged to repayment of the Series 2015A Bonds and other Bonds issued under the Resolution. The amount of Investment Income pledged to the Bonds will not match the amount of investment income shown in the University's audited financial statements which includes restricted investment income.

For the Fiscal Years ended June 30, 2015, June 30, 2016 and June 30, 2017, pledged Investment Income earned by the University was \$2,154,153, \$2,419,244 and \$2,637,513, respectively. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

HISTORICAL PLEDGED REVENUES

The following table shows the Pledged Revenues available for debt service for Fiscal Years 2013 through 2017. As described under "DEBT SERVICE REQUIREMENTS," the University estimates that the maximum annual debt service on the Bonds upon the issuance of the Series 2018A Bonds will be approximately \$14 million.*

	2013	2014	2015	2016	2017
Student Fees	\$82,657,650	\$83,361,394	\$89,409,083	\$87,620,004	\$86,340,857
Sales and Services Revenues	45,689,284	42,861,392	43,880,779	42,708,156	42,503,972
Other Operating Revenues	2,983,307	4,200,739	3,181,741	6,174,889	4,821,065
Investment Income	1,218,954	1,832,991	2,154,153	2,419,244	2,637,513
F&A Recovery Revenues	10,408,306	9,815,977	10,100,673	10,792,832	11,416,369
Direct Payments for Series 2010B Bonds	<u>297,732</u>	<u>274,063</u>	<u>276,147</u>	<u>297,732</u>	<u>297,732</u>
 PLEGGED REVENUES AVAILABLE FOR DEBT SERVICE	 <u>\$145,255,233</u>	 <u>\$142,346,556</u>	 <u>\$156,067,146</u>	 <u>\$150,012,857</u>	 <u>\$148,17,508</u>

* Preliminary, subject to change.

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FLOW OF FUNDS

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

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

RATE COVENANT

Under the Resolution, the University has covenanted to establish and maintain Pledged Revenues sufficient, together with other revenues available or to be available in the Debt Service Account, to pay debt service on Bonds Outstanding for each Fiscal Year.

ADDITIONAL BONDS

Additional Bonds, Generally. The amount of Additional Bonds that may be issued under the Resolution is not limited by law or by the Resolution, provided the requirements below are satisfied. In order to issue Additional Bonds for the purpose of financing Projects, the University must receive Board approval and must also satisfy certain conditions, including, but not limited to, the filing with the Trustee of:

- (i) A copy of the supplemental resolution authorizing the Additional Bonds;
- (ii) A Written Certificate of the University to the effect that, upon the delivery of the Additional Bonds, the University will not be in default in the performance of any of the covenants, conditions, agreements, terms, or provisions of the Resolution or any supplemental resolution with respect to any Outstanding Bonds; and
 - (i) A Written Certificate of the University showing that Estimated Pledged Revenues (assuming completion of the proposed project on its then estimated completion date) will equal at least 100% of the debt service on all Outstanding Bonds and any Additional Bonds proposed to be issued for each Fiscal Year of the University during which any Bonds will be Outstanding following the estimated completion date of the project being financed by the Additional Bonds, if interest during construction of the project being financed by the Additional Bonds is capitalized, or (2) the University's current Fiscal Year and any succeeding Fiscal Year during which any Bonds issued will be Outstanding, if interest during construction of the project being financed by the Additional Bonds is not capitalized (a "*Coverage Certificate*"). See "APPENDIX D- SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION-Additional Bonds."

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

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

NO DEBT SERVICE RESERVE

There is no debt service reserve requirement with respect to the Series 2018A Bonds or the Outstanding Bonds.

DEFEASANCE PROJECT

The Regents of the University of Idaho Adjustable Rate General Revenue Bonds, Series 2007B (the “*Series 2007B Bonds*”) are subject to mandatory tender for purchase on or near April 1, 2018 (the “*Tender Date*”) in accordance with the terms of the 2007 Supplemental Resolution. The Regents have decided not to convert the Series 2007B Bonds (the maturities of such bonds subject to interest rate mode conversion or mandatory tender being referred to herein as the “*Defeased Bonds*”) to a new interest rate period. Accordingly, the Regents will give notice of intent to purchase the Defeased Bonds at the purchase price upon mandatory tender on the Tender Date. The proceeds from the sale of the Series 2018A Bonds are being issued to provide funds which, together with other available funds, if any, will be sufficient to purchase and redeem the Defeased Bonds.

A portion of the proceeds of the Series 2018A Bonds will be irrevocably deposited in an escrow account (the “*Escrow Account*”) to be held by Wells Fargo Bank, N.A., as escrow agent (the “*Escrow Agent*”), to purchase the Defeased Bonds. Such amount will be used to provide cash and purchase direct obligations of the United States, if any, that are sufficient to pay the interest on the Defeased Bonds as the same falls due and the purchase price of, and accrued interest on, the Defeased Bonds on the date the Defeased Bonds are to be redeemed. See “*SOURCES AND USES OF FUNDS.*”

The proceeds of the Series 2018A Bonds will be escrowed as described above and used to purchase and redeem the Defeased Bonds on the Tender Date. The 2018 maturity of the Series 2007B Bonds is not subject to mandatory tender and will be paid at maturity. Details of the Defeased Bonds are as follows:

<u>MATURITY DATE (APRIL 1)</u>	<u>PRINCIPAL AMOUNT</u>	<u>CUSIP 914318</u>	<u>TENDER DATE (APRIL 1)</u>	<u>INTEREST RATE</u>	<u>PURCHASE PRICE</u>
2041	17,100,000	A67	2018	4.50	100%
2041	17,135,000	A91	2018	4.25	100%

Certain mathematical computations will be required regarding the sufficiency of the escrow established to pay the Defeased Bonds in full on the redemption date. See "ESCROW VERIFICATION" below.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series 2018A Bonds are estimated to be as follows:

SOURCES:

Aggregate Principal Amount of Series 2018A Bonds	\$ _____
Original Issue Premium	_____
TOTAL	\$ _____

USES:

Escrow Fund to Defeas the Defeased Bonds.....	\$ _____
Costs of Issuance*	_____
TOTAL	\$ _____

* Includes legal, rating agency, trustee, paying and escrow agent, and verification agent fees and Underwriter's discount.

DEBT SERVICE REQUIREMENTS

The following table shows the debt service requirements for the Series 2018A Bonds.

FISCAL YEAR END 6/30	OUTSTANDING BONDS ⁽¹⁾⁽²⁾	SERIES 2018A BONDS ^(*)		TOTAL
		PRINCIPAL	INTEREST	
2018	14,223,737			
2019	12,514,854			
2020	11,685,339			
2021	11,679,719			
2022	11,217,494			
2023	11,322,427			
2024	11,309,752			
2025	11,289,734			
2026	11,292,064			
2027	9,835,152			
2028	9,826,162			
2029	9,825,612			
2030	9,822,758			
2031	9,807,458			
2032	9,807,938			
2033	9,619,352			
2034	9,044,485			
2035	9,034,345			
2036	9,029,624			
2037	9,024,595			
2038	9,015,664			
2039	9,005,570			
2040	8,989,519			
2041	9,006,912			
2042	3,041,800			
2043	3,042,800			
2044	3,039,600			
2045	3,047,200			
TOTAL ⁽²⁾	\$259,401,660	\$_____	\$_____	\$_____

*Preliminary, subject to change.

(1) Does not reflect the debt service on the Defeased Bonds.

(2) Outstanding Bonds include the 2010B Bonds, which are Build America Bonds. Interest reflected is on a gross basis.

(3) Totals will vary from other representations of outstanding indebtedness due to exclusion of Defeased Bonds and inclusion of anticipated Series 2018A Bonds.

THE UNIVERSITY

Student body representation at the University is from every state in the United States and approximately 80 foreign countries. The University alumni population exceeds 100,000. The University's main campus is located in Moscow, Idaho, a community of approximately 23,800 people in the northern portion of the State, about one-mile east of the Washington border and approximately 80 miles south of Coeur d'Alene, Idaho.

University property includes approximately 11,700 acres and 315 buildings, of which 1,585 acres and 250 buildings are located at its main campus in Moscow. The University operates twelve research centers and institutes and six demonstration and training farms with a total acreage of about 1,000 acres used by forestry and agricultural students. The University owns and actively manages 8,160 acres of forest lands, a wilderness field research station in Idaho's primitive area, and ten research and extension centers in agricultural areas throughout Idaho. The University also operates a Research Park in Post Falls and Resident Instructional Centers in Boise, Coeur d'Alene and Idaho Falls. The University's McCall Outdoor Science School ("MOSS") is located on the McCall Field Campus and borders Payette Lake and Ponderosa State Park. MOSS offers a one-of-a-kind learning experience for Idaho youth, graduate students, teachers and the local community, and was funded with proceeds of the University's Taxable Series 2013B Bonds. The University utilized proceeds of its Series 2014 Bonds to finance construction of a new facility on the Moscow campus referred to as the Integrated Research and Innovation Center ("IRIC"), completed and opened in January 2017. Proceeds of the Series 2014 Bonds were also used by the University to fund, in part, a renovation of the College of Education Building on the Moscow campus, completed in July 2016.

The University's academic structure includes ten degree-granting colleges: the Colleges of Agricultural and Life Science; Art and Architecture; Business and Economics; Education, Health and Human Sciences; Engineering; Graduate Studies; Law; Letters, Arts and Social Sciences; Natural Resources; and Science. In addition to degree programs in each of these colleges, the University includes a College of Graduate Studies and offers medical training for students in association with the University of Washington, School of Medicine. The University has several cooperative programs with Washington State University (located in Pullman, Washington, eight miles from Moscow), including a joint veterinary medical program. The University has an optional officer education program, leading to a regular or reserve commission in the U.S. Army, Navy, Marines or Air Force.

UNIVERSITY GOVERNANCE AND ADMINISTRATION

The responsibility for overall management and determination of University policy and standards is vested with the Regent, which also serves as the Idaho State Board of Education, the Board for Boise State University in Boise, the Board of Trustees for Idaho State University in Pocatello, the Board of Trustees for Lewis Clark State College in Lewiston, and the State Board for Professional Technical Education and Vocational Rehabilitation. The Board also oversees aspects of the College of Western Idaho in Boise and North Idaho College in Coeur d'Alene, in concert with the respective Boards of these two institutions. The Governor appoints seven of the members to the Board for five year terms. The membership, terms and occupations of the

current board members are listed below. The elected State Superintendent of Public Instruction serves *ex officio* as the eighth member of the Board for a four-year term.

**BOARD OF TRUSTEES OF THE REGENTS OF THE UNIVERSITY OF IDAHO
AND STATE BOARD OF EDUCATION**

NAME	RESIDENCE	OCCUPATION	TERM EXPIRES
Linda Clark (President)	Meridian	Retired Superintendent	2020
Debbie Critchfield (Vice President)	Oakley	Community Education Leader	2020
David Hill (Secretary)	Boise	Retired Deputy Director at ID National Laboratory	2018
Emma Atchley	Ashton	Community Leader	2020
Andrew Scoggin	Boise	Executive VP for Albertsons Companies	2021
Don Soltman	Twin Lakes	Retired Hospital Executive	2019
Richard Westerberg	Preston	Retired Officer of PacifiCorp	2019
Sherri Ybarra *	Mountain Home	Superintendent of Public Instruction	Elected

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

The State Board of Education has an approximately 27 member, full time professional staff headed by Matt Freeman, Executive Director. His appointment became effective in 2015.

University Officers. The affairs of the University are managed by the President of the University and the staff. The President is appointed by, reports to, and serves at the pleasure of the Regents. Following is a brief biographical resume of President Staben and his executive staff at a Vice President level:

Chuck Staben – President. Dr. Staben took office as the 18th president of the University Idaho March 1, 2014. Dr. Staben served as Provost and Vice President for Academic Affairs at the University of South Dakota from August 2008 to February 2014. Prior to his service at South Dakota, he served as the Associate Vice President for Research at the University of Kentucky from 2005 to 2009 and was a professor of biology from 1989 to 2008. Previously Dr. Staben was a postdoctoral researcher at Stanford University from 1987 to 1989 and at Chiron Research Laboratories from 1985 to 1986. He has served on National Science Foundation and National Institutes of Health grant review panels and recently served on a National Research Council committee that reviewed the Experimental Program to Stimulate Competitive Research and the Institutional Development Award programs for the U.S. Senate. Dr. Staben received a B.S. degree from the University of Illinois, Champaign-Urbana, and a Ph.D. in Biochemistry from the University of California, Berkeley.

John Wiencek – Provost and Executive Vice President. John Wiencek joined the University of Idaho as Provost and Executive Vice President on June 1, 2015. He serves as the University's Chief Academic Officer, directly responsible for the general direction of all academic programs, endeavors and instructional services on the Moscow campus, as well as the university's statewide academic, outreach and research initiatives. Mr. Wiencek came to the University from Virginia Commonwealth University, where he served as Interim Provost and Vice President of Academic Affairs, and Senior Vice Provost and Professor in the Chemical and Life Science Engineering Department. Mr. Wiencek earned a bachelor's degree in chemical

engineering at the University of Cincinnati. He earned a master's degree in chemical engineering from Case Western Reserve University before completing a chemical engineering doctoral degree from that same institution.

Brian Foisy – Vice President for Finance. Brian Foisy assumed his position at the University as Vice President for Finance on August 31, 2015. He previously served as Vice President for Administration and Finance at Minot State University in Minot, North Dakota. Prior to that, he served as the Vice President for Finance and Administrative Services at Utah College of Applied Technology. Mr. Foisy received a bachelor's degree and Master of Accountancy from Southern Utah University.

Janet Nelson – Vice President for Research and Economic Development. Janet Nelson was appointed the Vice President for Research and Economic Development in September 2016. Before joining the University, she most recently served as Associate Vice Chancellor for Research Development at the University of Tennessee, Knoxville. Ms. Nelson has a doctorate in chemistry from the California Institute of Technology in Pasadena, California, and over 30 years of experience in scientific research, scientific review and research portfolio administration, complex and multi-disciplinary program/project management, business development science policy implementation and academic administration.

Mary Kay McFadden – Vice President for University Advancement. Mary Kay McFadden rejoined the University in September 2015 after beginning her career at the University in 1980. Prior to returning to the University, Ms. McFadden served as Vice President of Development, Family and Alumni Relations at Olin College of Engineering in Needham, Massachusetts, and most recently worked at Seattle University as the Vice President for University Advancement. Ms. McFadden earned a bachelor's degree in communications from the University and an Executive MBA from Seattle University.

Dan Ewart – Vice President for Infrastructure and Chief Information Officer. Mr. Ewart assumed his position in April 2015. His experience prior to the University includes ten years at the University of Wyoming as Director of Information Services and eight years in private industry. Mr. Ewart received a bachelor's of science degree in management information systems and a Masters of Public Administration, both from the University of Wyoming.

Kent E. Nelson – General Counsel. Mr. Nelson was appointed as University Counsel to the University on September 17, 2006. Prior to his appointment he served from June 1998 to September 2006 as the Senior Deputy Attorney General in the Contracts and Administrative Law Division of the Idaho Attorney General, where he served as special projects counsel to the Idaho Board of Land Commissioners and as general counsel to various state agencies including the State Board of Education and Board of Regents of the University of Idaho. From September 1984 to June 1998 he was in general civil practice in Boise, Idaho with emphasis in real estate, transactions, creditors rights and civil litigation. Mr. Nelson received a bachelor's degree in accounting from the University of Idaho in 1980 and a Juris Doctor in law from the University of Idaho College of Law in 1984.

CERTAIN UNIVERSITY FACILITIES

Facilities Generating Sales and Service Revenue. The University's housing and student union facilities (the revenues from which constitute auxiliary enterprise revenues pledged as part of the Pledged Revenues) currently include (i) 11 residence hall buildings containing dormitory style student living; (ii) three apartment complexes, providing housing for upper class students and students with families; and (iii) the Idaho Commons Building (the "Commons"). Revenues from the University's parking facilities also constitute auxiliary enterprise revenues pledged as part of the Pledged Revenues.

University Residence Halls. The 11 University residence hall buildings can accommodate up to 2,127 students. The University's residence halls offer a variety of amenities including: (i) computer labs and in-room wireless high-speed internet; (ii) recreational and lounge space; (iii) laundry facilities; (iv) kitchen areas; and (v) academic/study space. Over the past five Fiscal Years ending June 30, 2017, the average fall occupancy rate for the University's residence halls was 88%, and the occupancy rate for Fall 2017 was 88%.

University Apartments. Currently, the University has three apartment complexes, which provide 226 apartments ranging in size from one-bedroom to four bedrooms available for occupancy by students and their families. Amenities available at University apartment complexes include: (i) high-speed wireless internet connections; (ii) in-apartment laundry hook-ups; (iii) play areas; and (iv) a community center. The average fall occupancy rate for the University's apartments over the past five Fiscal Years ending June 30, 2017, was 91%, and the occupancy rate for Fall 2017 was 88%.

Idaho Commons Building. Completed in 2000, the Idaho Commons Building is designed to be the center of campus life and provide programs, amenities, and services to enhance the educational experience of University students. The Commons is a multi-use facility with approximately 100,000 square feet. The facility houses offices for student government, other student organizations, conference rooms with state of the art technology, and academic support services. In addition, the Commons has an information desk, food court, coffee shop, convenience store, credit union, copy center, art gallery, computer kiosks, ATMs and administrative offices. The facilities infrastructure includes high-speed LAN and video data capabilities, public lounges, wireless network, computer checkout, and flat screen monitors to provide information about building and campus activities.

Parking Facilities. Currently, the University operates and maintains 99 surface parking lots with a total of approximately 6,000 parking spaces. The University has a comprehensive parking plan to ensure that the parking system is financially self-supporting.

Spectator and Recreation Facilities. The University's spectator and recreation facilities (the revenues from which constitute Auxiliary Enterprise revenues pledged as part of the Pledged Revenues) include the Kibbie Dome, the Memorial Gym, the Recreation Center, the Dan O'Brien Track Complex, and the University Golf Course. Following is a brief description of these facilities.

Kibbie Dome. The Associated Students of University of Idaho Kibbie Dome (the “Kibbie Dome”) was originally constructed in 1972 and is North Idaho's largest athletic spectator facility. It is used for intercollegiate home football games, women’s soccer games, basketball games, indoor track and field events, as well as high school football playoffs, the Lionel Hampton Jazz Festival, concerts, sport camps, conferences, classes, intramurals, student club activities, and University commencements. In 1984, the "East End" offices and locker rooms were added to the Kibbie Dome. In April 2004, the University completed another expansion of the Kibbie Dome to add the "Vandal Athletic Center. The expansion included a new 7,000 square foot weight room, recreational and varsity locker rooms, an aquatic exercise pool, and a new foyer. In 2007 major improvements were carried out in the training room along with completion of team meeting rooms. In 2010 and 2011, the end walls were replaced with state-of-the-art translucent panels as part of a major “life safety” project to bring the building up to current code requirements. In conjunction with the end-wall replacement and fire-safety measures, expanded premium seating, suites and loge boxes were added and the press box was completely rebuilt. A new large video scoreboard was added in 2013. Finally in the summer of 2017 the portable artificial turf system was replaced allowing both football and women’s soccer to use the Kibbie Dome floor.

Memorial Gym. The Memorial Gymnasium, constructed in 1928, is the oldest athletic building on campus. The building serves as one of the University's indoor sports and entertainment complexes. In addition to hosting varsity volleyball and basketball, the Memorial Gym is used for concerts, community events, state gymnastics meets, regional basketball tournaments, intramural activities and physical education classes, and houses a gymnasium, multi-purpose room, combative room, locker rooms, and various offices.

The Recreation Center. The Student Recreation Center was completed in 2002. It is approximately 85,500 square feet in size, and includes more than 7,200 square feet of open recreational space, two regulation-size basketball courts, a multipurpose gymnasium, a large aerobics/cardiovascular multipurpose workout space, a running track, a climbing wall, a child care center, a first-aid and athletic training area, classroom and activity spaces, a cafeteria, and space for rental of recreational equipment.

Dan O'Brien Track Complex. The Dan O'Brien Track, named in 1996 for University alumnus and 1996 Olympic Decathlon Gold Medalist Dan O'Brien, was constructed in 1969 and renovated in 2012, and serves as the University's outdoor varsity, academic and recreational track facility. It consists of a 400-meter, 8-lane track, a long jump area, a throwing area, a high jump area, a pole vault area, coaches' offices, and spectator facilities that accommodate approximately 1,000 spectators.

University Golf Course. The University owns and operates an 18-hole golf course on the University's Moscow campus. The course is open to the public approximately eight months each year and provides lessons, cart and club rentals, and a retail pro shop.

STUDENT BODY

The University admits first-year students who graduate from regionally accredited high schools with an overall grade point average (“*GPA*”) of at least 3.0 and who complete a defined set of core high school classes. First-year students with less than a 3.0 high school grade point average must also meet minimum ACT or SAT scores. Transfer students are admitted based on the cumulative grade point average earned in all college-level courses attempted after high school graduation, with a minimum GPA of 2.00 being required. Some programs require a higher transfer GPA for admission. Home schooled students, graduates of non-accredited high schools, or students not meeting the admission criteria are considered by the University’s Admissions Committee.

Approximately 74% of the University’s Fall 2017 student body are residents of the State. The tables on the following page set out certain statistics concerning the University’s enrollment for the Fall semesters of the years indicated.

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ENROLLMENT AND GRADUATION STATISTICS
(Fall Semester)

	2013	2014	2015	2016	2017
Students					
Full-Time Equivalents (FTE)	10,020	9,795	9,384	9,420	9,430
Head Count	12,024	11,702	11,371	11,780	12,072
Undergraduate Students	Academic Head Count				
Full-time:					
Residents	5,751	5,553	5,341	5,316	5,306
Non-residents	<u>2,260</u>	<u>2,271</u>	<u>2,059</u>	<u>1,953</u>	<u>1,860</u>
Subtotal	8,011	7,824	7,400	7,269	7,166
Part-time:					
Residents	1,328	1,327	1,468	2,122	2,486
Non-residents	<u>201</u>	<u>237</u>	<u>248</u>	<u>195</u>	<u>233</u>
Subtotal	1,529	1,564	1,716	2,317	2,719
Graduate Students					
Full-time:					
Residents	614	629	623	632	608
Non-residents	<u>762</u>	<u>661</u>	<u>668</u>	<u>679</u>	<u>734</u>
Subtotal	1,376	1,290	1,291	1,311	1,342
Part-time:					
Residents	674	592	535	509	510
Non-residents	<u>434</u>	<u>432</u>	<u>429</u>	<u>374</u>	<u>335</u>
Subtotal	1,108	1,024	964	883	845
Total Undergraduate	9,540	9,388	9,116	9,586	9,885
Total Graduate Students	<u>2,484</u>	<u>2,314</u>	<u>2,255</u>	<u>2,194</u>	<u>2,187</u>
Grand Total	<u>12,024</u>	<u>11,702</u>	<u>11,371</u>	<u>11,780</u>	<u>12,072</u>
Freshmen Students	Freshman Class Statistics				
Applying	7,994	8,515	6,212	5,953	7,807
Accepted	5,173	5,746	4,476	4,518	5,180
Enrolled	1,630	1,590	1,588	1,660	1,538
Resident	1,190	1,146	1,160	1,235	1,160
Average ACT Score	23.0	23.6	23.6	23.9	23.2
Average SAT Score	1,045	1,051	1,058	1,053	1,121
Average High School GPA	3.40	3.41	3.40	3.41	3.41
Percentage graduating in the top 25% of their high school class	42%	45%	42%	44%	42%

EMPLOYEES

As of October 2017, the University had approximately 4,667 full-and part-time employees. Faculty and staff include 998 faculty and other academic appointments, 1,656 professional and classified staff, and 488 temporary employees. The University also employed 1,380 students. The University is not a party to any collective bargaining agreement, although

there are employee associations that bring salary issues and other concerns to the attention of the University. The University considers relations with its employees to be good.

EMPLOYEE RETIREMENT BENEFITS [HTEH TO UPDATE WHEN NEW CAFR RELEASED IN DECEMBER]

All benefit eligible employees, which consist of employees who work 20 or more hours per week for five consecutive months, must enroll in one of two retirement plans—the State’s Public Employees’ Retirement System of Idaho (“*PERSI*”) or the Optional Retirement Program (“*ORP*”), which is a plan offered to faculty and non-classified staff effective 1990 and thereafter.

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

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“*PERSI Base Plan*”), the Firefighters’ Retirement Fund (“*FRF*”), and the Judges’ Retirement Fund (“*JRF*”), of which, *PERSI* assumed administration effective July 1, 2014; two defined contribution plans, the Public Employee Retirement Fund Choice Plans 414(k) and 401(k); and two Sick Leave Insurance Reserve Trust Funds, one for State employers and one for school district employers.

PERSI membership is mandatory for eligible employees of participating employers. Employees must be: (i) working 20 hours per week or more; (ii) teachers working a half-time contract or greater; or (iii) persons who are elected or appointed officials. Membership is mandatory for State agency and local school district employees, and membership by contract is permitted for participating political subdivisions such as cities and counties. During Fiscal Year 2016, *PERSI* grew to 68,517 active members, 31,862 inactive members (of whom 12,251 are entitled to vested benefits), and 44,181 annuitants. As of July 1, 2016, there were 775 participating employers in the *PERSI Base Plan*. Total membership in *PERSI* was 144,560.

Annual actuarial valuations for *PERSI* are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for *PERSI* since *PERSI*’s inception. The net position for all pension and other funds administered by *PERSI* decreased \$40.6 million during Fiscal Year 2016 compared to an increase of \$262 million during the Fiscal Year 2015. The decrease in the defined benefit plans reflects the total of contributions received and an investment return less than benefits paid and administrative expenses. Net investment income for all of the funds administered by *PERSI* for the Fiscal Years ended June 30, 2016 and 2015 was \$228 million and \$417 million, respectively.

As of June 30, 2016 the funding ratio (actuarial value of assets divided by actuarial accrued liability) for the PERSI Base Plan was 86.3%, which is a decrease from the funding ratio of 90.4% as of June 30, 2015. The higher the funding ratio, the better the plan is funded. The amortization period (estimated time to payoff unfunded liability) for PERSI's Base Plan as of June 30, 2016 increased from the previous Fiscal Year's 17.4 years to 36.6 years, which is in excess of the 25 year maximum allowed by statute. The actuarial funding ratio for the PERSI Base Plan decreased from 2015 primarily because investment performance was less than the actuarial expected rate. The amortization period increased for the same reason.

As a result of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, the PERSI Board, at its October 18, 2016 meeting, approved a total contribution rate increase of 1% scheduled to take effect July 1, 2018. The contribution rates for the year ended June 30, 2016 follow:

Contribution Rates for PERSI Base Plan

	<u>Member</u>	<u>Employer</u>
Contribution Rates:	6.79%	11.32%

Source: *Financial Statements June 30, 2016 Public Employee Retirement System of Idaho*

The next major PERSI experience study, to be completed in 2018, will cover the period July 1, 2013 through June 30, 2017.

The University's required and paid contributions to PERSI for Fiscal Years 2016 and 2017 were \$5,917,860 and \$6,507,425, respectively. Contribution requirements of PERSI and its members are established by the PERSI Board within limitations, as defined by state law.

Beginning in Fiscal Year 2015, the University became required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of PERSI due to the implementation of GASB 68. The University recorded a net pension liability as of June 30, 2017 of \$36,275,764 representing its proportionate share of liability under PERSI.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at, www.persi.idaho.gov (which website is provided purely for convenience and is not incorporated or made a part of this Official Statement by this reference). Much of the information in this section comes from the PERSI Financial Statements, June 30, 2016, and therefore the information is from a source not within the University's control.

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

Contribution requirements for ORP are based on a percentage of total payroll. The University's contribution rate for Fiscal Years 2015 and 2016 was 9.35%.

For Fiscal Years 2015, 2016 and 2017, the University's required and paid contributions to ORP were \$8,234,075, \$8,514,402, and \$9,324,242 respectively. The employee contribution rate for Fiscal Years 2014 through 2016 is 6.97% of covered payroll. These employer and employee contributions, in addition to earnings from investments, fund ORP benefits. The University has no additional obligation to fund ORP benefits once it makes the required contributions at the applicable rate. The University has made all contributions that it is required to make to ORP to date.

For additional information concerning the University's pension benefits, see Note 12 of "Appendix A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

OPEB. The University participates in a single-employer defined benefit post-employment benefit plan relating to a self-insured medical and dental plan for retired employees. This plan is administered through a trust established by the University and not part of any other State of Idaho plan(s). The University also provides fully-insured group-term life insurance for eligible retirees. The University has funded annually actuarially-determined amounts for these projected OPEB obligations, and has accumulated monies in an irrevocable trust toward the settlement of these future obligations. For additional information concerning post-retirement benefits other than pensions, see Note 13 of "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

INSURANCE

The University maintains liability, property, and employee fidelity insurance in amounts deemed adequate by University officials. The University has a full-time risk management staff that administers insurance coverage and claims, and reviews the adequacy of such policies and verifies the University's compliance with insurance requirements imposed by agreements, such as the Resolution. As of June 30, 2017, the total insured replacement value of the University's buildings, contents and improvements was approximately \$1,895,364,000.

The University began self-funding its medical and dental programs for active employee and retiree health starting July 1, 2005. Self-funding is a financial arrangement in which medical claims are administered by a third-party administrator, but paid directly from University funds instead of by an insurer. The financial risk of the self-funding arrangement is managed through the creation of a financial reserve established by the University to fund unexpected claims and incurred-but-not-reported claims in the event that the self-funding arrangement is ever terminated. In addition, the University's financial exposure for unexpected claims are limited through the purchase of reinsurance (stop-loss coverage) for both individual and aggregate claim liability. When comparing self-funded cost to a fully insured program, the University estimates an approximate savings of \$1 million per year in cost under the self-funded health arrangement.

The University continues to take a proactive approach managing its health plans, including offering a High Deductible Health Plan with an HSA, expanding their coverage for

wellness related services, and working with an employee advisory group to address needs and concerns of University employees.

FINANCIAL INFORMATION REGARDING THE UNIVERSITY

The principal sources of University revenues are direct appropriation of State revenues by the State legislature (the "Legislature"), Student Fees, federal government appropriations, grants and contracts, gifts to the University, F&A Recovery Revenues, Investment Income, Sales and Services Revenues, and Other Operating Revenues. Of these revenue sources, Student Fees, Investment Income, Sales and Services Revenues, F&A Recovery Revenues, and Other Operating Revenues are included in Pledged Revenues. The following describes revenue sources that are not included in Pledged Revenues, as well as certain Pledged Revenues. See "SECURITY FOR THE SERIES 2018A BONDS."

STATE APPROPRIATIONS

Legislatively-approved State appropriations represent approximately 32% of the University's total annual revenues for Fiscal Year 2017. Such revenues are not included as Pledged Revenues. The Legislature meets beginning in January of each calendar year and sets budgets and appropriations for all agencies and departments of State government for the fiscal year beginning the following July 1. The Legislature may also make adjustments to budgets and appropriations for the fiscal year during which the Legislature is meeting.

If, in the course of a fiscal year, the Governor determines that the expenditures authorized by the Legislature for the current fiscal year exceed anticipated revenues expected to be available to meet those expenditures, the Governor, by executive order, may reduce ("*Holdback*") the spending authority on file in the office of the Division of Financial Management for any department, agency or institution of the State, or request a reversion ("*Reversion*") of appropriations back to the State to balance the State budget. There have been no Holdbacks or Reversions since Fiscal Year 2010; the University does not anticipate a Holdback or Reversion during Fiscal Year 2018. Although State appropriations are not included in Pledged Revenues, Holdbacks, Reversions or reductions in the amount appropriated to the University could adversely affect the University's financial and operating position.

The table below sets forth the Legislative appropriations from the State General Fund for all higher education institutions and for the University for the Fiscal Years shown. Legislative appropriations reached a pre-recession high in 2009 of approximately \$285 million for all higher education, but declined sharply during the recession to an approximate low of \$209 million in 2012. Since the 2012 low, State appropriations have steadily climbed to approximately \$287 million in 2018.

STATE GENERAL FUND APPROPRIATIONS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
All Higher Education ⁽¹⁾	\$251,223,200	\$258,776,400	\$279,546,500	\$287,053,200
The Regents of the University of Idaho ⁽²⁾⁽³⁾	\$79,155,000	\$82,561,500	\$89,657,300	\$91,431,100
Percentage Increase (Decrease) over prior year for the University	3.08%	0.53%	8.59%	1.98%

(1) Source: Sine Die Report for the respective legislative years.

(2) Source: Legislative appropriations bills for the respective legislative years: 2014 Legislature Senate Bill No. 1417, 2015 Legislature Senate Bill No. 1176, 2016 Legislature House Bill No. 637, 2017 Legislature Senate Bill No. 1152

(3) Totals do not match University Audit as the above table does not reflect all appropriations, only General Fund.

RESTRICTED-EXPENDABLE REVENUES

The United States government and various other public and private sponsoring agencies, through various grant and contract programs, provide a substantial percentage of the University's operating revenues. The use of such funds is usually restricted to specific projects. Such revenues include grants and contracts for research, public service, gifts, and grants for construction projects. The University believes it has complied with all material conditions and requirements of these various grants, contracts, and gifts. The University's restricted but expendable revenues for the years ending June 30, 2015, 2016 and 2017 totaled approximately \$118,685,496, \$124,324,114 and \$129,550,387, respectively.

Pledged Revenues do not include Restricted Fund Revenues. However, Pledged Revenues do include F&A Recovery Revenues, which consist of revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University. See "SECURITY FOR THE SERIES 2018A BONDS—Pledged Revenues—Facilities and Administrative Recovery Revenues" and "Historical Revenues Available for Debt Service" above.

Direct financial aid to students, primarily in the form of student loans, scholarships, grants, student employment, awards, and deferred payments, totaled approximately \$105,927,000 for Fiscal Year 2017. Of such amount, approximately \$54,744,000 was in the form of direct student loans. Due to uncertainty with respect to the amount of federal grants, donations, and other sources the University expects to receive for the purpose of providing financial aid, the University cannot determine the amount of financial aid that will be available in future years.

BUDGET PROCESS

The University operates on an annual budget system. Its Fiscal Year begins July 1 of each year. The budget process, as well as the administration of the expenditures authorized through the process, is administered through the offices of the President and the Vice President for

Finance in collaboration with the departmental faculty and other administrative officers. The internal budget process concludes with a general budget proposal for the following Fiscal Year being submitted in consolidated form by the University administration to the Regents in August of each year.

The University's budget is approved by the Regents prior to the commencement of the Fiscal Year, usually at the June meeting. At that meeting, the Regents, in their capacity as members of the State Board of Education, approve the annual budgets for the other institutions of higher education as well.

INVESTMENT POLICY

Board policy establishes permitted investment categories for the University. See Note 3 of "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016." Moneys in Funds and Accounts established under the Resolution are required to be invested in Investment Securities, as described in "APPENDIX D— SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—PLEDGE OF REVENUES; ESTABLISHMENT OF FUNDS AND ACCOUNTS – Establishment of Funds; Revenue Fund; Bond Fund; Flow of Funds; Investment of Funds." The University has not experienced any significant investment losses or unexpected limitations on the liquidity of its short-term investments. See "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016" for further information.

NO INTEREST RATE SWAPS

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

THE UNIVERSITY OF IDAHO FOUNDATION, INC.

The University of Idaho Foundation Inc. (the "Foundation") is a nonprofit corporation organized under Idaho law in 1970. Its purpose is to receive, manage and otherwise deal in property and apply the income, principal and proceeds of such property for the benefit of the University. A 25-member board of directors, elected annually by the Foundation members, manage the Foundation.

Since Fiscal Year 2004, the University has been required to discretely present the Foundation as a component unit. Financial information concerning the Foundation is contained in Note 20 to the University's audited financial statements for Fiscal Year 2017 included in Appendix A hereto.

FUTURE CAPITAL PROJECTS

The University may not undertake any capital project or long-term financing without prior Board approval. The University is not planning to issue debt within the next six months. The following is a description of the capital projects the University is currently working on. The University does not expect to issue additional debt for any of these projects.

Center for Agriculture, Food and Environment. The Center for Agriculture, Food, and Environment (the "CAFE") is expected to be located near Twin Falls, Idaho. The proposed

CAFE will feature a milking cow dairy facility, sophisticated wastewater and nutrient management systems, robotic milking systems, student and employee housing, and science laboratories. In addition, the CAFE will include approximately 1,000 acres of farmable land on which forage crops will be grown for feed, and research crops will be grown and studied. The CAFE is estimated to cost approximately \$45 million, which is expected to be financed with available University reserves and various donations from cattle industry partners.

WWAMI Medical Education Program. The University's WWAMI Medical Education Program is a partnership with the University of Washington School of Medicine. (WWAMI stands for the states participating in the partnership: Washington, Wyoming, Alaska, Montana, Idaho.) The University plans to renovate and expand the former Business Technology Incubator building on the Moscow campus, converting it for use supporting the WWAMI Medical Education program at the University. The project is expected to cost approximately \$3.6 million, which will be funded with \$2.4 million from the State of Idaho Permanent Building Fund and \$1.2 million from available University funds. The project will provide flexible, active learning classrooms, faculty offices, updated conference space, and student study and support space. These renovations are needed to support the expanded enrollment and revised curriculum of the WWAMI Medical Education Program. The project is currently in design, with expected construction slated to begin in spring of 2018.

Classroom and Office Facility at Nancy M. Cummings Research, Extension, and Education Center. The proposed Classroom and Office Facility (the "NMCREEC Office Facility") to be located at the Nancy M. Cummings Research, Extension, and Education Center (the "Cummings Center") in Salmon, Idaho is envisioned to support the full range of research and extension activities provided by the Cummings Center. The NMCREEC Office Facility will house offices for researchers, principal investigators, graduate students, and interns, as well as office space for various needs. In addition, the proposed facility will house a classroom sized for approximately 120 persons in support of the Cummings Center's outreach, education, and extension missions. The project cost of approximately \$2.1 million is expected to be funded through gifts and donations, supplemented by funds provided by the College of Agricultural and Life Sciences. Design work is underway now, slated for completion by April 2018, and subsequent construction to be completed by summer 2019.

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OUTSTANDING DEBT

The University has the following debt outstanding as of January 1, 2018:

Name of Issue	Date Incurred	Final Maturity Date	Principal Amount of Original Indebtedness	Principal Amount of Debt Outstanding (January 1, 2018)
Adjustable Rate General Revenue Bonds, Series 2007B ⁽¹⁾	2007	2041	35,035,000	34,435,000
General Revenue Bonds, Series 2010B	2010	2032	10,150,000	10,150,000
Taxable General Revenue Bonds, Series 2010C	2010	2041	13,145,000	13,145,000
Adjustable Rate General Revenue Refunding Bonds,	2011	2041	60,765,000	54,640,000
General Revenue and Refunding Bonds, Series 2013A	2013	2033	8,745,000	3,890,000
Taxable General Revenue Bonds, Series 2013B	2013	2033	6,325,000	5,280,000
General Revenue Bonds, Series 2014	2014	2045	48,660,000	47,830,000
General Revenue Refunding Bonds, Series 2015A	2015	2026	16,280,000	14,355,000
<u>Total Bonded Indebtedness</u> ^{(2) (3)}			<u>\$223,795,000</u>	<u>\$183,725,000</u>

(1) Includes the Defeased Bonds. .

(2) All of these Bonds are currently Outstanding under the Resolution.

(3) Totals do not take into account the issuance of the Series 2018A Bonds or the defeasance and redemption of the Defeased Bonds.

Source: The University

For additional information regarding the University's outstanding debt, see Notes 9 and 10 of "APPENDIX A— AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016."

FINANCIAL STATEMENTS

The financial statements of the University as of and for the Fiscal Years ended June 30, 2017 and 2016, which are included as APPENDIX A to this Official Statement, have been audited by Moss Adams LLP, independent auditors, except that the financial statements of the University's discretely presented component unit as described in Note 18 to such audited financial statements, and the University of Idaho Health Benefits Trust as described in Note 11 to such audited financial statements, were audited by other auditors, as stated in their report appearing therein. These financial statements are the most recent audited financial statements of the University.

Moss Adams has not been engaged to perform and has not performed, since the date of such report, any procedures on the financial statements addressed in the report. Moss Adams has not performed any procedures relating to this Official Statement, and has not consented to the use of the financial statements of the University in this Official Statement.

TAX MATTERS

SERIES 2018A BONDS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below: (i) interest on the Series 2018A Bonds is excluded from gross income pursuant to Section 103 of the Tax Code; (ii) interest on the Series 2018A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that

such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below; and (iii) interest on the Series 2018A Bonds is excluded from gross income for purposes of income taxation by the State of Idaho.

The Tax Code imposes several requirements which must be met with respect to the Series 2018A Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2018A Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2018A Bonds; (b) limitations on the extent to which proceeds of the Series 2018A Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2018A Bonds above the yield on the Series 2018A Bonds to be paid to the United States Treasury. The exclusion of interest on the Series 2018A Bonds from gross income for Idaho income tax purposes is dependent on the interest on the Series 2018A Bonds being excluded from gross income for federal income tax purposes. The University will covenant and represent that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Series 2018A Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Series 2018A Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the Series 2018A Bonds from gross income (for federal and Idaho income tax purposes) and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the University to comply with these requirements could cause the interest on the Series 2018A Bonds to be included in gross income (for federal and Idaho income tax purposes), alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the University and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the Series 2018A Bonds.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the Series 2018A Bonds. Owners of the Series 2018A Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2018A Bonds made to any owner who fails to provide certain required

information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. With respect to any of the Series 2018A Bonds sold at a premium, representing a difference between the original offering price of those Series 2018A Bonds and the principal amount thereof payable at maturity, under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest on the Series 2018A Bonds from gross income (for federal and Idaho income tax purposes) and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2018A Bonds. Owners of the Series 2018A Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2018A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2018A Bonds, the exclusion of interest on the Series 2018A Bonds from gross income (for federal and Idaho income tax purposes) or alternative minimum taxable income or both from the date of issuance of the Series 2018A Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2018A Bonds. Owners of the Series 2018A Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2018A Bonds. If an audit is commenced, the market value of the Series 2018A Bonds may be adversely affected. Under current audit procedures the Service will treat the University as the taxpayer and the 2018 Bond owners may have no right to participate in such procedures. The University has covenanted not to take any action that would cause the interest on the Series 2018A Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the University, the Underwriter, or Bond Counsel is responsible for paying or reimbursing any 2018 Bond holder with respect to any audit or litigation costs relating to the Series 2018A Bonds.

[Premium Bonds. The initial public offering price of certain maturities of the Series 2018A Bonds (the “Premium Bonds”), as shown on the inside cover page, are issued at original offering prices in excess of their original principal amount. The difference between the amount of the Premium Bonds at the original offering price and the principal amount payable at maturity represents “bond premium” under the Tax Code. As a result of requirements of the Tax

Code relating to the amortization of bond premium, under certain circumstances an initial owner of a Premium Bond may realize a taxable gain upon disposition of such a bond, even though such bond is sold or redeemed for an amount equal to the original owner's cost of acquiring such bond. All owners of Series 2018A Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning and disposing of Series 2018A Bonds, whether the disposition is pursuant to a sale of the Series 2018A Bonds or other transfer, or redemption.

Original Issue Discount. The initial public offering price of certain maturities of the Series 2018A Bonds (the “Discount Bonds”), as shown on the inside cover page hereof, is less than the amount payable on such Series 2018A Bonds at maturity. The difference between the amount of the Discount Bonds payable at maturity and the initial public offering price of the Discount Bonds will be treated as “original issue discount” for federal income tax purposes. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on April 1 and October 1 with straight line interpolation between compounding dates. In the case of a purchaser who acquires the Discount Bonds in this offering, the amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income and Idaho taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity).

Beneficial Owners who purchase Discount Bonds in the initial offering at a price other than the original offering price shown on the inside cover page hereof and owners who purchase Discount Bonds after the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds. Beneficial Owners who are subject to state or local income taxation (other than Idaho state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.]

ESCROW VERIFICATION

_____ will verify the accuracy of certain mathematical computations regarding the sufficiency of the escrow established to pay the Defeased Bonds in full on the redemption date. Such verification shall be based in part upon information supplied by the Underwriter.

MUNICIPAL ADVISOR

The Regents have retained PFM Financial Advisors LLC as its municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Series 2018A Bonds. The Municipal Advisor has not been engaged to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness

of the information contained in this Official Statement. The Municipal Advisor will act as an independent advisory firm and may not acquire any portion of the Series 2018A Bonds from the issuer as principal or as a syndicate member.

RATINGS

Moody's Investors Service has assigned its municipal rating of "____" to the Series 2018A Bonds.

The ratings reflect only the views of the rating agencies. An explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that such ratings will continue for any given period of time or that the ratings may not be revised or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any downward revision or withdrawal of such ratings will be likely to have an adverse effect on the market price or marketability of the Series 2018A Bonds.

LITIGATION

The University has reported that, as of the date hereof, there is no litigation pending or threatened that, if decided adversely to the interests of the University, would have a materially adverse effect on the operations or financial position of the University. There is no litigation of any nature now pending or threatened restraining or enjoining the issuance or sale of the Series 2018A Bonds or in any way contesting or affecting the validity of, or having a material adverse effect on, the Series 2018A Bonds, the pledge and application of Pledged Revenues, or the existence or powers of the University.

APPROVAL OF LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2018A Bonds are subject to the approval of Hawley Troxell Ennis & Hawley LLP, Bond Counsel to the University. Bond Counsel's approving opinion in the form of APPENDIX F hereto will be delivered with the Series 2018A Bonds. Certain legal matters will be passed upon for the University by the Office of General Counsel. Certain matters will be passed upon by Hawley Troxell Ennis & Hawley LLP, in its role as disclosure counsel to the University.

CONTINUING DISCLOSURE

The University will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the Beneficial Owners of the Series 2018A Bonds. Pursuant to the Undertaking, the University will agree to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and a summary of other terms of the Undertaking, including termination, amendment, and remedies, are set forth in the Undertaking, the proposed form of which is attached as APPENDIX E to this Official Statement.

Except as described in this paragraph and the following paragraphs, the Regents have not failed in the past five years to perform any obligation with respect to any existing undertaking to

provide continuing disclosure under the Rule. For Fiscal Year 2013, the University filed its audited financial statements with the MSRB on December 30, 2013, three days late.

In 2014, the University determined that certain of the annual financial information and operating data to be provided under its existing undertakings has not been fully updated as part of the annual filings of the audited financial statements.

The University also failed to timely file notices with the MSRB in connection with the following rating changes. On March 18, 2014, S&P upgraded Assured Guaranty to "AA." The University's Series 2003 Bonds and Series 2007 Bonds were insured by Assured Guaranty. On October 6, 2011, S&P downgraded the short-term rating of Dexia Credit Local ("Dexia") to "A-2" and on December 15, 2011, Moody's downgraded the short-term rating of Dexia to "P-2." Dexia provides a standby bond purchase agreement with respect to the University's Series 2007B Bonds.

The University filed a notice on June 18, 2014 with the MSRB of its failure to file such required information and provide such rating change notices, and has filed a notice of rating changes and a financial information report including all such required annual financial information and operating data for Fiscal Year 2013.

Although the University has not concluded that any of these instances of noncompliance was material to the market, the University participated in the SEC's Municipalities Continuing Disclosure Cooperation Initiative ("*MCDC Initiative*"). The University has received a no-action letter in response to its self reporting. The University has also reviewed and strengthened its disclosure policies and procedures. See "APPENDIX E- PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING." In connection with this financing, the University discovered its 2014, 2015, and 2016 enrollment data reported did not include the most current fall enrollment data. On _____, the University filed a notice of failure to file such information and filed the updated enrollment data. A failure by the University to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2018A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2018A Bonds and their market price.

THE REGENTS OF THE UNIVERSITY OF IDAHO

By _____
Vice President for Finance

**APPENDIX A
AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**APPENDIX B
SCHEDULE OF STUDENT FEES**

University of Idaho Tuition and Fee Schedule
Academic Years as Indicated
As Approved by the State Board of Education

5 YEAR HISTORY OF STUDENT TUITION (MATRICULATION) & FEES - FY 2014 THROUGH FY 2018

	FY2014	FY2015	FY2016	FY2017	FY2018
A. Undergraduate Tuition:					
Full-Time Resident Undergraduate Tuition	\$ 2,267.15	\$ 2,392.03	\$ 2,501.30	\$ 2,581.16	\$ 2,673.07
Full-Time Non-Resident Undergraduate Tuition	8,805.15	9,157.03	9,503.30	9,985.16	10,835.07
Part-Time Resident Undergraduate Tuition	267.50	280.50	292.50	302.00	311.73
Part-Time Non-Resident Undergraduate Tuition	921.50	957.50	992.50	1,042.00	1,128.73
B. Graduate Tuition:					
Full-Time Resident Graduate Tuition	\$ 2,798.15	\$ 2,941.03	\$ 3,102.30	\$ 3,230.16	\$ 3,361.07
Full-Time Non-Resident Graduate Tuition	9,336.15	9,706.03	10,104.30	10,634.16	11,523.07
Part-Time Resident Graduate Tuition	362.50	379.50	398.50	414.00	429.73
Part-Time Non-Resident Graduate Tuition	1,030.00	1,131.50	1,176.50	1,237.00	1,336.73
C. Fees (See Fee Details in H./I. Below):					
Full-Time Fees	\$ 994.85	\$ 999.97	\$ 1,008.70	\$ 1,034.84	\$ 1,070.93
Part-Time Fees	58.50	58.50	58.50	60.00	62.27
Summary: Total Combined Tuition and Fees					
D. Undergraduate (A. + C.):					
Full-Time Resident Undergraduate Tuition & Fees	\$ 3,262.00	\$ 3,392.00	\$ 3,510.00	\$ 3,616.00	\$ 3,744.00
Full-Time Non-Resident Undergraduate Tuition & Fees	9,800.00	10,157.00	10,512.00	11,020.00	11,906.00
Part-Time Resident Undergraduate Tuition & Fees	326.00	339.00	351.00	362.00	374.00
Part-Time Non-Resident Undergraduate Tuition & Fees	980.00	1,016.00	1,051.00	1,102.00	1,191.00
E. Graduate (B. + C.):					
Full-Time Resident Graduate Tuition & Fees	\$ 3,793.00	\$ 3,941.00	\$ 4,111.00	\$ 4,265.00	\$ 4,432.00
Full-Time Non-Resident Graduate Tuition & Fees	10,331.00	10,706.00	11,113.00	11,669.00	12,594.00
Part-Time Resident Graduate Tuition & Fees	421.00	438.00	457.00	474.00	492.00
Part-Time Non-Resident Graduate Tuition & Fees	1,088.50	1,190.00	1,235.00	1,297.00	1,399.00
F. Professional Fees: Paid in addition to above tuition and fees					
Law Fee Full-Time	\$ 4,094.00	\$ 4,299.00	\$ 4,504.00	\$ 5,067.00	\$ 5,442.00
Law Fee Part-Time	455.00	478.00	500.00	563.00	605.00
Art & Architecture Full-Time	513.00	534.00	553.00	623.00	651.00
Art & Architecture Part-Time	51.00	53.00	55.00	62.00	65.00
Art & Architecture Part-Time Graduate	57.00	59.00	61.00	69.00	72.00
Bioregional Planning Fee - Full Time	525.00	525.00	553.00	-	-
Bioregional Planning Fee - Part Time	53.00	53.00	61.00	-	-
G. Other:					
In-Service Fee - Undergraduate		\$ 103.00	\$ 106.00	\$ 110.00	\$ 114.00
In-Service Fee - Graduate	121.00	125.00	131.00	138.00	143.00
Western Undergraduate Exchange Fee	1,631.00	1,696.00	1,755.00	1,808.00	1,872.00
H. Full-Time Fee Details:					
Facility Fee	\$ 395.25	\$ 395.25	\$ 395.25	\$ 410.25	\$ 410.25
Student Computing and Network Access Fee	62.70	62.70	62.70	62.70	82.70
Activity Fees/Dedicated Fees:	536.90	542.02	550.75	561.89	577.98
Total Full-Time Fees	\$ 994.85	\$ 999.97	\$ 1,008.70	\$ 1,034.84	\$ 1,070.93
I. Part-Time Fee Details:					
Facility Fee	\$ 18.70	\$ 18.70	\$ 18.70	\$ 20.20	\$ 20.20
Student Computing and Network Access Fee	6.00	6.00	6.00	6.00	8.27
Activity Fees/Dedicated Fees:	33.80	33.80	33.80	33.80	33.80
Total Part-Time Fees	\$ 58.50	\$ 58.50	\$ 58.50	\$ 60.00	\$ 62.27

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

**APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

**APPENDIX E
PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING**

**APPENDIX F
PROPOSED FORM OF OPINION OF BOND COUNSEL**

APPENDIX G

APPENDIX H BOOK ENTRY ONLY SYSTEM

THE DEPOSITORY TRUST COMPANY

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

EXHIBIT H

BID FORM

(See Attached.)

OFFICIAL BID FORM

The Regents of the University of Idaho
 \$_____ General Revenue Refunding Bonds, Series 2018A

(Electronic Proposals available via Parity; see Official Notice of Sale)

Members of the Board
 c/o PFM Financial Advisors LLC

Sale Date: January 22, 2018
 FAX (612) 338-7264

For all or none of the principal amount of \$_____ ⁽¹⁾ the Regents of the University of Idaho, General Revenue Refunding Bonds, Series 2018A, dated February 13, 2018, legally issued and as described in the Official Notice of Sale, we will pay the Board \$_____ (not less than \$_____) plus accrued interest on the total principal of \$_____, ⁽¹⁾ to date of delivery, provided the Series 2018A Bonds bear interest at the following rates.

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate</u>
2019		_____%	2031		_____%
2020		_____%	2032		_____%
2021		_____%	2033		_____%
2022		_____%	2034		_____%
2023		_____%	2035		_____%
2024		_____%	2036		_____%
2025		_____%	2037		_____%
2026		_____%	2038		_____%
2027		_____%	2039		_____%
2028		_____%	2040		_____%
2029		_____%	2041		_____%
2030		_____%			

⁽¹⁾ The University reserves the right to adjust the issue size following the opening of proposals. See "Notice of Sale" herein.

We hereby designate that the following Series 2018A Bonds be aggregated into term bonds maturing on April 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____

The Series 2018A Bonds mature on April 1 in each of the years as indicated above and interest is payable semiannually each April 1 and October 1, commencing October 1, 2018.

In making this offer, we accept the terms and conditions as defined in the Notice of Sale published in the Official Statement dated _____, and certify that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. Our good faith deposit in the amount of \$_____ has been submitted according to the terms outlined in the Official Notice of Sale. All blank spaces of this Official Statement are intentional and are not to be construed as an omission.

NOT PART OF THIS PROPOSAL:
 Explanatory Note: According to our computation, this bid involves the following:

Respectfully submitted,

\$ _____
 Net Interest Cost

 Syndicate Manager

 True Interest Cost (TIC) %

By _____

(A list of the firms associated with us in this bid is on the reverse side of this bid form.)

The foregoing offer is hereby accepted by and on behalf of the Regents of the University of Idaho, this 22nd day of January, 2018.

 Vice President for Finance

* Subsequent to the bid opening the par amount of the Series 2018A Bonds was changed to \$_____, and the bid price to \$_____, resulting in a net interest cost of \$_____ and true interest rate of _____%.

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October 23, 2017

Memorandum

To: Brian Foisy, Linda Campos, John Keatts, University of Idaho
From: Heather Casperson, Thomas Toepfer, PFM Financial Advisors LLC
RE: Competitive versus Negotiated Sale

When financing capital projects, the University may issue debt on a competitive or negotiated basis. The purpose of this memorandum is to provide information on these methods of accessing capital.

A **competitive bond sale** occurs when an issuer selects a specific date and time to receive bids from underwriters for a bond issue. A common electronic web based bidding platform is Parity®. This platform shows the issuer when bids are received, at what time, without revealing the specifics of the bid until reaching the bid deadline. After the bid deadline it provides the details of all bids received, and ranks the bids based on the bidding criteria outlined in the Official Notice of Sale. The purchaser of the bonds is selected based upon which underwriting firm submits the most favorable bid.

A **negotiated bond sale** occurs when the issuer selects a specific underwriting firm to be the purchaser of the bonds. The underwriting firm may be selected as a result of a competitive selection process. The date of pricing the bonds is determined by the issuer, the financial advisor and the underwriter, collectively. Prior to the pricing date, the underwriter markets the bonds and gets orders from investors indicating at which interest rate levels investors are willing to purchase the bonds. The underwriter will then make an offer to purchase the bonds and negotiates with the University the final purchase price. Substantial empirical evidence supports the proposition that competitive sales produce lower borrowing costs for municipal issuers. The following table outlines major factors differentiating whether a bond issue is suited for a competitive or negotiated sale.

Attributes	Competitive Sale	Negotiated Sale
Issuer		
Type of Organization	Broad-based, general-purpose government	Special-purpose, independent authority
Frequency of Issuance	Regular borrower in public market	New or infrequent issuer of debt
Market Awareness	Active secondary market with wide investor base	Little or no institutional base, but growing dealer interest



Attributes	Competitive Sale	Negotiated Sale
Credit Quality		
Rating	“A” or better	Below single “A”
Pledged Revenues	GO or from common revenue stream	Project supported revenues
Security Structure	Conventional resolution and cashflow; rate covenant and coverage	Unusual or weak covenants; subordinated debt
Trend	Stable	Improving or under stress
Market Conditions		
Interest Rates	Stable, predictable market	Volatile or declining market
Demand	Strong investor demand, good liquidity, light forward calendar	Oversold market, heavy supply
Debt Structure		
Tax Status	Tax-exempt, no concerns or taxable less than \$100 million	Taxable greater than \$100 million
Debt Instrument	Traditional serial and term, full-coupon bonds	Aggressive use of innovative bond structuring, derivative products, swaps, or variable-rate debt instruments

The government finance officers association (GFOA), a professional association of state/provincial and local finance officers in the U.S. and Canada with more than 19,000 members, published *Selecting and Managing the Method of Sale of State and Local Government Bonds*, describing GFOA’s recommendations for bond sale methodology. This piece states that state and local government issuers should sell their debt using the method of sale that is the most likely to achieve the lowest cost of borrowing while taking into account both short-range and long-rang implications for taxpayers and ratepayers. The GFOA further believes that the presence of the following four factors may favor the use of a competitive sale; we comment on how each condition relates to the University’s upcoming bond sale:

1. ***The rating of the bonds, either credit enhanced or unenhanced, is at least in the single-A category.*** The University’s outstanding Bonds carry unenhanced Aa3/A+ credit ratings from Moody’s Investors Service and S&P Global Ratings, respectively.
2. ***The bonds are general obligation bonds or full faith and credit obligations of the issuer or are secured by a strong, known and long-standing revenue stream.*** The University’s Bonds are secured by a broad revenue stream of the University, including student fees; sales and service



revenues; revenues received by the University as reimbursement for facility and administrative costs in conjunction with grants and contracts for research activities conducted by the University, excluding state appropriations. Bonds secured by general revenues of a University are a common security type for public universities.

3. ***The structure of the bonds does not include innovative or new financing features that require extensive explanation to the bond market.*** The University plans to issue long-term, fixed rate bonds, a structure that is widely used and understood in the bond market.
4. ***The issuer is well known and frequently in the market.*** The University is a known issuer in the market with over \$180 million of debt.

Examples of public universities which have similar ratings that have sold bonds on a competitive sale basis in the last two years are as presented in the table below.

Issuer	Credit Ratings from Moody's/S&P/Fitch
The Board of Trustees of the University of Alabama	Aa2/AA/NR
Appalachian State University	Aa3/NR/NR
Board of Regents of the University of Houston System	Aa2/AA/NR
Central Washington University	A1/NR/NR
Clemson University	Aa2/NR/AA
Coastal Carolina University	A1/NR/A+
East Carolina University	Aa2/AA-/NR
Eastern Washington University	A1/NR/NR
Eastern Kentucky University	Aa3/NR/NR
Mayville State University	NR/A-/NR
Morehead State University	Aa3/NR/NR
Murray State University	Aa3/NR/NR
Nevada System of Higher Education	Aa2/AA-/NR
North Dakota State University	Aa3/AA-/NR
Northern Kentucky University	Aa3/NR/NR
Oregon State University	Aa3/NR/NR
Pennsylvania Higher Educational Facilities Authority	Aa3/AA/AA-
University of Kentucky	Aa2/AA/NR
University of Louisville	Aa3/AA-/NR
University of Maine System	NR/AA-/NR
University of Washington	Aaa/AA+/NR
University System of Maryland	Aa1/AA+/AA+
Western Washington University	A1/NR/NR
Western Kentucky University	Aa3/NR/NR

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