

BUSINESS AFFAIRS AND HUMAN RESOURCES
MARCH 8, 2018

SUBJECT

Finance and construction of the Cybercore Integration Center (CIC) and Collaborative Computing Center (C3) facilities

REFERENCE

May 2016	Idaho State Board of Education (Board) received status update on progress of CIC/C3 project.
June 2016	Board members toured potential construction sites for the CIC and C3 facilities.
August 2016	Board approved exploration of cooperative project for the CIC/C3 facilities with Idaho National Laboratory (INL), contingent upon Board's final approval of the project at a future date.
September 2016	Board approved submission of a concurrent resolution on the CIC/C3 facilities project to the 2017 session of the Idaho Legislature.
October 2016	Board received update briefing on the status of the CIC/C3 project.
February 2017	Board authorized Executive Director to make purchase offer for acquisition of Idaho State University Foundation-owned parcel for siting of the CIC facility.
August 2017	Board received update briefing on the status of the CIC/C3 project.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.F., V.I., and V.K.
Section 67-6410, Idaho Code

ALIGNMENT WITH STRATEGIC PLAN

Goal 2 ("Innovation and Economic Development"), Objective B ("Innovation and Creativity: Increase creation and development of new ideas and solutions that benefit society.")

BACKGROUND/DISCUSSION

In March 2017, the Legislature approved Senate Concurrent Resolution 105 (Attachment 10) pursuant to Idaho Code, 67-6410, which authorized the Board to enter into agreements with the Idaho State Building Authority (ISBA) for the *"financing and development of research and educational facilities, and related facilities, at Idaho Falls, Idaho, for their uses and the uses of other public and/or*

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private entities that may have affiliated, related or collaborative purposes.” The facilities are intended to be subleased by the Board to Battelle Energy Alliance, LLC (BEA) for use by BEA as the principal operating contractor for INL. The C3 building will house a supercomputer which will support research activities carried out at INL and throughout the state. The CIC building will support cyber security research.

ISBA will issue bonds to:

- Fund the acquisition by the Board of one of two parcels needed for the project from the Idaho State University (ISU) Foundation. The second parcel is already owned by the Board.
- Fund the development and construction of the C3 and CIC facilities.

BEA is the operating contractor for INL, pursuant to a contract issued by the Department of Energy (DOE) in December 2017, renewing the BEA’s previous contract through September 30, 2024.

Significant project milestones have been completed:

- Selection of a Construction Manager at Risk (CMAR)—the team of JE Dunn and ESI;
- Completion of title work and geotechnical/environmental site surveys of the two land parcels currently owned by the Board and the ISU Foundation;
- Completion of non-binding research and educational collaboration plans between the universities and INL, and between the Board and INL (Attachments 12 and 13);
- Negotiation of the Board-ISBA ground lease, development agreement, and facilities lease; and the Board-BEA subleases for the C3 and CIC;
- Completion of detailed architectural design work by BEA and ISBA for the C3 and CIC facilities, and establishment by the CMAR of a Guaranteed Maximum Price (GMP), based on the designs;
- Work by ISBA’s financing and bond counsel team (Wells Fargo, Piper Jaffrey, Hawley Troxell, and Skinner Fawcett) on the financing plan for the projects.

With the groundwork for the project now in place, the Board is requested to approve execution of the documents listed below as Attachments 1 through 7. Following Board approval, staff does not anticipate that material changes to the documents will be necessary; however, it is possible that some changes to documents may be required prior to execution. For that reason, the “Board Action” motions have been structured to delegate authority to the Board’s Executive Director to approve non-material changes.

Board staff has provided updates on the project to legislative leaders during the current session. On February 21, 2018, the Joint Finance-Appropriations Committee unanimously approved the Office of the State Board of Education (OSBE) FY2019 budget (Attachment 15) which, upon enactment, creates an

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appropriation mechanism authorizing the expenditure/transfer of up to \$6,125,000 in annual sublease payments from BEA to OSBE, and thence to ISBA. The BEA sublease payments will be used to fund the Board lease payments under the Board-ISBA facilities lease, and, subsequently, to cover ISBA's bond payments.

A summary of the key decision and informational documents attached to this cover sheet is provided below. The "Staff Comments" section includes an outline of potential financial risks associated with the project.

IMPACT

This project will provide opportunities for collaboration in many spheres of research; Science, Technology, Engineering, and Math (STEM)-related activities; and Career Technical Education (CTE) training with Idaho's public higher education institutions. Planned collaboration activities (see Attachments 12 and 13) are not confined to the two new facilities at the Idaho Falls research campus, but will extend via remote access to research activities taking place on the institutions' campuses and facilities throughout the state. The project will support research that is of high priority for the security and global competitiveness of the nation. The project will have a positive economic impact of the region and state and will help Idaho's colleges and universities take advantage of cutting-edge technology.

ATTACHMENTS

Documents requiring Board action:

- Attachment 1 – Real estate purchase agreement between the Board (purchaser) and the ISU Foundation (seller) for the Board to acquire a 13-acre parcel (site for the CIC facility). Page 9
- Attachment 2 – Ground lease between the Board (lessor) and ISBA (lessee), under which the Board will lease portions of the ISU Foundation parcel and the Board-owned parcel upon which the facilities will be constructed by ISBA. Page 17
- Attachment 3 – Development agreement between the Board and ISBA which details ISBA's obligation to develop and construct the C3 and CIC facilities. Page 25
- Attachment 4 – Facilities lease between ISBA (lessor) and the Board (lessee) under which ISBA will lease the CIC and C3 facilities to the Board. Page 33
- Attachment 5 – CIC sublease agreement between the Board (sublessor) and BEA (sublessee) under which the Board will sublease the CIC facility to BEA. Page 51

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Attachment 6 – C3 sublease agreement between the Board (sublessor) and BEA (sublessee) under which the Board will sublease the C3 facility to BEA. Page 89

Attachment 7 – Certificate of Idaho State Board of Education (for submission to bond underwriter). Page 127

Documents provided for reference:

Attachment 8 – ISBA Bond resolution Page 131
Attachment 9 – Preliminary Official Statement (relating to ISBA bonds) Page 193
Attachment 10 – Senate Concurrent Resolution 105 (2017) Page 245
Attachment 11 – DOE letter of representations, dated October 5, 2017 Page 247
Attachment 12 – INL Director’s acknowledgment (October 2017) of the preliminary plan of collaboration between INL and Board Page 251
Attachment 13 –MOU (February 2018) between INL and Idaho universities on educational collaboration Page 253
Attachment 14 – Estimated project costs (funds from bonds and BEA) Page 265
Attachment 15 – JFAC-approved motion sheet (OSBE FY2019 budget) Page 267
Attachment 16 – Site plan showing location of CIC and C3 facilities, floor plans, and parking areas Page 271
Attachment 17 – FAQs related to SCR 105 prepared by INL for presentations to legislators Page 277
Attachment 18 – Preliminary schedule of events for bond financing and bond financing structure reference documents Page 289

STAFF COMMENTS AND RECOMMENDATIONS

The potential benefits of the project should be weighed against potential risks, which include the following:

- The Department of Energy (DOE) restricts the length of leases at the national labs to a maximum of 15 years. The ISBA bonds, which will finance the construction of the facilities, will have a maturity of approximately 22 years. Representatives of INL have stated that the Lab intends to occupy the facilities after the termination of the 15-year subleases, but the subleases do not include renewal terms or require BEA to continue operations at the facilities. If BEA were to vacate the facilities prior to the termination of the Board-ISBA facilities lease, the Board would need to seek an appropriation of approximately \$6.1 million dollars per year from the General Fund in order to meet the Board’s annual rent payment obligations under the Board-ISBA facilities lease. If annual lease appropriations are not obtained, the Board has the option of terminating the facilities lease. Alternatively, the Board could attempt to sublease the facilities to a third party, subject to ISBA consent.
- Another risk for the project is the possibility that the bond proceeds, based on the DOE’s maximum permissible lease rates, might be insufficient to cover the construction and other costs of the project. Currently, there is an approximate gap of \$19 million between the calculated bond revenues and

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the total cost of the project (see Attachment 14). BEA has agreed to cover this gap—which results from special features and design costs for the project—with BEA funds. The Board-ISBA development agreement requires that, prior to the ISBA issuance of revenue bonds, BEA shall deposit in a special funding account, an amount sufficient to pay the estimated costs above the funds available from bonds.

- There is a possibility that the U.S. government could fail to appropriate operating fees for INL. Section 2.3 of the subleases states that “[i]n the event that Congress fails to appropriate to the DOE sufficient funds for the payments due under this Sublease, the Sublessee may cancel this Sublease upon providing three hundred sixty-five (365) days written notice to the Sublessor.” This has not previously occurred for the national laboratories. If this were to occur, the Board would have the options detailed above under the first bullet point.
- The project also requires that BEA/INL continue to support the research and educational mission of the facilities. Each sublease states that “[t]he Parties agree that accommodating research and educational opportunities with Idaho’s public higher education institutions is a material term and condition” of the subleases. If the promised collaboration and benefits to education do not occur, the Board’s remedies would be those listed in the first bullet, above (i.e., seeking an appropriation, occupying the facilities, or finding a new sublessee).
- DOE is not a party to the subleases. If BEA ceases to be the INL operating contractor, DOE has the right to assign the subleases to the new operating contractor. DOE has provided a letter representation (Attachment 11), stating that, if a new operating contractor is named for INL, DOE will require the new contractor to assume the requirements of the subleases.
- Board staff asked the design team to ensure that sufficient parking will be provided for each of the facilities in the event that the Board might have to sublease the facilities to a third party in the future or assume direct operational control over one or both of the facilities. The project design (Attachment 16) meets parking requirements for the planned use of the buildings by BEA, based on square footage and space usage within each facility, and has been approved by the City of Idaho Falls. There are 222 parking slots in the current construction plans, accessible from both the CIC and C3, which meet City criteria for parking. However, in the event that the Board or a future sublessee were to repurpose the facilities and increase the density of occupants, additional parking slots might be necessary, and this could affect the future marketability of the facilities.
- As with most construction projects, there is a possibility of unforeseen problems relating to the ground, weather, materials delivery, or subcontractor performance issues. The Board-BEA subleases require BEA to commence paying rent for each facility the month after substantial completion. Substantial completion for the CIC and C3 facilities is projected to occur in September 2019, and BEA’s first annual lease payment to the Board is projected for October 2019. The Board-ISBA facilities lease has a

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fixed rent commencement date of July 1, 2020. This arrangement provides a nine-month buffer between the expected completion of construction and the Board's lease payment due date to ISBA. The Board-ISBA development agreement (Attachment 2) requires that ISBA construction contracts "*provide for adequate performance and payment bonds as well as delay liquidated damages.*" The project budget also contains design and construction contingency reserves.

As specified in Senate Concurrent Resolution 105 (2017), the Board and ISBA must report final lease terms and financial details to the Joint Finance-Appropriations Committee, the Senate Education Committee and the House of Representatives Education Committee.

Staff recommends approval of the actions listed below:

BOARD ACTION

I move to approve the purchase by the Board of the parcel referenced in the real estate purchase agreement attached hereto, and to authorize execution of a purchase agreement and ancillary documents by the Board President in substantial conformance with Attachment 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

I move to authorize the Board President to execute documents in substantial conformance to the Idaho State Building Authority documents at Attachments 2, 3, and 4; and the Battelle Energy Alliance, LLC subleases at Attachments 5 and 6; and the Certificate of Idaho State Board of Education document at Attachment 7; and to delegate authority to the Executive Director to execute documents incidental to the Idaho State Building Authority bond issuance and the development and construction of the Cybercore Integration Center facility and the Collaborative Computing Center facility.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

(Or, rather than the above consolidated motion, the individual motions below)

I move to authorize execution by the Board President of a ground lease between the Board and the Idaho State Building Authority in substantial conformance with that attached hereto as Attachment 2.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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I move to authorize execution by the Board President of a development agreement between the Board and the Idaho State Building Authority in substantial conformance with that attached hereto as Attachment 3.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

I move to authorize execution by the Board President of a facilities lease agreement between the Board and the Idaho State Building Authority in substantial conformance with that attached hereto as Attachment 4.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

I move to authorize execution by the Board President of a facility sublease agreement for the Cybercore Integration Center between the Board and Battelle Energy Alliance, LLC, in substantial conformance with that attached hereto as Attachment 5.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

I move to authorize execution by the Board President of a facility sublease agreement for the Collaborative Computing Center between the Board and Battelle Energy Alliance, LLC, in substantial conformance with that attached hereto as Attachment 6.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

I move to authorize execution by the Board President of a Certificate of Idaho State Board of Education document in substantial conformance with that attached hereto as Attachment 7.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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REAL ESTATE SALE AGREEMENT

THIS AGREEMENT is made and entered into as of the most recent date recited on the signature page by and between **IDAHO STATE UNIVERSITY FOUNDATION, INC.**, a 501(c)(3) corporation (“Seller”) and the **IDAHO STATE BOARD OF EDUCATION**, the governing entity for state educational institutions in the State of Idaho (“Buyer”).

RECITALS

- A.** WHEREAS, Seller owns the following described real property (“the Property”):
 Lot 8, Block 1, University North Addition, Division No. 3, an addition to the City of Idaho Falls, Bonneville County, Idaho, according to the Official Plat Recorded March 9, 2012, Instrument No. 1411762.
- B.** WHEREAS, Buyer desires to purchase from Seller, the Property, approximately 13.032 acres of Seller’ real property. The parcel that Buyer desires to purchase, referred to in this Agreement as the “Property,” is situated in Bonneville County, Idaho.
- C.** WHEREAS, Seller agrees to sell the Property to Buyer subject to terms of this Agreement.
- D.** WHEREAS, Buyer is the governing entity for public higher education in the State of Idaho, and is the statutory governing authority for various public colleges and universities in the State, including Idaho State University.
- E.** WHEREAS, the State Board of Education and Idaho State University have agreed with the principals of the Idaho National Laboratory (INL) that it is in the interests of the State of Idaho for the State Board of Education to sponsor the addition of facilities to be known as “Idaho Cybercore Integration Center” and “Idaho Collaborative Computing Center”, (“Facilities”), at the INL campus in Idaho Falls, Idaho, said campus which is in close proximity to the Center for Advanced Energy Studies (CAES) as well as the University Place campus.
- F.** WHEREAS, the Idaho Legislature has approved and authorized the State Board of Education, by its adoption of Senate Concurrent Resolution No. 105, to enter into bond financing arrangements with the Idaho State Building Authority to finance and develop

the Facilities.

G. WHEREAS, Idaho State University will have a significant role in the implementation of, and participation in, the programs offered at the Facilities.

H. WHEREAS, the Idaho State University Foundation, Inc., exists to benefit Idaho State University (ISU) and its students, and, as the owner of the Property which is the subject of this Real Estate Sale Agreement, has determined that it is in the best interests of ISU to sell the Property to the Buyer to enable the construction of the Facilities.

NOW, THEREFORE, in consideration of the mutual covenants entered into herein, the parties hereby agree as follows:

1. **Sale and Purchase of the Property.** Seller shall sell and Buyer shall purchase the Property upon the terms and conditions herein provided. Any and all appurtenances and easements to the Property shall be conveyed to Buyer as part of the sale. No personal property is included in the sale.

2. **Purchase Price.** The total purchase price to be paid Seller by Buyer for the Property shall be the sum of \$1,000,000, which price shall be paid at Closing.

3. **Proration of Taxes, Utilities and Rents.** As both the Seller and the Buyer are tax exempt organizations, no property taxes are or will become due and owing at the time of the Closing of this sale. Further, as the Property is undeveloped at this time, no utilities or rents will be due and owing at the time of Closing of this sale.

4. **Conditions.** Closing of this Agreement is contingent upon satisfaction of the following conditions, Closing to occur as set forth in Section 9 below:

- A. By Closing Seller shall deliver to Buyer an extended owner's title insurance policy commitment issued by First American Title Insurance Company ("Title Co."), Idaho Falls, Idaho, naming Buyer as the proposed insured. Buyer shall notify Seller prior to Closing of any title exceptions contained in the commitment which are contrary to Seller's agreement to deliver marketable title. Seller may at Closing clear any title exceptions objected to by Buyer at, or prior to Closing. Buyer shall take title subject to all other title exceptions listed in the title policy commitment and those exceptions are referred to herein as the "Remaining Title Policy

Commitment Exceptions.” Seller agrees to pay for the title policy commitment and the cost of title insurance.

- B. Buyer shall have the right to obtain at its expense a “phase one” environmental report from a reputable engineering firm. Said report shall assure Buyer to its reasonable satisfaction that the Property is not in violation of any state or federal environmental laws or regulations.
- C. Seller has obtained, and delivered to Buyer, an ALTA land survey. Said survey must be reasonably satisfactory to Buyer in form and content and among other things shall assure Buyer that it will have legal and practical access to the Property from a government maintained state, county or municipal roadway.
- D. Buyer may determine to its own satisfaction that construction of the Facilities on the Property will not violate any county or municipal zoning ordinance, nor any restrictive covenant that may affect the Property. Seller has no information to indicate that the Facilities described herein could not lawfully be constructed on the Property.
- E. Buyer may obtain at its expense, a report from a reputable engineering firm assuring Buyer to its reasonable satisfaction that the Property has adequate drainage and that the Property is not subject to run-off from adjacent property to the extent that such run-off would interfere with Buyer’s intended use of the Property.
- F. The financing for the purchase price set forth in Section 2 is anticipated to come from proceeds of a bond issued by the Idaho State Building Authority, and this sale is specifically contingent and conditional upon said bond being issued in an amount sufficient for Buyer to pay the purchase price at Closing.

If, despite the exercise of reasonable efforts, Buyer is unable to obtain the reports or obtain the approvals and financing called for in items A through F by the Closing date, or if any of the conditions required by items A through F are not satisfied within the time allowed, this Agreement may be voided at either party’s option in which event they shall have no further obligation to each other under this Agreement. However, the parties may, by mutual agreement, extend the Closing date for a reasonable period of time to satisfy any such conditions.

5. **Warranty Deed.** At the closing of this Agreement, Seller shall execute and deliver to Buyer a warranty deed conveying to Buyer fee title to the Property. Title to the

Property is to be marketable and insurable except for the Title Policy Commitment Exceptions.

6. **Insurance.** Buyer shall be responsible for its own liability and property hazard insurance effective as of the day of Closing.

7. **Environmental Representations.** To Seller's best information and belief, Seller represents, with respect to the Property and the water sources located on or under the Property, that there has been no spill, discharge, release, cleanup or contamination of or by any hazardous or toxic waste or substance in violation of federal or state law, nor is there present on or under the ground hazardous or toxic waste in violation of federal or state law.

8. **Default and Remedies.** If Seller has complied with the terms of this Agreement and is ready to perform, and the conditions to Closing have all been satisfied or waived, then Buyer is required to close this Agreement. If Buyer defaults by failing to close the Agreement, then Seller shall be entitled to all remedies allowed by law, including specific performance. If Buyer is ready to perform and Seller refuses to close the transaction, Buyer shall be entitled to specific performance and all other remedies allowed by law. Further, the defaulting party shall pay all attorney's fees and costs incurred by the non-defaulting party in the enforcement of this Agreement.

9. **Closing.** Closing of this transaction shall occur at the office of the First American Title Company at its Idaho Falls office on or before May 15, 2018 at such time or such other date and time as is mutually convenient to the parties. The parties shall bear their own legal expenses. Seller will pay for the closing agent fee, recording fees, survey cost and Seller will pay the premium for an extended owner's title insurance policy to be issued to Buyer. Seller shall sign the warranty deed as required by this Agreement.

10. **Notice.** Any notices and communications between the parties shall be in writing and delivered to the other party either personally or by certified mail, return receipt requested, at the addresses provided below:

To Buyer:

Idaho State Board of Education
P.O. Box 83720
650 W. State
Boise, ID 83720

To the Seller:

Idaho State University Foundation, Inc.
 921 S. 8th Street—Stop 8050
 Administration Building #10
 Pocatello, ID 83209-8050

Notice shall be complete upon receipt, unless the recipient ignores or refuses to sign for the certified letter in which event, notice shall be deemed to have been completed upon attempted delivery by the post office.

11. **Authority.** The persons signing below represent that they have authority from their respective members to bind the parties to this Agreement. If requested by the Title Company, Seller shall deliver to the Title Company a resolution duly adopted by its members authorizing the execution and delivery of this Agreement and the performance of all actions required to satisfy the obligations of Seller by this Agreement. Similarly, Buyer shall provide, upon the Title Company's request, evidence satisfactory to the Title Company, that the governing Board of Buyer has authorized the performance of all obligations required of Buyer hereunder.

12. **Binding on Successors and Assigns.** This Agreement is binding upon the successors and assigns of the respective parties.

13. **No Waiver.** Seller's waiver of any of the provisions of this Agreement shall not constitute a waiver with respect to any of the other terms provided by this Agreement. Buyer's waiver of any of the provisions of this Agreement shall not constitute a waiver with respect to any of the other terms provided by this Agreement.

14. **Amendment.** No provision of this Agreement may be amended except by written document signed by both parties.

15. **Time.** Time is of the essence of this Agreement.

16. **Entire Agreement.** This Agreement is the entire agreement between the parties and shall not be modified or amended unless in writing and signed by both parties. This Agreement supersedes and replaces all prior written agreements and modifications thereof entered into between the parties. Buyer hereby acknowledges further that it has not received or relied upon any statements or representations by the Seller which are not herein expressed.

17. **Governing law.** This Agreement shall be interpreted under and governed by the

laws of the State of Idaho.

18. **Professional Representation**. The parties are represented by their own counsel in this matter.

19. **Interpretation**. The captions to the paragraphs of this Agreement are for convenience only and shall not be deemed to enlarge, diminish, explain or in any manner affect the meaning of such paragraphs. In this Agreement, the masculine, feminine, or neuter gender, and the singular or plural number, each shall be deemed to include the other whenever the context so indicates.

20. **Counterpart Originals and Facsimile Signatures**. To facilitate the execution of this Agreement, each party may sign a separate counterpart original of this Agreement. In that event the parties may attach a copy of the signature page from one counterpart original and attach it to the other counterpart original, and vice-versa, in order that each party may have a single counterpart original of the Agreement bearing the signatures of both parties. Facsimile or electronic signatures shall be deemed original and the parties may consummate this agreement by one or both parties signing an email, fax or photo copy of the original Agreement.

Buyer:

Idaho State Board of Education

Dated: _____

By: _____

Seller:

Idaho State University Foundation, Inc.

Dated: _____

By: _____
Valarie Hoybjerg
President

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GROUND LEASE

THIS GROUND LEASE is entered into as of _____, 2018, by and between the STATE OF IDAHO, acting by and through the Idaho State Board of Education, (hereinafter "State") and IDAHO STATE BUILDING AUTHORITY (hereinafter "Authority"). This agreement is referred to as the "Ground Lease."

A. The State is or will be the owner of the real property located in Bonneville County, Idaho, described in **Exhibit A** hereof, and all existing improvements thereon (the "Land") and desires to lease the Land to the Authority; and

B. The Authority and the State intend to enter into a Development Agreement concurrently herewith (the "Development Agreement") for development of certain improvements on the Land as described in **Exhibit B** hereof (the "Improvements"); and

C. The Land and the Improvements (collectively, the "Facilities") will be leased back to the State under an annually renewable lease (the "Facilities Lease"), entered into concurrently herewith and the State will sublease the Facilities to Battelle Energy Alliance, LLC ("BEA") pursuant to the terms of two Facility Sublease Agreements (each, a "Sublease" and collectively, the "Subleases"); and

D. In accordance with the provisions of Idaho Code, Section 67-6410(a), the Idaho Legislature, pursuant to Senate Concurrent Resolution No. 105, First Regular Session of the Sixty-fourth Legislature, has authorized the State to enter into agreements with the Authority as may be reasonable and necessary to provide for the financing and development of research and educational facilities and related facilities at Idaho Falls, Idaho, for the State's uses and the uses of other public and/or private entities that may have affiliated, related, and/or collaborative purposes; and

E. The State and the Authority acknowledge that there shall be no merger of the State's leasehold interest under the Facilities Lease and the State's ownership interest in the Land, which merger would cause the cancellation or termination of this Ground Lease.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. **Recitals and Exhibits.** The parties acknowledge the foregoing Recitals are true to the best of their knowledge and belief and are incorporated into this Ground Lease as if set forth in full. The Exhibits hereto are incorporated as if fully set forth herein by this reference.

2. **Land.** The State hereby leases to the Authority, subject to the conditions expressed herein, the Land. The State represents that neither the execution and delivery of this Ground Lease, the consummation of the transactions contemplated by this Ground Lease, nor the fulfillment of or compliance with the terms and conditions of this Ground Lease conflict with or results in a breach of any terms, conditions or provisions of any

restriction, agreement, or instrument to which the State is now a party or to which the State is bound.

3. **Term.** The term of this Ground Lease shall be for a period expiring June 30, 2058.

4. **Rent.** The Land is leased to the Authority without consideration as authorized pursuant to Idaho Code, Section 67-6421.

5. **Authority to Develop.** The Authority shall, in cooperation with the State, undertake the design and construction of the Improvements described in **Exhibit B** on the Land in accordance with the Development Agreement and the Facilities Lease. In the event the Facilities Lease expires or is terminated for any reason except for a termination at the option of the State in accordance with paragraph 8 below, the Authority may use the Land and Improvements for any lawful purpose.

6. **Easements.** At the Authority's request or as may be reasonably necessary, the State shall grant to public entities or public service corporations or to the Authority such rights-of-way, utility, or other easements on or over the Land and adjacent property owned by the State for telephone, electricity, water, sanitary or storm sewers or both, site drainage and for other utilities and municipal or special district services necessary or appropriate to serve the Facilities.

7. **The Authority's Right to Assign.** The Authority shall have the right to assign this Ground Lease, subject to the rights of the State under the Facilities Lease. The State hereby consents to any assignment by the Authority to secure any Bonds or other obligations or liabilities of the Authority incurred for the financing of the Improvements or for the maintenance, repair, replacements or operation of the Facilities.

8. **Expiration or Termination at Option of the State.** In the event the Facilities Lease expires or terminates prior to June 30, 2058 and all sums owing for any revenue bonds issued by the Authority in connection with the Land have been paid or provisions for such full payment have been made to the satisfaction of the Authority, the State shall have the right, at its option, to immediately terminate this Ground Lease by written notice to the Authority. Upon such optional termination by the State or upon expiration of this Ground Lease, all alterations, improvements, replacements and appurtenances on or to the Land, including the Facilities, shall be deemed to be part of the Land and shall revert to and become the sole and absolute property of the State.

9. **Encumbrance.** The Authority shall have the right at any time and from time to time to pledge, lien or otherwise encumber its leasehold interest herein granted and its interest in the Facilities and any or all improvements thereon and appurtenances thereto by one or more mortgages, deeds of trust, assignment, or other encumbrances (herein referred to as "Pledges"), as security for a loan or loans or other obligations of the Authority incurred for the financing or refinancing of the Improvements or for the maintenance, repair, replacements or operation of the Facilities, provided that:

(a) The Pledges and all rights acquired thereunder shall be subject to each and all of the covenants, conditions, and restrictions stated in this Ground Lease and shall be subject to all rights and interests of the State as provided in this Ground Lease and shall not encumber the State's fee title to the Land; and

(b) The Authority shall give the State prior notice of any such Pledges and make available to the State a true copy of such Pledges and any indebtedness secured thereby.

10. **Zoning/Building Restrictions.** This Ground Lease is subject to all applicable zoning ordinances and restrictions and is subject to any and all easements for public utilities of record (the "Permitted Encumbrances").

11. **Waste and Nuisance Prohibited.** The Authority shall comply, during the term of this Ground Lease, with all applicable laws affecting the Land, the violation of which might result in any penalty assessed upon the State or forfeiture of the State's title in the Land. The Authority shall not commit, or suffer to be committed, any waste on the Land or the Improvements or any nuisance.

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

13. **Officials, Agents, and Employees Not Personally Liable.** It is agreed that in no event shall any official, officer, employee or agent of the Authority, nor any official, officer, employee or agent of the State be in any way personally liable or responsible for any covenant or agreement herein contained, whether expressed or implied, nor for any statement, representation or warranty made herein or in any way connected with this Ground Lease.

14. **Quiet Enjoyment.** Subject to Permitted Encumbrances, the State covenants that the Authority shall have the peaceful and quiet enjoyment of the Land for the term of the Ground Lease.

15. **State's Right of Entry.** The Authority shall permit the State and the agents, employees, and sublessees of the State to enter into and upon the Land at all reasonable times for the purpose of inspecting the same, without any rebate of rent and without any liability to the Authority for any loss of occupancy or quiet enjoyment of the Land thereby occasioned; provided, however, that the State shall first give seventy-two (72) hours written notice of its desire to inspect the Land and such inspection shall be accompanied by a designated representative of the Authority. Such notice and inspection procedures shall not apply during any term of the Facilities Lease.

16. **Default.** In the event the State shall at any time deem the Authority to be in breach of this Ground Lease, the State shall promptly notify the Authority, in writing, stating specifically the nature of any such alleged breach. The Authority shall not be

deemed to be in default hereunder unless the Authority fails to commence to cure any such default within ninety (90) calendar days after its receipt of such written notice and to diligently proceed to cure such default within a reasonable time. In the event of default, the State shall have all rights and remedies provided by law.

17. **Attorney Fees and Costs.** In the event that either party to this Ground Lease shall enforce any of the provisions hereof in any action at law or in equity, the prevailing party to such litigation shall be entitled to recover from the other party or parties all costs and expenses, including reasonable attorney fees, incurred therein.

18. **Integration.** This Ground Lease embodies the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior understandings relating thereto. This Ground Lease shall not be modified except in writing signed by all parties to be bound.

19. **Execution of Documents.** The parties agree that they shall sign or cause to be signed all documents necessary to the effectuation of this Ground Lease or any of the provisions herein.

20. **Warranty of Title.** The State warrants that it has the power and authority to enter into this Ground Lease and that the execution, delivery of this Ground Lease and the performance of the contractual obligations set forth herein are not in violation of any federal, state, local statute, ordinance, rule or regulation and that no consents not already obtained are required. The State further warrants that the State has good and marketable title to the Land, free and clear of all claims, liens and encumbrances, except for the Permitted Encumbrances.

21. **Notices.** All notices under this Ground Lease shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the date of mailing, if mailed, to the party to whom notice is to be given by registered or certified United States *mail*, postage prepaid, and properly addressed as follows:

If to State:

Idaho State Board of Education
P.O. Box 83720
Boise, ID 83720-0050

If to Authority:

Idaho State Building Authority
950 W. Bannock Street, Suite 490
Boise, Idaho 83702

The addresses provided may be changed by either party and additional addresses or notices may be specified from time to time by notice given in writing in accordance with this Section.

22. **Binding Effect.** This Ground Lease shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

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

24. **Headings.** Section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provisions of this Ground Lease.

25. **Counterparts.** This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

26. **Time of the Essence.** Time is of the essence of this Ground Lease, and of each and every covenant, term, condition, and provision thereof.

27. **Recording Copy.** Either party may, at its option and expense, record this Ground Lease.

IN WITNESS WHEREOF, the parties have caused this Ground Lease to be executed effective as of the day and year first above written.

IDAHO STATE BUILDING AUTHORITY

STATE OF IDAHO
State Board of Education

By: _____
V. L. Bud Tracy, Its Chairman

By: _____
Dr. Linda Clark, President

Date: _____

Date: _____

**EXHIBIT A
DESCRIPTION OF LAND**

[To be updated. SBOE is ordering legal description from surveyors based on site illustrations provided by BEA and surveys already completed]

EXHIBIT B
DESCRIPTION OF IMPROVEMENTS

The Improvements on the Land are described in the plans and specifications prepared by Flad & Associates, Inc., dated February 2, 2018 (the "Plans"), which Plans are incorporated herein by this reference. The Improvements shall be substantially completed in every material respect as described in the Plans.

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DEVELOPMENT AGREEMENT
(Education Collaboration Facilities)

THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into as of the ____ day of _____, 2018, by and between the IDAHO STATE BUILDING AUTHORITY (the "Authority") and the IDAHO STATE BOARD OF EDUCATION (the "State"). Capitalized terms used in this Agreement and not otherwise defined have the meanings set forth in the Ground Lease between the State and the Authority dated as of _____, 2018 (the "Ground Lease").

RECITALS

A. Concurrently herewith, the Authority has entered into a Ground Lease of the Land (as defined in the Ground Lease) from the State, which Land is or will be owned by the State; and

B. The State desires the Authority to undertake the financing and development of the Land by constructing the Improvements (as defined in the Ground Lease) thereon; and

C. The Land and the Improvements (collectively, the "Facilities") will be leased to the State from the Authority pursuant to an annually renewable lease (the "Facilities Lease") entered into concurrently herewith and the State will sublease the Facilities to Battelle Energy Alliance, LLC ("BEA" or "Sublessee") pursuant to the terms of two Facility Sublease Agreements (each, a "Sublease" and collectively, the "Subleases"); and

D. The Authority has entered or will enter into agreements for the design and construction of the Improvements, together with such additional contracts as may be necessary and appropriate to cause the Improvements to be completed in accordance with this Agreement; and

E. The Authority intends to issue revenue bonds to provide funds which shall be applied to payment of costs of land acquisition, planning, designing and constructing the Improvements; and

F. The Authority and State desire to set forth in this Agreement the respective responsibilities and agreements with respect to the Improvements and the planning, design and construction thereof.

NOW, THEREFORE, IT IS AGREED:

1. **Recitals and Exhibits**: The parties acknowledge the foregoing Recitals are true to the best of their knowledge and belief and are incorporated into this Development Agreement as if set forth in full. The Exhibits hereto are incorporated as if fully set forth herein by this reference.

2. **Authority of State Board of Education:** Senate Concurrent Resolution No. 105, adopted by the First Regular Session of the Sixty-fourth Legislature (the “Authorizing Legislation”), has authorized the State to enter into agreements with the Authority as may be reasonable and necessary to provide for the financing and development of the Facilities at Idaho Falls, Idaho, for the purposes of the State or the State’s uses and the uses of other public and/or private entities that may have affiliated, related, or collaborative purposes. The State shall designate a representative who shall be authorized and empowered to act on its behalf in all respects pertaining to the planning, design and construction of the Improvements and as to all of the obligations of the State under this Agreement and agrees to be fully bound by all acts, authorizations, representations and decisions of the Representative, except as otherwise expressly provided in this Agreement. In addition, the State shall designate a representative of BEA to act on its behalf in all respects pertaining to the planning design and construction of the Improvements.

3. **Statement of Work.** The Authority acknowledges that the State has entered into the Subleases, which require the State to adhere to certain obligations regarding the construction and development of the Facilities, as more specifically set forth in the Statement of Work attached to and incorporated into each Sublease as Exhibit C (each, a “Statement of Work” and collectively, the “Statements of Work”). The Authority shall comply with all requirements of the Statements of Work and agrees to be responsible for fulfilling the obligations set forth therein.

4. **Design and Construction Contracts:** The Authority shall enter into contracts for the planning, design and construction of the Facilities and such additional contracts as may be reasonable and necessary for the complete development of the Facilities, which contracts shall be approved by the State (collectively the “Contracts”). The Authority’s Contracts shall provide for adequate performance and payments bonds as well as delay liquidated damages.

5. **Final Design and Approvals:** Plans and specifications dated February 2, 2018 (the “Plans”) for the Facilities, incorporated herein by this reference, have been prepared by Flad & Associates, Inc. under its contract with BEA and are hereby approved by the State. A complete set of the Plans shall be provided to the State and BEA.

6. **Design and Construction of Facilities:** The Authority agrees that it shall cause the design and construction of the Facilities to be substantially completed in every material respect as follows:

(a) The construction of the Facilities shall in all substantial respects conform to the approved Plans to the extent feasible based upon the Construction Budget (defined below) and the Project Schedule (defined below).

(b) The Plans shall not be materially changed without prior written consent of the State and BEA, which consent shall not be unreasonably withheld.

(c) The Plans include design of certain upgrade improvements beyond typical commercial standards, as described in the Statements of Work (the “Special Features”) to be constructed as part of the Facilities. Additionally, BEA wishes to procure and install certain personal property, including furniture, materials or equipment (“FF&E”) through the Authority and its contractors. The costs of the Special Features and FF&E shall be paid by BEA pursuant to the Statements of Work. Prior to issuance of revenue bonds by the Authority, BEA shall be required to deposit into a Special Funding Account, established for the Authority in the Statements of Work, an amount sufficient to pay all estimated costs of the Special Features. Pursuant to the Statements of Work, prior to placing any orders for procurement or installation of FF&E, BEA shall be required to deposit additional sums in the Special Funding Account equal to the estimated cost thereof.

(d) The Facilities and every part thereof shall be constructed in accordance with applicable building codes and all other applicable governmental regulations and requirements.

7. **Costs and Completion Schedule:**

(a) **Construction Budget:** The State hereby approves a budget that the Authority reasonably believes is sufficient to account for all costs and expenses for the design and construction of the Facilities, including a reasonable amount for contingencies, a copy of which is attached hereto as **Exhibit A** (the “Construction Budget”). The State agrees to cooperate with the Authority in the design and construction of the Facilities so that the Facilities can be completed for the amount not to exceed the sums set forth in the Construction Budget.

(b) **Schedule:** The State hereby approves the schedule for construction of the Facilities attached hereto as **Exhibit B** (the “Project Schedule”) and agrees to cooperate with the Authority in the design and construction of the Facilities so that the Facilities can be completed within the times set forth in the Project Schedule as may be from time to time adjusted.

8. **Funding by Authority:** The Authority agrees to issue its revenue bonds in an amount sufficient to pay costs of the Authority relating to financing, acquisition of land, all reasonable and necessary costs relating to the design and construction of the Facilities in accordance with the Construction Budget, cost relating to the general administration of the financing and development of the Facilities and such maintenance and other reserves as are reasonable and appropriate.

9. **Cost Exceeding the Budget:** In the event circumstances indicate that the cost of the Facilities as detailed in the Plans cannot be completed for the amounts set forth in the Construction Budget, the State in cooperation with BEA agrees to approve such modifications to the Plans as may be necessary to reduce costs of the Facilities to conform to the Construction Budget.

10. **Adjustments to the Project Schedule**: The parties acknowledge that the Project Schedule may be adjusted as the design and construction of Facilities progresses. The Authority shall provide for the Project Schedule to be updated periodically throughout design and construction to reflect any known or anticipated changes to the Project Schedule and shall provide copies of the Project Schedule and adjustments to the State and BEA.

11. **Access to Facilities and Information**: The State and BEA shall have reasonable access to the construction site of the Facilities and to all documents and information held by the Authority or any project representative acting in any way for the Authority, including its contractors under any Contracts.

Upon completion of the Facilities, the State and BEA shall be provided (i) a complete set of "as-constructed" record Plans (drawings and specifications) of the Facilities, (ii) a complete set of operating manuals, and (iii) copies of all written warranties.

12. **Insurance**: In addition to the insurance required under the Facilities Lease, the Authority shall require its construction manager to procure and maintain builder's all risk insurance insuring the Facilities against loss or damage from insurable perils, including flood and earthquake if flood and earthquake insurance is available on reasonable terms. Such insurance shall be in the amount of the full replacement cost of the Facilities and shall include loss of use or loss of rents and soft costs with limits acceptable to the Authority. All such insurance shall include the State as additional insured and contain a loss payable clause providing for payment of proceeds to the Authority and the trustee of bonds issued by the Authority to the extent of their interest therein. Prior to commencing construction of the Facilities, the Authority shall provide to the State and BEA a certificate of insurance evidencing such insurance.

13. **Non-Assignment by State**: The State shall not assign this Agreement. In the event the State delegates any of its obligations under this Agreement to any independent third party engaged by or employed by the State in connection with the Facilities, no such delegation shall reduce or in any way limit the State's obligations hereunder.

14. **Assumption of Rights of Authority**: The rights of the Authority hereunder run to the Authority, and its successors and assigns, and all rights of the Authority hereunder may be assignable to and enforceable by any bondholder of the Authority, or any trustee representing the same to the same effect and in the same manner as enforceable by the Authority itself.

15. **Notice of Default\Mediation of Disputes**: In the event either party contends that a default has occurred hereunder, such party shall, prior to taking any legal action to enforce its rights hereunder, give written notice of such default or claimed default to the other, specifying with reasonable detail the nature of such defaults. The party allegedly in default shall have fifteen (15) days from the date such notice is given to respond to such notice. In the event such responding party intends to correct any deficiency or alleged default, such responding party shall describe any action to be taken

to effect such correction and the time within which such action shall be implemented. In the event the parties fail to agree upon specific actions to correct or cure an alleged default, the parties agree to mediate any such dispute in accordance with the Idaho Uniform Mediation Act, §9-801 *et. seq.*, Idaho Code.

16. **Remedies on Default:** In the event of any default hereunder is not corrected, cured or settled in accordance with paragraph 15 above, the non-defaulting party shall have any or all remedies allowed by law and may seek injunctive, specific performance, or other equitable relief.

17. **Notice:** In the event notice is required hereunder, such notice shall be in writing and shall be deemed given on the date of service if served personally on the party to whom notice is to be given, or, if mailed, on the date of mailing if mailed to the party to whom notice is to be given by registered or certified United States mail, postage prepaid, and properly addressed as follows:

Idaho State Building Authority
950 W. Bannock Street, Suite 490
Boise, Idaho 83702
Attention: Executive Director

Idaho State Board of Education
P.O. Box 83702
Boise, Idaho 83702-0050
Attention: Executive Director

The State or the Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices or other communications shall be sent.

18. **Authorized Representative:** The Executive Director of the Authority is authorized to act for the Authority regarding all matters contained in this Agreement. The Executive Director of the State Board of Education shall represent the State of Idaho as to all matters contained in this Agreement.

19. **Attorney Fees:** In the event either party to this Agreement is required to initiate or defend litigation with respect to the terms hereof or to enforce any of its rights hereunder, the prevailing party in such litigation shall be entitled to reasonable attorney's fees incurred in such litigation, including all discovery costs and costs of expert witnesses, together with all reasonable litigation expenses.

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EXECUTED on the dates set forth below.

IDAHO STATE BUILDING AUTHORITY

STATE OF IDAHO
State Board of Education

By: _____
V. L. Bud Tracy, Its Chairman

By: _____
Dr. Linda Clark, President

Date: _____

Date: _____

EXHIBIT A

CONSTRUCTION BUDGET

EXHIBIT B

PROJECT SCHEDULE

FACILITIES LEASE

THIS FACILITIES LEASE, made as of the _____ day of _____, 2018 (the "Effective Date"), between the IDAHO STATE BUILDING AUTHORITY (the "Authority"), as lessor, and the STATE OF IDAHO (the "State"), acting by and through the IDAHO STATE BOARD OF EDUCATION ("SBOE"), as lessee.

RECITALS

WHEREAS, the Authority was created by the Idaho State Building Authority Act, Title 67, Chapter 64, Idaho Code, to finance, acquire, own, construct and operate facilities for the purposes set forth in the Act; and

WHEREAS, the Authority is empowered by the Act, among other powers, to acquire property; to enter into agreements with the State and any agency, board, department or commission thereof in furtherance of the purposes of the Act, including acquisition, development, maintenance, operation, and financing of any facility and to provide for the construction, reconstruction, improvement, alteration, or repair of any facility or part thereof, and to lease such facilities as provided by the Act; and

WHEREAS, in accordance with the provisions of Idaho Code, Section 67-6410(a), the Idaho Legislature, pursuant to Senate Concurrent Resolution No. 105, First Regular Session of the Sixty-fourth Legislature (the "Authorizing Legislation"), has authorized the State to enter into agreements with the Authority as may be reasonable and necessary to provide for the financing and development of certain research and educational facilities near the Idaho National Laboratory ("INL") Research and Education Campus in Idaho Falls, Idaho, to be known as the Idaho Cybercore Integration Center and the Idaho Collaborative Computing Center; and

WHEREAS, concurrently herewith, the Authority has entered into a Ground Lease of certain real property located in Bonneville County, Idaho, described in **Exhibit A** hereof (the "Land"), which is or will be owned by the State; and

WHEREAS, the Authority and the State have entered a Development Agreement (the "Development Agreement"), whereby the Authority will undertake the financing and development of the Land by constructing certain improvements thereon as described in **Exhibit B** hereof (the ("Improvements" and together with the Land, collectively the "Facilities"); and

WHEREAS, the Facilities are hereby leased to the State pursuant to the terms and conditions set forth in this Facilities Lease and the State will enter into two facility sublease agreements (each a "Facility Sublease" and collectively, the "Facility Subleases") to sublease the Facilities to Battelle Energy Alliance, LLC a limited liability company acting under a prime contract for management and operation of INL with the United States Department of Energy, or its successors or assigns as permitted under the Subleases ("BEA" or the "Sublessee"); and

WHEREAS, the Authority will finance the costs of the acquisition, design, development, construction and equipment of the Facilities and related costs by the issuance of bonds or other evidences of indebtedness as authorized by the Act, together with certain funds from BEA; and

WHEREAS, the State and the Authority acknowledge that there shall be no merger of the State's leasehold interest in the Facilities and its ownership interest in the real property described in Exhibit A; and

WHEREAS, the Authority will be responsible for the design and construction and funding of certain maintenance and repair costs of the Facilities pursuant to the terms of this Facilities Lease and the Development Agreement.

NOW, THEREFORE, in consideration of the mutual promises, conditions, and covenants set forth herein, the parties agree:

ARTICLE I FINDINGS AND DECLARATION

SECTION 1.1 Findings. The Authority has found and declared, in accordance with Section 67-6410(c), Idaho Code, that the Facilities will be of public use and will provide a public benefit to the people of the State of Idaho.

SECTION 1.2 Declaration. The parties acknowledge that the Recitals contained in this Facilities Lease are true to the best of their knowledge and belief and are incorporated into this Facilities Lease as if set forth in full. This Facilities Lease shall constitute the agreement of the Authority to provide the Facilities as required by Section 67-6410(b), Idaho Code.

ARTICLE II DEFINITIONS

The terms used herein shall have the following meanings:

A. **"Act"** shall mean Chapter 64, Title 67, Idaho Code, as it now exists and as it may hereafter be amended and supplemented.

B. **"Additional Rent"** shall mean that Additional Rent described in Section 6.1(2)(b) hereof.

C. **"Administrative Costs"** shall mean the Authority's expenses (including reasonable reserves for such expenses) for lease of any real property, assessments, allocable administration and general expenses of the Authority, expenses for maintenance and repairs, insurance premiums, arbitrage rebate expenses, utility charges, legal, financial, architectural and engineering expenses, amounts to satisfy any deficiencies in any debt service reserve account under the Bond Resolution, fees and expenses of fiduciaries under the Bond Resolution, any bond insurance, guaranty and/or letter of credit fees, interest and finance charges, costs, fees and expenses arising out of or relating to the State's or any sublessee's use and occupancy of the Facilities, and any other expenses or contingencies to be paid or provided for by the Authority, all to the extent properly attributable to the Facilities and payable by the Authority. Administrative Costs shall not include any Cost of Acquisition, Construction and Financing or any provision for depreciation, amortization or similar charges or any expenses for maintenance and repairs, utility services or insurance required to be paid for or provided by the State pursuant to this Facilities Lease.

D. **"Annual Rent"** shall mean, with respect to the initial term of this Facilities Lease and each renewal term thereof, the Basic Rent and Additional Rent determined in accordance with Article VI hereof due and payable by the State to the Authority with respect to the Facilities for such lease term.

E. **"Authority"** shall mean the Idaho State Building Authority, an independent public body corporate and politic of the State, created by and existing under the Act.

F. **"Basic Rent"** shall mean an amount equal to the principal installments, including sinking fund deposits, and interest payable on the Bonds in the corresponding Fiscal Year of the Facilities Lease.

G. **"Bonds"** shall mean any bond or bonds, note or notes, or other evidences of indebtedness issued by the Authority for the purpose of financing the Cost of Acquisition, Construction and Financing and bonds or notes issued to refinance all or any part thereof and any bonds or notes issued to finance any additions, modifications or replacements of the Facilities from time to time hereafter.

H. **"Bond Resolution"** shall mean the resolution or resolutions of the Authority, as amended and supplemented, authorizing the issuance of Bonds.

I. **"Code"** shall mean the Internal Revenue Code of 1986, as amended, regulations thereunder and rulings and judicial decisions interpreting or construing the Code.

J. **"Construction Contracts"** shall mean those contracts the Authority shall enter into with third parties for the planning, design and construction of the Improvements and such additional contracts as may be reasonable and necessary for the complete development of the Facilities.

K. **"Cost of Acquisition, Construction and Financing"** shall mean any proper and reasonable cost, whether or not specifically mentioned herein, of purchasing real property for the uses contemplated by the Development Agreement, Ground Lease and this Facilities Lease; of developing, designing and constructing the Improvements and fixtures, machinery, apparatus and equipment therefore in accordance with the Development Agreement; of leasing the Land from the State; of engineering and architectural services, designs, plans, specifications and surveys; of planning, analysis, project management, administration, inspection and similar services in connection with the Facilities; all costs related to or arising out of the leasing of the Facilities back to the State under this Facilities Lease and the State's use in connection therewith; of any indemnity and surety bonds and insurance premiums; of allocable administrative and general expenses of the Authority; of allocable portions of reasonable inspection expenses, legal fees, audits, fees and expenses of any trustees, depositories and paying agents, financial advisors, and underwriters; of issuance of the Bonds, interest on and other financing charges, and fees and expenses of other advisors and consultants necessary or appropriate in connection therewith; of the payment of any Bonds of the Authority (including any interest and redemption premiums) issued to temporarily finance the payment of any item or items of cost of the Improvements; of expenses necessary or incidental to determining the feasibility or practicability of the Improvements; and of all other reasonable expenses not specified herein as may be necessary or incidental to the development, design, construction and acquisition of the Land and the Improvements, the financing thereof, and the placing of the same in use and operation.

L. **"Development Agreement"** shall mean an agreement entered into between the Authority and the State pertaining to the Facilities.

M. **"Facilities"** shall mean the Authority's interest in the Land and all buildings, equipment, fixtures, improvements, easements and appurtenances, together with the Improvements to be designed, constructed and installed by or for the Authority pursuant to this Facilities Lease and the Development Agreement.

N. **"Facilities Lease"** shall mean this Facilities Lease, including any amendments or supplements thereto.

O. **"Fiscal Year"** shall mean the twelve-month period of each year beginning July 1 and ending on the following June 30.

P. **"Ground Lease"** shall mean the Ground Lease entered into concurrently herewith between the Authority and the State containing the terms and conditions of the lease of the Land to the Authority.

Q. **"Improvements"** shall mean all work, materials, equipment and other improvements described in Exhibit B hereto.

R. **"Land"** shall mean the land and existing improvements thereon as more particularly described on Exhibit A hereto.

S. **"Trustee"** shall mean ZB, National Association dba Zions Bank, or its successor in function, which shall act as registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds.

ARTICLE III LEASE OF PROJECT; TERM OF LEASE

SECTION 3.1. Lease of Facilities. The Authority hereby leases the Facilities to the State in accordance with the Authorizing Legislation and in furtherance of the public benefit, and the State hereby leases the Facilities from the Authority on the terms and conditions set forth herein.

SECTION 3.2. Term of Lease. This Facilities Lease shall be in full force and effect from the Effective Date hereof. The initial term of the Facilities Lease shall extend from the Effective Date through June 30, 2018 (the "Initial Term"). On or before May 1, 2018, of the Initial Term, and on or before October 1 of each renewal term, beginning July 1 through the following June 30 (a "Renewal Term"), the State may, in its sole discretion, renew this Facilities Lease for the next subsequent Renewal Term by giving notice of intent to renew to the Authority and the Trustee (the "Notice of Intent to Renew"). After the Initial Term, each Notice of Intent to Renew shall include the State's confirmation that it will seek an appropriation of funds sufficient to pay Annual Rent for the next subsequent Renewal Term. These provisions are subject to the limitations of Section 14.1 hereof, and in the event that the State fails to appropriate funds sufficient to pay Annual Rent for the next subsequent Renewal Term, an Event of Nonrenewal (defined below) shall be deemed to have occurred.

In the event the Authority shall not have received the Notice of Intent to Renew by May 1, 2018, of the Initial Term, the Authority will promptly notify the State of such non-receipt, and

the State shall then have until June 1, 2018, to deliver to the Authority its Notice of Intent to Renew.

After the Initial Term, in the event the Authority shall not have received the Notice of Intent to Renew by October 1 of any year preceding the next Renewal Term, the Authority will promptly notify the State of such non-receipt, and the State shall then have until December 1 to deliver to the Authority its Notice of Intent to Renew.

If the State does not deliver the Notice of Intent to Renew by June 1, 2018, of the Initial Term, or by December 1 of any year preceding the next Renewal Term as provided above, or if the State shall at any time notify the Authority and the Trustee that the State has elected to not renew this Facilities Lease for the next subsequent Renewal Term, an "Event of Nonrenewal" shall be deemed to have occurred. Upon an Event of Nonrenewal, this Facilities Lease shall expire on June 30 of the Initial Term or the then current Renewal Term. This Facilities Lease shall terminate automatically upon termination or expiration of the Ground Lease.

ARTICLE IV ACQUISITION, DEVELOPMENT AND FINANCING

SECTION 4.1. Acquisition and Development of Facilities. The Authority agrees to diligently undertake development of the Facilities, including the design and construction of Improvements and to enter into such agreements as may be necessary or appropriate for the management of the project and for design, construction, and installation of materials, equipment and other elements of the Improvements, subject to the terms of the Development Agreement.

SECTION 4.2. Financing of Improvements by the Authority. The Authority agrees to finance the Cost of Acquisition, Construction and Financing of the Facilities by the issuance of Bonds as authorized by the Act, together with certain funds from BEA. The Authority may from time to time issue additional bonds, with the consent of the State to finance additional costs. The Authority may refinance or refund such Bonds as the Authority may deem appropriate; provided the Authority shall not refinance or refund such Bonds without the written consent of the State if to do so would increase the Basic Rent due hereunder. The Authority shall give written notice to the State of its intent to refinance or refund such Bonds.

SECTION 4.3. Bond Anticipation Notes. The Authority may issue bond anticipation notes payable from proceeds of Bonds with the prior written consent of the State.

ARTICLE V USE OF FACILITIES

SECTION 5.1. Use of Facilities. The State agrees that it shall use its best efforts to ensure the Facilities shall be used in accordance with the Authorizing Legislation.

SECTION 5.2. Sublease by State. The Authority hereby acknowledges that the Facilities will be subleased to and used by BEA, and its successors and assigns, in accordance with the Facility Subleases entered into between the State and BEA and hereby consents thereto. With the written consent of the Authority, which shall not be unreasonably withheld, the State may sublease or enter into agreements with others for the use, operation and/or maintenance of the Facilities or for the use or occupancy of all or portions of the Facilities.

ARTICLE VI RENT

SECTION 6.1. Payment of Annual Rent. In consideration of the lease of the Facilities, the State shall pay to the Authority, in advance and without any set off or deduction whatsoever, the following Annual Rent:

(1) From the Effective Date hereof through June 30, 2020, the State shall pay no Annual Rent.

(2) For the Renewal Term of this Facilities Lease commencing July 1, 2020 and for each annual Renewal Term thereafter, the State shall, not later than thirty (30) calendar days following the commencement of such renewal terms, pay in advance:

(a) As and for Basic Rent, an amount not to exceed \$6,000,000 for such term which shall equal the principal installments, including sinking fund deposits, and interest payable in the corresponding Fiscal Year in accordance with the Bond Resolution with respect to the Bonds; and

(b) As and for Additional Rent, (i) the amount estimated by the Authority to be sufficient to provide the Authority with adequate monies to pay all Administrative Costs attributable to the Facilities for the applicable term of this Facilities Lease, plus (ii) other sums payable with respect to the Bonds and the amount, if any, of deposits to any operating fund, and any other reserve or expense accounts required to meet all terms and conditions of the Bond Resolution. The Authority will provide to the State an estimate of Administrative Costs which shall accompany its statement for Additional Rent.

(3) Except as set forth in paragraph (5) below, Annual Rent payable for any Renewal Term shall not be deferred or abated because of delays in completion of the construction of the Improvements.

(4) Annual Rent may be prepaid in whole or part at any time. Any installment of Annual Rent which is not paid by the State on or before the due date thereof shall, from and after said due date, bear interest until paid at the highest rate per annum borne by any of the Bonds then outstanding; time being of the absolute essence of this obligation.

(5) The Authority and the State hereby agree that Basic Rent in any Facilities Lease term shall be reduced by any amounts on deposit with the Authority legally available for and allocated by the Authority to the payment of principal and interest on the Bonds, including, without limitation, rent received from any sublease, capitalized interest from proceeds of the Bonds and funds on deposit in the Debt Service Fund or the General Reserve Fund established under the Bond Resolution, or any monetary damages received by the Authority under any Construction Contracts as liquidated damages as a result of delays in completion of construction. Basic Rent shall be increased or decreased as appropriate to reflect the issuance by the Authority of any additional Bonds issued to refinance the Bonds, in whole or in part, or any additional Bonds issued for the purposes set forth in Section 9.1 hereof or issued to finance additions, modification or replacement of the Facilities or any part thereof.

(6) Annual Rents shall be payable in lawful money of the United States of America, which shall be legal tender for public and private debts under the laws of the United States at

the time of payment, provided that, upon prior written approval of the Authority, the State may transfer funds through electronic funds transfer. Payment shall be made at the office of the Authority or such other place or places as may be designated in writing by the Authority.

(7) The State and the Authority have agreed and determined that such Annual Rent represents the fair market rental value of the Facilities. In making such determination, consideration has been given to the Cost of Acquisition, Construction and Financing of the Facilities, and the costs of issuing Bonds, and the Administrative Costs of the Facilities, and the uses and purposes of the Facilities which will accrue to the State and the Authority and the general public in accordance with the Authorizing Legislation and ownership by the Authority.

(8) Upon an Event of Nonrenewal, all obligations of the State under this Facilities Lease shall cease effective as of June 30 of the Initial Term or the then current Renewal Term. It is hereby acknowledged and agreed that the State shall have no obligation to pay Annual Rent or any other obligations hereunder for the next subsequent Renewal Term following an Event of Nonrenewal.

SECTION 6.2. Application of Rent. The Authority covenants to use and apply Annual Rent, and other monies received by the Authority pursuant to Section 6.1(5), solely to payment of debt service on the Bonds, Administrative Costs, deposits to required reserve accounts and other appropriate purposes pertaining to the Facilities and/or the Bonds pursuant to the Bond Resolution and this Facilities Lease.

ARTICLE VII OPERATION AND MAINTENANCE OF THE FACILITIES

Section 7.1 Operation, Repairs and Maintenance. The State shall keep and maintain, or shall cause the Sublessee to keep and maintain, the Facilities and all equipment, fixtures, additions and improvements thereof, in good order and condition, and shall make or cause to be made all ordinary and necessary repairs, renewals, and replacements with respect to the Facilities, throughout the Initial Term of this Facilities Lease and each Renewal Term thereof, at the State's (or Sublessee's) cost and expense. To the extent that the costs of required repairs, renewals or replacements are covered by (i) reserve funds maintained by the Authority, or (ii) insurance under policies maintained by Authority, the State shall be entitled to the benefit of such funds to the extent of the actual costs incurred by the State. Subject to Section 10.1, in the event the Facilities or any part thereof are damaged or destroyed by an uninsured or partially uninsured casualty of any kind, the State shall either replace or rebuild the Facilities of equal value, or pay such sums to the Authority as may be required to fully pay and discharge the Bonds.

Section 7.2 Maintenance and Repair Fund. The Authority shall establish a fund (the "Maintenance and Repair Fund") from proceeds of the Bonds to be used for the purpose of funding any maintenance, repairs, or improvements the State deems necessary, in its sole discretion, for the Facilities. Upon request by the State to the Authority, the Authority shall make a request to the Trustee for the payment or reimbursement of the actual costs incurred by the State for maintenance or repair of the Facilities from the Maintenance and Repair Fund. Upon termination of this Facilities Lease pursuant to Section 8 of the Ground Lease, the Authority shall apply any funds remaining in the Maintenance and Repair Fund to debt service on the Bonds and shall release any remaining balance to the State.

Section 7.3 Utilities. The State shall pay or cause Sublessee to pay all costs, expenses, and charges for steam, gas, electricity, fuel, water, garbage, sewer, and other services and utilities furnished to the Facilities during the term of this Facilities Lease and each Renewal Term.

Section 7.4 Insurance. The State shall cause the Sublessee to maintain at its sole cost and expense the following minimum insurance coverage from the Effective Date of the Facility Subleases throughout the term of the Facility Subleases and any extensions or renewals thereof:

1. Commercial general liability insurance in the minimum amount of five million dollars (\$5,000,000) per occurrence, and with an aggregate limit of not less than five million dollars (\$5,000,000);
2. Workers compensation insurance in accordance with the laws of the State of Idaho.
3. Business Auto Liability Insurance in the minimum amount of not less than \$1,000,000 per individual and \$3,000,000 per occurrence.

All insurance required hereunder shall be maintained in full force and effect through a company or companies reasonably satisfactory to the State. All insurance required above shall name the State of Idaho, the Idaho State Board of Education and Idaho State Building Authority, and each of their respective officers, employees, agents and assigns (all of whom are collectively referred to as the "State Insureds") as additional insureds, and shall contain a clause requiring written notice to the State sixty (60) days in advance of the cancellation, non-renewal, or material modification of said insurance as evidenced by return receipt of United States certified mail; provided, however, that the Sublessee's insurance shall name State Insureds as additional insureds solely with regard to claims arising out of the Sublessee's use of the Facilities and nothing in this paragraph shall be construed to extend the Sublessee's insurance policies to any of the State Insureds with regard to any claims that arise out of or result from the sole action/inactions of the State Insureds. Coverage on a claims made basis shall survive for a period of not less than three (3) years after termination of the Facility Subleases. Certificates of insurance evidencing compliance with this provision shall be supplied to State contemporaneously with substantial completion of construction of the Improvements, a copy of which shall be provided to the Authority.

If insurance is not provided through the Sublessee as required above, the State shall maintain or cause to be maintained with responsible insurers or under an established program of self-insurance the following insurance with respect to the Facilities and/or the use of the Facilities at all times from the Effective Date of the Facility Subleases through the expiration or termination of this Facilities Lease:

- (a) Self-Insurance or commercial general liability insurance (CGL) and, if necessary, commercial umbrella insurance and property damage liability as shall afford protection to the Authority in an amount of not less than \$500,000 for each occurrence or such greater amount provided under the Idaho Tort Claims Act. The insurance shall cover liability arising from premises, operations, independent contractors, product-completed operations, personal injury and advertising injury, and liability assumed under an insured contract. Such insurance shall protect the Authority to the same extent as the

State is protected from claims, demands, causes of actions, penalties, including costs and attorney fees, arising out of the use or occupancy of the Facilities.

(b) Workmen's Compensation Insurance in the amount and in the form which the State is required by law to maintain.

(c) Any other insurance agreed to in writing by the State and the Authority.

(d) Any other insurance required by the terms and conditions of the Bonds.

All insurance procured and any self-insurance plan maintained by the State shall comply with the following requirements:

(a) Each policy or policies of insurance shall be written by insurance companies authorized to do business in the State and furnished through an insurance carrier or carriers satisfactory to the Authority or through a self-insurance plan satisfactory to the Authority and an insurance consultant pursuant to the Bond Resolution.

(b) True, correct and complete copies of all insurance policies or self-insurance plan and all endorsements, changes, amendments and supplemental provisions thereto shall be continually maintained by the State and shall be available for inspection and copying by the Authority at all times during the State's regular office hours.

(c) All such insurance, except for insurance provided by the Sublessee, shall provide that coverage shall not be canceled or amended except upon sixty (60) calendar day prior written notice to the Authority. The Authority shall be furnished current certificates upon the commencement of the Initial Term and each Renewal Term of this Facilities Lease showing that all such insurance fully complies with the terms of this Facilities Lease, and current certificates shall be furnished at any other time or times as may be reasonably requested.

(d) All policies of insurance obtained by and any self-insurance plan maintained by the State shall include provisions that coverage shall not be affected, reduced or waived by any inaccurate or misleading statement or information furnished by the State in obtaining such insurance nor shall insurance under such policies furnished to the Authority be reduced by any actual or alleged breach of warranties made by the State in obtaining such insurance. All liability insurance furnished by the State shall include insurance covering the obligations of the State under Article VIII of this Facilities Lease.

(e) All insurance provided to the Authority by the State pursuant to this Facilities Lease shall name the Authority as an additional insured and contain a loss payable clause providing for payment of proceeds to the Authority and the Trustee to the extent of their interest therein, and the Annual Rent otherwise payable by the State with respect to the Facilities shall be reduced by the amount of business interruption or loss of rents insurance payments, if any, made to the Authority and/or the Trustee.

The Authority shall provide and maintain or cause to be provided and maintained "All Risk" builders risk insurance as required by the Development Agreement through the date of the substantial completion of the Facilities. After the substantial completion of the Facilities, the State shall provide and maintain property and casualty insurance on the Facilities, together with rental interruption insurance, insuring the Facilities against damage or loss resulting from fire or other casualty. Such property and casualty insurance acquired by State shall (i) be acquired on an agreed amount basis, and (ii) provide for 100% replacement cost value.

The Authority and the State hereby release each other from any and all liability or responsibility to the other as to any person claiming through or under either by way of subrogation or otherwise for any loss or damage to property caused by any casualty insured by the above-described coverages, even if the loss is caused by the fault or negligence of the other party or by any party for whom the other party is responsible.

ARTICLE VIII COVENANT TO ENFORCE CONTRACTS

SECTION 8.1. State's Covenant. The State hereby agrees to exercise diligence in enforcement of the Facility Subleases for the benefit of the Authority and to take other action necessary and appropriate to protect the interests of the Authority under this Facilities Lease and the Facility Subleases.

SECTION 8.2. Authority's Covenant. The Authority hereby agrees to exercise diligence in enforcement of its Construction Contracts, including without limitation enforcement of warranties and liquidated damages for construction delays, for the benefit of the State.

ARTICLE IX ALTERATIONS, ADDITIONS AND IMPROVEMENTS

SECTION 9.1. Alterations, Additions, and Improvements. The State shall have the right, at any time and from time to time during the term of this Facilities Lease, at the State's (or the Sublessee's) cost and expense, to make or permit such repairs, replacements, alterations, additions, expansions and improvements, structural or otherwise, to the Facilities, as the State shall deem necessary or desirable in connection with its use of the Facilities.

Notwithstanding the foregoing, the State shall not make any alterations, additions, expansions or improvements which are structural or will lessen the market value of the Facilities without the prior written consent of the Authority which shall not be unreasonably withheld. Once commenced, all alterations, additions, expansions and improvements shall be diligently pursued to completion. All such alterations, additions and improvements shall be of such character as to not reduce or otherwise adversely affect the value of the Facilities or the rental value thereof and all the costs thereof shall be promptly paid or discharged so that the Facilities shall at all times be free of liens or claims for labor and materials supplied thereto. All, alterations, additions, fixtures and permanent improvements to the Facilities shall be and become a part of the Facilities and shall become the property of the Authority. Detachable fixtures and non-structural alterations may be removed by the State (or the Sublessee's), provided that the State shall restore the Facilities to their condition prior to installation, reasonable wear and tear excepted. In addition, structural alterations or additions to the Facilities made at the expense of the State, or the Sublessee, may be removed with prior written approval of the Authority which shall not be unreasonably withheld, conditioned, or delayed.

ARTICLE X DAMAGE, DESTRUCTION, AND CONDEMNATION

SECTION 10.1. Damage, Destruction and Condemnation. In the event of damage, destruction, or condemnation of the Facilities, or any part thereof, the net proceeds of any insurance or condemnation awards with respect to the Facilities and, to the extent necessary, the proceeds of any additional Bonds which may be issued by the Authority for such purpose pursuant to the terms and conditions of the Bonds, shall be used and applied by the Authority in accordance with the terms of the Bonds to repair, restore, rebuild, or replace the Facilities; provided, however, that, in the event of total or substantial destruction or condemnation of the Facilities or in the event that the aforesaid insurance proceeds, condemnation awards, and proceeds of Bonds are not sufficient to repair, restore, rebuild, or replace the Facilities, the Authority may elect not to repair, restore, rebuild, or replace the Facilities, in which case the net proceeds of all insurance and condemnation awards, together with all other available funds, shall be applied in accordance with the terms of the Bond Resolution. Any such repair, restoration, rebuilding, or replacement of the Facilities may be in accordance with such different design, plans, and specifications approved by the State as will or may provide facilities of the same or different nature or use, so long as any such change therein or thereof shall not reduce or otherwise adversely affect the value of the Facilities or the rental value thereof. In consideration of the Authority proceeding with the repair, restoration, rebuilding, or replacement of the Facilities as above provided, the State shall continue to pay the Annual Rent due under this Facilities Lease, except to the extent the Authority actually receives proceeds of business interruption or loss of rents insurance described in Section 7.4 hereof.

ARTICLE XI PARTICULAR COVENANTS

SECTION 11.1. Compliance with Laws and Regulations. The State shall, at its own cost and expense, promptly comply with, or cause to be complied with, all laws and ordinances, rules, regulations and other governmental requirements, whether or not the same require structural repairs or alterations, which may be applicable to the State, the Facilities or the use or manner of use of the Facilities. The State shall also observe and comply with the requirements of all policies and arrangements of insurance at any time in force with respect to the Facilities.

SECTION 11.2. Covenant Against Waste. The State covenants not to do or suffer or permit to exist any Hazardous Substances, contamination, waste, damage, disfigurement or injury to, or public or private nuisance, in or upon the Facilities in violation of any State or federal laws or regulations and agrees to pay all costs, changes, penalties or any other expense reasonably incurred or to be incurred to remove, restore or reclaim the Facilities, provided, however that during the term of any sublease, and any renewal or extension thereof, the State shall cause the Sublessee to be responsible for tracking, recording, and proper use and disposal of any and all Hazardous Substances that are received, stored, handled or disposed of on or from the Facilities, including spills or accidents involving hazardous substances within the Facilities, and both planned and unplanned releases to the environment, including without limitation any Environmental Law violations. The State and the Sublessee are responsible for fully remediating, responding to and resolving any Environmental Law violations which may occur during the term of the sublease. As used herein, the term "environmental laws" shall mean any laws governing

Hazardous Substances or their use, storage, transportation, release, generation, handling, treatment or disposal, pollution, contamination or protection of the environment (including natural resources) and/or protection of human health and safety. As used herein, the term "Hazardous Substances" or "Hazardous Materials" shall mean, collectively, (a) any petroleum or petroleum product or waste, explosive, radioactive material, asbestos, asbestos containing material, urea formaldehyde foam insulation, polychlorinated biphenyls and lead (including, without limitation, lead-based paint); (b) any substance, material, product, derivative, compound, mixture, mineral, chemical, waste, medical waste or gas, in each case whether naturally occurring, human-made or the by-product of any process; (i) that is now or hereafter becomes defined as, listed as, or included within the definition of a "hazardous substance," "hazardous waste," "hazardous material," "toxic chemical," "toxic substance," "hazardous chemical," "extremely hazardous substance," "pollutant," "contaminant," or any other words of similar meaning under any Environmental Law or any other law relating to human health, safety, natural resources or the environment; (ii) exposure to which or the presence, use, generation, handling, treatment, release, transport or storage of which is now or hereafter prohibited, limited, restricted or regulated under any applicable Environmental Law or by any governmental or regulatory authority having jurisdiction over the land; and (c) any other chemical, material, gas, substance, or waste, exposure to which, or the presence of which, is now or hereafter prohibited, limited, restricted or regulated by any governmental or regulatory authority.

SECTION 11.3. Right of Inspection. The State covenants and agrees to permit the Authority and the authorized agents and representatives of the Authority to enter the Facilities at reasonable times during usual business hours for the purpose of inspecting the same, subject to reasonable security requirements and procedures of the State and any sublessee occupying the Facilities.

SECTION 11.4. Condition of Facilities. The Authority makes no representation regarding the condition of the Facilities or land underlying or adjacent thereto and the Authority shall not be liable for any latent or patent defects therein.

SECTION 11.5. Assignment. The State shall not assign or mortgage this Facilities Lease or any right hereunder or interest herein without prior written consent of the Authority, which consent shall not be unreasonably withheld.

SECTION 11.6. Covenant of Quiet Enjoyment. The Authority covenants that it has full right and lawful authority to enter into this Facilities Lease and that, so long as the State shall pay the Annual Rent and shall duly observe all of its covenants and agreements in this Facilities Lease, the State shall have, hold, and enjoy, during the Initial Term of this Facilities Lease and each Renewal Term thereof, peaceful, quiet, and undisputed possession of the Facilities. No defect, encumbrance, cloud, restriction or other matter affecting title to the land on which the Facilities shall be developed existing at the time the land is acquired or leased to the Authority shall constitute a breach of this Facilities Lease by the Authority.

ARTICLE XII DEFAULT

SECTION 12.1. Events of Default. The following shall be events of default under this Facilities Lease:

(a) Failure by the State to pay Annual Rent as the same shall become due,
or

(b) Failure by the State or anyone contracting with the State to observe and perform any other covenant, condition, or agreement to be observed or performed under this Facilities Lease for a period of ninety (90) calendar days after written notice, specifying the nature of such failure and requesting that it be remedied, given to the State by the Authority or Trustee, unless the Authority or Trustee shall agree in writing to an extension of such time prior to its expiration.

SECTION 12.2. Remedies. Whenever any event of default referred to in Section 12.1 hereof shall occur, the Authority may take any one or more of the following remedial steps:

(a) Declare all Annual Rent payable for the applicable lease term then in effect to be immediately due and payable, together with applicable interest thereon.

(b) Re-enter and take possession of the Facilities, exclude the State from possession thereof, and terminate this Facilities Lease.

(c) Take such action at law or in equity as may appear necessary or desirable to collect all sums due and thereafter to become due, or to enforce performance and observation of any obligation, agreement, or covenant of the State under this Facilities Lease.

SECTION 12.3. Remedies for Default by the Authority or its Contracting Parties. Whenever any event of default by the Authority or any parties contracting with the Authority shall occur, including the event of failure by such parties to commence any repair required, for which it is obligated under this Facilities Lease, within a reasonable time after receipt of written notice regarding the performance deficiency, but in no event later than thirty (30) days from the receipt of written notification, the State (or the Sublessee) shall have the right to secure said repair at its discretion. The State may seek reimbursement from the Authority by submitting an itemized invoice and justification for reimbursement consistent with the provisions of this Facilities Lease.

SECTION 12.4. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Facilities Lease, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In the exercise of any remedy reserved to the Authority in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

ARTICLE XIII SURRENDER OF FACILITIES

SECTION 13.1. Surrender of Facilities. In the event that the State elects not to renew or extend the term of this Facilities Lease or this Facilities Lease is otherwise terminated, the State shall quit and surrender the Facilities to the Authority in the same condition in which it

existed at the date the construction of all Facilities was completed by the Authority, subject to any alterations, additions, expansions or improvements made in accordance with Section 9.1 hereof, ordinary wear and tear excepted, at the end of the Initial Term or the then current Renewal Term.

ARTICLE XIV LIMITATION ON OBLIGATIONS

SECTION 14.1. Obligations of the Authority and the State Limited to Certain Resources. Notwithstanding any other provisions of this Facilities Lease, no obligation assumed by or imposed upon the Authority by this Facilities Lease shall require the performance of any act by the Authority except to the extent, if any, that the cost and expense of such performance may be paid from the proceeds of the Bonds issued by the Authority or from other funds legally available to the Authority to meet the cost and expense of such performance, and no obligation assumed by or imposed upon the State by this Facilities Lease shall require the performance of any act by the State, including, but not limited to, the payment of Annual Rent, except to the extent that funds may be available for such performance or payment from State general appropriations or other funds legally available therefor. This Facilities Lease shall not be construed as obligating the Legislature of the State of Idaho to make future appropriations for the payment of Annual Rent or the performance of any other obligations under this Facilities Lease for the Initial Term or for any Renewal Term hereof. In the event that appropriated funds are not legally available for payment of Annual Rent or other obligations hereunder for any term, then this Facilities Lease shall be terminated. The liability of the State for payment of Annual Rent as it becomes due shall be in consideration of the right of the State, whether or not exercised, to occupy and/or use the Facilities for the then-current lease term.

ARTICLE XV MISCELLANEOUS

SECTION 15.1. Pledge of Rent, Proceeds, and Facilities Lease. It is expressly understood and agreed by the parties hereto that the Authority has the right to pledge and assign Annual Rent, all proceeds receivable by the Authority from any sale of the Facilities, and its rights and interest under this Facilities Lease to secure: (i) the payment of the principal of and the interest on and redemption premium, if any, on the Bonds; and (ii) other obligations of the Authority under the terms and conditions of the Bonds.

SECTION 15.2. Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed given on the second business day following the day on which the same are mailed by certified mail, postage prepaid, addressed as follows:

(a) If to the State, to the attention of the Executive Director, Office of the State Board of Education, P.O. Box 83702, Boise, Idaho 83720-0050;

(b) If to the Authority, to the attention of Executive Director, Idaho State Building Authority, 950 Bannock Street, Suite 490, Boise, Idaho 83702.

The State or the Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices or other communications shall be sent.

SECTION 15.3. Severability. In case any one or more of the provisions of this Facilities Lease shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Facilities Lease, but this Facilities Lease shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 15.4. Attorney Fees. In the event either party to this Agreement is required to initiate or defend litigation with respect to the terms hereof or to enforce any of its rights hereunder, the prevailing party in such litigation shall be entitled to reasonable attorney's fees incurred in such litigation, including all discovery costs and costs of expert witnesses, together with all reasonable litigation expenses as awarded by the court.

SECTION 15.5. Headings. The article and section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Facilities Lease.

SECTION 15.6. Counterparts. This Facilities Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15.7. Amendments. Notwithstanding a refinancing pursuant to Section 4.2 hereof, the Authority and the State shall not, without the written consent of the Trustee or other legally-authorized representative of the interests of the owners of the Bonds, consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with this Facilities Lease which will reduce the payments required to be made by the State hereunder during the Initial Term or any Renewal Term hereof, or which will in any manner materially impair or adversely affect the rights of the Authority hereunder, and any action by the Authority or the State in violation of this covenant shall be null and void as to the Authority and the State. Further, any voluntary amendment, modification or termination of this Facilities Lease shall require the written consent of all parties.

SECTION 15.8. Effective Date. This Facilities Lease shall be effective as of the date stated above upon its execution.

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IN WITNESS WHEREOF, the parties hereunto have caused this Facilities Lease to be executed as of the day and year first hereinabove set forth.

IDAHO STATE BUILDING AUTHORITY

STATE OF IDAHO
State Board of Education

By: _____
V. L. Bud Tracy, Its Chairman

By: _____
Dr. Linda Clark, Board President

Date: _____

Date: _____

**EXHIBIT A
DESCRIPTION OF LAND**

[To be updated. SBOE is ordering legal description from surveyors based on site illustrations provided by BEA and surveys already completed]

**EXHIBIT B
DESCRIPTION OF IMPROVEMENTS**

The Improvements on the Land are described in the plans and specifications prepared by Flad & Associates, Inc., dated February 2, 2018 (the "Plans"), which Plans are incorporated herein by this reference. The Improvements shall be substantially completed in every material respect as described in the Plans.

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CYBERCORE INTEGRATION CENTER

FACILITY SUBLEASE AGREEMENT NO. 179446

SUBLESSOR

IDAHO STATE BOARD OF EDUCATION

SUBLESSEE

BATTELLE ENERGY ALLIANCE, LLC

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SUBLEASE SYNOPSIS

The provisions of this Sublease Synopsis summarize certain terms of the Facility Sublease Agreement which are more fully described in the balance of the Sublease. The provisions of this Sublease Synopsis constitute a binding and enforceable part of this Sublease for purposes of providing specific information for incorporation into the Sublease and are a part of the Sublease and fully incorporated into the Sublease by this reference. In the event of a conflict between the provisions of this Sublease Synopsis and any other portion of the Sublease, the latter shall control. Capitalized terms used in this Sublease shall have the meanings set forth in Article 1 or otherwise defined in any other part of this Sublease, including the Sublease Synopsis.

Rent:	Based on an approximate square footage of 78,940, Rent shall be \$2,940,000.00 per year.
Term:	The Term is defined as the Effective Date through the Sublease Expiration Date.
Rent Commencement Date:	The first day of the month immediately following Substantial Completion. For example, if the date of Substantial Completion is February 12, 2019, the Rent Commencement Date would be March 1, 2019.
Sublessor's Address for Notices:	Attn: Executive Director P.O. Box 83720 Boise, ID 83720
Premises Address:	805 University Boulevard Idaho Falls, ID 83401
Premises Description:	The area legally described and Improvements depicted on Exhibit E.
Permitted Use:	Those uses set forth in Section 6.1.
Square Footage and Area to be Subleased:	Approximately 78,940 square feet, together with approximately 5 acres of land, as further described under the Premises Description and as depicted on Exhibit E.
Sublease Expiration Date:	Fifteen (15) Years from Rent Commencement Date. For example, if the Rent Commencement Date is March 1, 2019, the Sublease Expiration Date will be February 28, 2034.
Sublessee's Address for Notices:	Mailstop 3725, P.O. Box 1625 Attn: Mike Drake Idaho Falls, ID 83415-3725

FACILITY SUBLEASE AGREEMENT

ARTICLE 1 - RECITALS AND DEFINITIONS

The provisions of Article 1 summarize certain material terms of the Facility Sublease Agreement. The provisions of Article 1 constitute a binding and enforceable part of this Sublease and are fully incorporated into the Sublease by this reference. In the event of a conflict between the provisions of Article 1 and any other portion of the Sublease, the latter shall control. Capitalized terms used in this Sublease shall have the meanings set forth in Article 1 or as otherwise defined in any other part of this Sublease, including the Sublease Synopsis.

Section 1.1 Recitals

This Facility Sublease Agreement No. 179446 (“Sublease”) is entered into as of this _____ day of _____, 2018 (the “Effective Date”), by and between the Idaho State Board Of Education (SBOE) (the “Sublessor”), and Battelle Energy Alliance, LLC (BEA), a limited liability company formed under the laws of the State of Delaware (the “Sublessee”) with operating offices in Idaho Falls, Idaho, acting under a Prime Contract with the Department of Energy (DOE). SBOE and BEA are referred to collectively as “Parties.”

The SBOE is or will be the owner of the land described under Premises Description in the Sublease Synopsis (the “Land”) upon which the building, including building interior, exterior, surrounding grounds, parking areas, and all equipment, fixtures, and appurtenances furnished thereon and therein (the “Improvements”) will be constructed (the Land and all Improvements collectively, the “Premises”). SBOE will lease the Land to the Idaho State Building Authority (“ISBA”) for a fixed-lease term pursuant to a Ground Lease between SBOE and ISBA (the “Ground Lease”). ISBA will construct and own the Improvements on the Land in accordance with the Ground Lease and a Development Agreement between ISBA and SBOE (the “Development Agreement”). The Improvements and the Land will be leased to SBOE under a Facilities Lease Agreement between ISBA and SBOE (the “Facilities Lease Agreement”), and subleased from SBOE to BEA in accordance with this Sublease Agreement. The Ground Lease, Facilities Lease and Development Agreement are collectively referred to herein as the “ISBA Documents.”

Sublessor hereby intends to sublease the Premises to Sublessee pursuant to the terms of this Sublease. In accordance with the ISBA Documents and certain provisions of this Sublease, ISBA shall undertake the obligation to finance, construct and develop the Improvements, together with certain maintenance and repair obligations set forth in the ISBA Documents.

In consideration of the mutual covenants herein set forth, the Parties do hereby agree to the terms and conditions set forth in this Sublease.

Section 1.2 Definitions

The following terms shall have the meanings stated or referred to below:

“Authorizing Legislation” – means Senate Concurrent Resolution No. 105 adopted by the Sixty-Fourth Legislature of the State of Idaho, which is attached as Exhibit D.

“Building” – means the building and related improvements constructed on the Land, located in the City of Idaho Falls, Bonneville County, State of Idaho, to be known as the Cybercore Integration Center.

“DOE” – means the United States Department of Energy.

“Environmental Law” – means any Laws governing Hazardous Substances or their use, storage, transportation, release, generation, handling, treatment or disposal, pollution, contamination or protection of the environment (including natural resources), and/or protection of human health and safety.

“Environmental Violation” – means (a) any direct or indirect discharge, disposal, spillage, emission, escape, pumping, pouring, injection, leaching, release, seepage, filtration or transporting of any Hazardous Substance at, upon, under, onto or within the Premises, or from the Premises to the environment, in violation of any Environmental Law or which could result in any liability to any Governmental Authority or any other person for the costs of any removal or remedial action or natural resources damage or for bodily injury or property damage; (b) any deposit, storage, dumping, placement or use of any Hazardous Substance at, upon, under or within the Premises or which extends to any adjoining property in violation of any Environmental Law or which could result in any liability to any Governmental Authority or any other person for the costs of any removal or remedial action or natural resources damage or for bodily injury or property damage; (c) the abandonment or discarding of any barrels, containers or other receptacles containing any Hazardous Substances in violation of any applicable Environmental Laws; or (d) any violation of or noncompliance with any Environmental Law.

“Excusable Delay” – means delays arising without the fault or negligence of Sublessor and Sublessor’s contractors, subcontractors and suppliers at any tier, and shall include, without limitation, delays caused by: (a) acts of God or of the public enemy, riots, war, invasion, insurrection, mass violence, sabotage, malicious mischief; (b) acts of the United States of America in either its sovereign or contractual capacity; (c) fires; (d) floods; (e) epidemics; (f) quarantine restrictions; (g) strikes, lock-outs, or other actions of labor unions; (h) freight embargoes; (i) unusually severe weather; or (j) delays of contractors, subcontractors or suppliers at any tier, arising from unforeseeable causes beyond the control and without the fault or negligence of both the Sublessor and any such contractor, subcontractor, or supplier, provided, however, that the Party claiming an Excusable Delay provides notice to the other Party within ten (10) days of the event causing such delay and takes all commercially reasonable steps to mitigate the duration of and any damages caused by such delay.

“Governmental Authority” – means any federal, state, county or municipal government, or political subdivision thereof, any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality, special service district or public body, or any court or administrative tribunal.

“Hazardous Materials” and/or “Hazardous Substances” – means collectively, (a) any petroleum or petroleum product or waste, explosive, radioactive material, asbestos, asbestos containing material, urea formaldehyde foam insulation, polychlorinated biphenyls and lead (including, without limitation, lead-based paint); (b) any substance, material, product, derivative, compound, mixture, mineral, chemical, waste, medical waste or gas, in each case whether naturally occurring, human-made or the

by-product of any process; (i) that is now or hereafter becomes defined as, listed as, or included within the definition of a “hazardous substance,” “hazardous waste,” “hazardous material,” “toxic chemical,” “toxic substance,” “hazardous chemical,” “extremely hazardous substance,” “pollutant,” “contaminant,” or any other words of similar meaning under any Environmental Law or any other law relating to human health, safety, natural resources or the environment; (ii) exposure to which or the presence, use, generation, handling, treatment, release, transport or storage of which is now or hereafter prohibited, limited, restricted or regulated under any applicable Environmental Law or by any governmental or regulatory authority having jurisdiction over the land; and (c) any other chemical, material, gas, substance, or waste, exposure to which, or the presence of which, is now or hereafter prohibited, limited, restricted or regulated by any governmental or regulatory authority. “INL” – means Idaho National Laboratory.

“ISBA” – means the Idaho State Building Authority, an independent public body corporate and politic established and existing under Title 67, Chapter 64, Idaho Code.

“ISBA Documents” – means the Ground Lease, Facilities Lease, Development Agreement, the Nondisturbance and Attornment Agreement, which is attached as Exhibit F, and related agreements between ISBA and SBOE whereby ISBA will finance and develop the Improvements and lease the Improvements to SBOE, in accordance with the Authorizing Legislation.

“Land” – means the area legally described on Exhibit E attached hereto.

“Prime Contract” – means Sublessee’s Management and Operating Contract with the U.S. Department of Energy (DOE) (Contract Number DE-AC07-05ID14517) as amended, modified, supplemented, superseded, and replaced. “Prime Contract” includes any prime contractor successor to Contract Number DE-AC07-05ID14517 awarded by the DOE for the research and operations of the DOE laboratory known in 2017 as the Idaho National Laboratory (INL).

“Premises” – means the Land, the Building and includes the building interior, exterior, grounds, parking areas, and all equipment, fixtures, and appurtenances located on the Premises.

“Substantial Completion Date” – means the date construction of the building meets the definitions of “Substantially Complete” and “Substantial Completion.”

“Substantially Complete” and “Substantial Completion” – means that (a) the Building and all other things necessary for the Sublessee’s access, possession, use, and enjoyment of the Premises and occupancy have been completed, obtained, or installed (and certified to be so by the architect), in conformance with the final construction drawings therefore, as modified by change orders approved in writing by the Sublessee, excepting only such minor matters as do not materially interfere with or materially diminish such access, occupancy, possession, use, or enjoyment; (b) all systems necessary for the functioning of the Building, subject to such minor matters as do not materially interfere with or materially diminish the use and enjoyment thereof, have been complete; and (c) a certificate of occupancy (which may be a temporary certificate of occupancy) has been obtained to permit occupancy of the Premises.

“Taxes” – means all applicable taxes, assessments, special assessments, levies, impositions, excises, fees, and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen, now or hereafter assessed, levied, imposed or charged by any Governmental Authority, upon or with

respect to the Sublessee's interest in, or arising by reason of: (a) the Premises or any portion of the Premises; (b) the ownership, use, occupancy, possession, operation, leasing, or management of all or any portion of the Premises; (c) the construction, alteration, maintenance or repair of the Premises; (d) the furniture, fixtures, equipment and other personal property of Sublessee located on the Premises; (e) this Sublease; and (f) any sublet, license agreements, or occupancy agreements with respect to all or any portion of the Premises, or the amounts payable by any sublet, licensees or other occupants thereunder. Any special assessments to be included within the definition of "Taxes" shall be limited to the amount of the installment (plus any interest thereon) of such special tax or special assessment (which shall be payable over the longest period permitted by law) required to be paid during the tax fiscal year in respect of which such taxes are being determined. Nothing contained in this Sublease shall be interpreted to require Sublessee to pay any income, excess profits, corporate capital stock, or franchise tax imposed or assessed upon Sublessor.

1.3 Conditions Precedent

This Sublease shall not be effective until satisfaction of the following conditions, each of which shall be conditions precedent to effectiveness of the Parties' obligations hereunder, including subleasing of the Premises:

- (a) Sublessor acquires certain land from the Idaho State University Foundation, Inc. (the "Foundation"); and
- (b) Sublessor and ISBA execute the ISBA Documents; and
- (c) ISBA issues bonds to fund (i) costs of acquisition of land, (ii) costs of design and construction of the Improvements, (iii) bond issue and other financing costs, (iv) reasonable reserve funds as may be required by ISBA in accordance with the ISBA Documents.

For clarification, in the event these conditions are not satisfied by August 1, 2018, the Sublease shall be of no force and effect and considered terminated to the extent any of its provisions took effect. Any costs incurred by either Party prior to the satisfaction of these conditions shall be borne by the Party that incurred the costs.

ARTICLE 2 - PREMISES AND TERM

Section 2.1 Premises

The Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, for the Term, the Premises, subject to the terms and conditions of this Sublease and Exhibits herein. The square footage of the Building to be subleased is approximately 78,940 square feet.

Section 2.2 Term

The term of this Sublease is as set forth in the Sublease Synopsis under Term, provided that Sublessee's obligation to pay rent payments shall commence on the Rent Commencement Date for a fixed period of fifteen (15) years, the Rent Commencement Date through the Sublease Expiration Date. The Substantial Completion Date and corresponding Rent Commencement Date shall be memorialized in a mutual agreement of the Parties in the form attached as Exhibit A. The Substantial Completion Date shall occur when the requirements for full beneficial occupancy have been met. The term "requirements for full beneficial occupancy" means (1) the Premises meets the definition of Substantial Completion and (2) a "Certificate of Occupancy" for the Premises has been issued by the Idaho Division of Building Safety.

Section 2.3 Cancellation Notice and Schedule

- (a) In the event that Congress fails to appropriate to the DOE sufficient funds for the payments due under this Sublease, the Sublessee may cancel this Sublease upon providing three hundred sixty-five (365) days written notice to the Sublessor.
- (b) If, upon 365 day advance written notice, the Sublessee cancels the Sublease in accordance with Section 2.3(a) above, the Sublessee shall pay a cancellation penalty, in addition to the regular annual Sublease rental payments covering the remaining 365 days. The cancellation penalty shall be ten percent (10%) of the total remaining Rent amounts for the remaining years of the Term, and shall be paid at the time the 365 day written cancellation notice is given to the Sublessor.

Section 2.4 Sublessor Covenant

For the duration of the Term of the Sublease (including any extensions), Sublessor covenants and agrees to not modify ISBA Documents in a manner that will adversely affect Sublessee's rights and obligations under this Sublease.

ARTICLE 3 - SUBLEASE AND OTHER PAYMENTS

Section 3.1 Rent

Sublessee shall pay Sublessor Rent beginning on the Rent Commencement Date and on each anniversary of the Rent Commencement Date thereafter. Sublessor reserves the right to request that all Rent payments be made by electronic fund transfer and if so required shall provide wire instructions by written notice to the Sublessee.

Section 3.2 Net Lease

This Sublease is a "Net Lease," and Sublessor shall receive the total Rent and all amounts payable hereunder free and clear of any impositions, taxes, liens, charges, deductions, or expenses of any nature whatsoever in connection with the operations, maintenance, repair, occupancy, or use of the Premises. Except as otherwise expressly provided in this Sublease, Sublessor shall not be responsible for any costs, expenses, or charges of any kind or nature respecting the Premises and Sublessor shall not be required to render any services of any kind to Sublessee or the Premises.

Section 3.3 Taxes

- (a) Sublessee shall pay to the respective Governmental Authority all taxes for the Premises, if any.
- (b) Sublessee shall be responsible for the payment of any interest, penalties, or other costs that may be due or payable by reason of Sublessee's failure to pay taxes within the times required.
- (c) Notwithstanding the foregoing, the Sublessee shall not be responsible to pay for property taxes resulting from the sale of the Premises by Sublessor.

Section 3.4 Operation and Maintenance of the Premises

Operations and maintenance of the Premises will be provided for in Exhibit B "Facility Service Agreement."

Section 3.5 Utility Charges

Sublessee shall pay directly to the provider of the service, with respect to the Premises, all charges for steam, gas, electricity, fuel, water, sewer, and other services and utilities furnished to the Premises.

Section 3.6 Condition Report

A joint physical survey and inspection report of the Premises shall be made prior to the Rent Commencement Date of this Sublease, reflecting the then present condition and will be signed on behalf of the Parties hereto. Upon termination of occupancy by Sublessee, a terminal survey of the then present condition of the Premises shall be made by the Parties.

ARTICLE 4 - CONSTRUCTION OF THE BUILDING; ALTERATIONS

Section 4.1 Construction of the Building

The Building is to be financed by a bond issuance through ISBA and constructed by ISBA in accordance with the ISBA Documents.

The Substantial Completion Date shall be conclusively evidenced by the execution of a written instrument by Sublessor and Sublessee in Exhibit A.

Section 4.2 Sublessee's Alterations

The Sublessee has the right to make non-structural alterations or attach fixtures in or upon the Premises with Sublessor's prior written approval which shall not be unreasonably withheld, conditioned, or delayed. Detachable fixtures or non-structural alterations placed in the Premises are to remain the property of the Sublessee or DOE and may be removed by the Sublessee prior to or upon the expiration of the Sublease. With the consent of Sublessor, Sublessee's improvements or equipment may be left on the Premises upon termination or expiration of the term or any option of this Sublease. If left after Sublessee vacates the Premises, the improvements become the property of the Sublessor. If any of Sublessee's non-structural alterations, detachable fixtures, improvements or equipment are

removed by the Sublessee, Sublessee shall restore the Premises to their condition prior to installation of Sublessee's property, reasonable wear and tear accepted.

Sublessee may make structural alterations or additions to the Premises at its sole expense in accordance with plans and specifications approved by both Parties, which approval shall not be unreasonably withheld, conditioned, or delayed. Structural alterations may not be removed without prior written approval which shall not be unreasonable withheld, conditioned, or delayed.

Section 4.3 Payment for Sublessee Alterations

Sublessee agrees to pay promptly when due, the entire cost of any work done on the Premises by Sublessee, its agents, employees, or independent contractors. Sublessee shall keep the Premises free from any liens or encumbrances arising out of any work performed, materials furnished or obligations incurred by Sublessee. If any such lien is filed, Sublessee shall cause the same to be discharged with a reasonable time frame.

Section 4.4 Building Construction Representatives

Sublessor representative shall be the Executive Director or his or her designee. The assigned Sublessee representative during building construction shall be Sublessee Program Manager Van Briggs. Program manager direction may include, but is not limited to: technical requirements, scheduling, responding to inquiries/issues, providing additional information/detail as required, scope clarification, and providing compliance oversight and interpretation of the Statement of Work requirements.

ARTICLE 5 - RESPONSIBILITY FOR CONDITION OF BUILDING AND PREMISES

Sublessee shall keep and maintain the Premises in good order and condition, reasonable wear and tear, damage by fire, and/or other casualty accepted. At the end of the Term or prior termination of this Sublease, Sublessee shall surrender the Premises and all alterations and additions thereto, in good order and condition, first removing all personal property of Sublessee. Subject to Section 4.2, Sublessee shall repair any damage caused by removal of its alterations and additions, restoring the Premises, and leaving them in broom clean condition.

The Parties' respective responsibilities regarding maintenance, replacement, and repair in connection with the Premises and Building shall be in accordance with the Exhibit B, "Facility Service Agreement."

ARTICLE 6 - SUBLESSEE'S COVENANTS

Sublessee covenants during the Term and for such further time as Sublessee occupies any part of the Premises:

Section 6.1 Permitted Uses

Sublessee shall occupy and operate the Premises for the Permitted Uses and no other purpose without prior written consent of Sublessor. Permitted Uses include: (i) education collaboration in accordance with the Authorizing Legislation and (ii) general business administrative offices, laboratories, research

and development, other technical services, and similar uses for performance of Sublessee's duties and obligations under its Prime Contract.

The Parties agree that accommodating research and educational opportunities with Idaho's public higher education institutions is a material term and condition of this Sublease. Throughout the Term of the Sublease, Sublessee shall be required to include and accommodate research and educational opportunities with Idaho's public higher education institutions as required by the Authorizing Legislation. Sublessor, or its designees, and Sublessee shall meet regularly to identify and agree upon specific collaborative purposes as may be of interest to the Parties.

Sublessee shall not use the Premises in a manner which would injure or deface the Premises or for any illegal purpose.

Section 6.2 Rules and Regulations; Signs and Security

Sublessee may designate certain portions of the Building and the Premises as a limited access area or other security designation in accordance with applicable laws, Executive orders, or requirements of the Prime Contract.

Section 6.3 Safety Compliance

Sublessee shall keep the Premises equipped with all safety appliances required by law or ordinance, or any other regulations of any public authority because of the manner of use made by Sublessee, and to procure all licenses and permits so required because of such manner of use.

Section 6.4 Assignment and Subleases

Sublessee shall have the right, at any time, to assign or sublet the Premises or any part thereof, if so required under its Prime Contract with DOE. Such an assignment or sublet may be to DOE, to a successor contractor at Idaho National Laboratory, or other similar designee of the United States Government and if so required may be accomplished without the consent of Sublessor. Sublessee may otherwise assign or sublet all or a portion of the Premises only with the written consent of Sublessor. After assignment, the successor contractor or similar designee of the Government shall assume all obligations under this Sublease and the Sublease Exhibits. After assignment, Sublessee shall not be liable for any future Sublessee obligations under this Sublease or under any Sublease Exhibits, provided that Sublessee shall remain liable for any and all obligations existing prior to the date of assignment.

Section 6.5 Representations and Warranties

The Parties represent and warrant that (a) each Party has the full right, power, and authority to enter into this Sublease and to perform its obligations hereunder; (b) the execution of this Sublease by each Party's representative whose signature is set forth at the end of the Sublease and delivery of this Sublease has been duly authorized by each Party; and (c) each Party has obtained all licenses, authorizations, approvals, consents or permits required by applicable laws or Government Authorities to enter into the Sublease.

ARTICLE 7 - INSURANCE

Section 7.1 Liability Insurance

A. Sublessee shall provide and maintain at its sole cost and expense the following minimum insurance coverage throughout the Term of this Sublease and any extensions or renewals thereof:

1. Commercial general liability insurance in the minimum amount of five million dollars (\$5,000,000) per occurrence, and with an aggregate limit of not less than five million dollars (\$5,000,000).
2. Workers compensation insurance in accordance with the laws of the State of Idaho.
3. Business Auto Liability Insurance in the minimum amount of not less than \$1,000,000 per individual and \$3,000,000 per occurrence.

B. All insurance required hereunder shall be maintained in full force and effect through a company or companies reasonably satisfactory to Sublessor. All insurance required under paragraph A.1 above shall name the State of Idaho, the Idaho State Board of Education and Idaho State Building Authority, and each of their respective officers, employees, agents and assigns (all of whom are collectively referred to as the "State Insureds") as additional insureds, and shall contain a clause requiring written notice to Sublessor thirty (30) days in advance of the cancellation, non-renewal, or material modification of said insurance as evidenced by return receipt of United States certified mail; provided, however, that Sublessee's insurance shall name State Insureds as additional insureds solely with regard to claims arising out of the Sublessee's use of the Premises under this Sublease; and provided further that nothing in this paragraph B shall be construed to extend Sublessee's insurance policies to any of the State Insureds with regard to any claims that arise out of or result from the sole action/inactions of the State Insureds. Coverage on a claims made basis shall survive for a period of not less than three (3) years after termination of this Sublease. A certificate of insurance evidencing compliance with this Section shall be supplied to Sublessor on the Effective Date.

Section 7.2 Property Insurance

The Sublessor shall provide and maintain property and casualty insurance on the Building, together with rental interruption insurance, insuring the Building against damage or loss resulting from fire or other casualty. Such property and casualty insurance acquired by Sublessor shall (i) be acquired on an agreed amount basis and (ii) provide for 100% replacement cost value, and (iii) contain a waiver of subrogation against Sublessee, DOE, and any of their officers, directors and employees. Sublessor shall not provide personal property insurance on any of Sublessee's personal property or equipment used, stored, or otherwise situated within the Premises, and Sublessee shall bear all responsibility for any damage or loss to said personal property, regardless of the cause. The Sublessor may carry such additional types of insurance and in such amounts as Sublessor considers appropriate either currently or from time to time hereafter.

The Sublessee shall make annual lump sum payments to Sublessor to cover insurance costs, including any deductible payments and premium increases incurred by Sublessor for the Premises. The amount of payment shall be based upon the submission of an invoice by Sublessor to Sublessee, including paid insurance receipts/statements/bills from the Sublessor to Sublessee. The due date for making payment

shall be 30 days after receipt of the invoice by the Sublessee. A certificate of insurance evidencing compliance with this Section shall be supplied to Sublessee contemporaneously with Substantial Completion of the Building.

ARTICLE 8 - CASUALTY AND RESTORATION; CONDEMNATION

Section 8.1 Restoration Following Casualties

Subject to the provisions of this Section 8.1, if, during the Term, the Premises shall be damaged by fire or casualty, this Sublease shall remain in full force and effect and Sublessor shall proceed promptly to restore the Premises, or cause the Premises to be restored, substantially to the condition thereof just prior to the time of such damage. Neither Sublessor nor ISBA shall be responsible for delay in such restoration which may result from an Excusable Delay. Any additional costs associated with changes to or reconstruction of the Premises desired by Sublessee and permitted by Article 4, shall be paid by Sublessee in the manner reasonably required by Sublessor or ISBA. Any restoration of the Premises shall be altered to the extent necessary to comply with then current and applicable laws and codes. Sublessee's Rent shall be reduced commensurate with the percentage of the Building made unusable until the Building is fully restored.

Notwithstanding the foregoing, Sublessor may either (i) elect to require ISBA to repair the damage in accordance with the paragraph above and the ISBA Documents or (ii) cancel this Sublease by notice of cancellation within ninety (90) days after such event, and thereupon this Sublease shall expire, and Sublessee shall vacate and surrender the Premises to Sublessor.

Sublessee shall have no further rent obligations under this Sublease, if any of the following occur and Sublessee cancels or terminates the Sublease: (a) the Premises are rendered wholly untenable; (b) the Premises are damaged as a result of a risk which is not covered by insurance; (c) the Premises are damaged in whole or in part during the last twelve (12) months of the Term or of any renewal hereof; (d) the Building is damaged to the extent of fifty percent (50%) or more of the then-monetary value thereof; (e) insurance proceeds are not sufficient to repair the Premises to the extent required above; or (f) fifty percent (50%) or more of the Building is damaged.

Section 8.2 Condemnation.

As used in the Section, the term "*condemnation proceedings*" means any actions or proceedings where any interest in the Premises is taken for public or quasi-public purpose by lawful authority through eminent domain or by purchase. If the entire Premises are taken by condemnation proceeding, this Sublease shall automatically terminate as of the date of the taking. The phrase "as of the date of the taking" means the date of taking actual physical possession by the condemning authority or by an earlier date established by the condemning authority. The Sublessor or the Sublessee may terminate this Sublease if more than fifty percent (50%) of the Building is taken, and the taking substantially interferes with Sublessee's ability to operate or use the Premises for its intended purposes. Termination must be via written notice not later than sixty (60) days after the taking and is effective as of the date of taking. If termination does not occur under these provisions, the Sublease remains in effect as to the Premises not taken. If a portion of the Premises is taken and this Sublease is not terminated, the annual rent will be reduced in the proportion that the floor area taken bears to the total floor area of the Premises immediately prior to the taking. All damages or compensation awarded for a

partial or total taking will be distributed on a pro rata basis according to each Party's losses if a single award is given. Each Party is entitled to exclusive ownership of any award, if separate awards are given.

ARTICLE 9 - DEFAULT

Section 9.1 Default

The following shall constitute an Event of Default:

Failure on the part of either Party to perform or observe any material term or condition contained in this Sublease, including, without limitation, the Facility Service Agreement attached hereto as Exhibit B, if the defaulting Party shall not cure such failure within thirty (30) working days after written notice thereof from the other Party, provided that in the case of breaches that are not reasonably susceptible to cure within thirty (30) working days through the exercise of due diligence, then so long as the defaulting Party commences such cure within thirty (30) working days, and diligently pursues such cure to completion, such breach shall not be deemed to create an Event of Default. If an Event of Default shall occur, then, subject to the cure provisions above, the non-defaulting Party shall have all rights and remedies available under this Sublease or under applicable law.

In addition, the following shall constitute an Event of Default by Sublessee: (a) Sublessee fails to pay any installment of Rent or any other sum due under this Sublease within ten (10) working days after written notice of any past due amounts which is sent to Sublessee via certified mail; (b) Sublessee shall become bankrupt or insolvent or file any debtor proceedings or have filed against Sublessee in any court pursuant to state or federal statute, a petition in bankruptcy or insolvency, reorganization, or appointment of a receiver or trustee; or Sublessee petitions for, or enters into, a voluntary arrangement under applicable bankruptcy law; or suffers this Sublease to be taken under a writ of execution; or (c) Sublessee vacates or abandons the Premises.

Section 9.2 Cumulative Rights

The specific remedies to which either Party may resort under the terms of this Sublease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any breach or threatened breach by the other Party of any provisions of this Sublease.

Section 9.3 Self-Help by Sublessee or Sublessor

If there shall be an Event of Default by either the Sublessee or Sublessor, or if emergency circumstances should exist where, upon giving of notice or passage of time, such circumstances would constitute an Event of Default, then either Party shall have the right, but not the obligation, after giving notice thereof (except in case of emergency circumstances in which case no prior notice need be given), to perform such obligation. In the event either Party exercises its rights under this Section 9.3 in case of emergency, either Party shall notify the other Party as soon as reasonably possible after taking such action. Either Party may exercise its rights under this Section without waiving any other of its rights or releasing the other Party from any of its obligations under this Sublease. The respective Party shall be liable to the other Party for all reasonable costs associated with effecting such cure. It is expressly understood and agreed that Sublessee shall NOT have the right to deduct the cost of such self-help efforts from annual rent payments otherwise due but may seek reimbursement from

Sublessor by submitting an itemized invoice and justification for reimbursement consistent with the provisions of this Sublease.

ARTICLE 10 - FAILURE IN PERFORMANCE

Subject to the terms of Article 9, in the event of failure by either Party to commence any repair required, for which it is obligated under this Sublease, within a reasonable time after receipt of written notice regarding the performance deficiency, but in no event later than thirty (30) days from the receipt of written notification, the other Party shall have the right to secure said repair at its discretion. It is expressly understood and agreed that Sublessee shall not have the right to deduct the cost of such repairs from annual rent payments otherwise due but may seek reimbursement from Sublessor by submitting an itemized invoice and justification for reimbursement consistent with the provisions of this Sublease.

ARTICLE 11 - ASSIGNMENT OF CLAIMS

Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727, 41 U.S.C. § 6305), if this Sublease provides for payments aggregating One Thousand Dollars (\$1,000.00) or more, claims for monies due or to become due to Sublessor from the Sublessee under this Sublease may be assigned by Sublessor to the bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this Sublease and not already paid, and shall not be made to more than one Party, except any such assignment or reassignment may be made to one Party as agent or trustee for two (2) or more Parties participating in such financing. Notwithstanding any provisions of this Sublease, payments to an assignee of any monies due or to become due under this Sublease shall not, to the extent provided in said Act, as amended, be subject to reduction or set-off. Sublessor shall provide advance written notice to Sublessee of any assignment under this Article.

ARTICLE 12 - ESTOPPEL CERTIFICATE, NON DISTURBANCE, AND ATTORNMEN

The provisions of estoppels certificates, nondisturbance, and attornment agreements, if any, in connection with this Sublease must be acceptable to Sublessee and Sublessor and shall not adversely affect or alter either party's rights or obligations under this Sublease.

ARTICLE 13 - HAZARDOUS SUBSTANCES

Upon the Rent Commencement Date, Sublessee is responsible for tracking, recording, and proper use and disposal of any and all Hazardous Substances that are received, stored, handled or disposed of on or from the Premises, including spills or accidents involving hazardous substances within the Premises, and both planned and unplanned releases to the environment, including without limitation any Environmental Law Violations. Sublessee shall maintain appropriate inventory and material balance records, accordingly. Sublessee is responsible for fully remediating, responding to and resolving any Environmental Law Violations which may occur during the Term of this Sublease.

ARTICLE 14 - MISCELLANEOUS

Section 14.1 Notices

Whenever any notice, approval, consent, request, election, offer or acceptance is given or made pursuant to this Sublease, it shall be in writing. Communications and payments shall be addressed to Sublessor at Sublessor's address as set forth in the Sublease Synopsis or at such other address as may have been specified by prior written notice to Sublessee, and to Sublessee at Sublessee's address as set forth in the Sublease Synopsis or at such other place as may have been specified by prior written notice to Sublessor. Any communication so addressed shall be deemed duly given on the earlier of (i) the date received, or (ii) on the next business day if sent by a nationally recognized overnight courier service. If either Party by written notice to the other Party at any time designates some other person to receive payments or notices, all payments or notices thereafter shall be paid or given to the agent designated until written notice to the contrary is received by one Party from the other Party.

Section 14.2 Successors

The obligations of this Sublease shall run with the land, and this Sublease shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

Section 14.3 Waivers

The failure of Sublessor or Sublessee to seek redress for violation of, or to insist upon strict performance of, any covenant or condition of this Sublease, shall not be deemed a waiver of such violation nor prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. No provision of this Sublease shall be deemed to have been waived by Sublessor or Sublessee, as the case may be, unless such waiver is in writing signed by Sublessor or Sublessee, as the case may be. No consent or waiver, express or implied, by Sublessor or Sublessee to or of any breach of any agreement or duty shall be construed as a waiver or consent to or of any other breach of the same or any other agreement or duty.

Section 14.4 Acceptance of Partial Payments

No acceptance by either Party of a lesser sum than the amount then due to such Party shall be deemed to be other than a partial installment of such amount due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and either Party may accept such check or payment without prejudice to the Party's right to recover the balance of such installment or pursue any other remedy in this Sublease under applicable law. The Sublessor may apply such payments against the earliest outstanding annual rent, or in any other manner which it may choose to account for such payments.

Section 14.5 Interpretation and Partial Invalidity

If any term of this Sublease, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Sublease, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Sublease shall be valid and enforceable to the fullest extent permitted by law. The titles of the Articles and Sections are for convenience only and not to be

considered in construing this Sublease. This Sublease contains all of the agreements of the Parties with respect to the subject matter thereof and supersedes all prior dealings between them with respect to such subject matter.

Section 14.6 Quiet Enjoyment

So long as Sublessee performs all Sublessee covenants of this Sublease and observes all conditions hereof, Sublessee shall peaceably and quietly have, hold and enjoy the Premises free of any claims, by, through or under, or superior title to, Sublessor, excluding encumbrances of record.

Section 14.7 Brokerage

Each Party represents and warrants to the other that it has had no dealings with any broker or agent in connection with this Sublease.

Section 14.8 Surrender of Premises and Holding Over

- (a) The Sublessee shall surrender possession of the Premises on the last day of the Term and Sublessee waives the right to any notice of termination or notice to quit at the end of the Term. The Sublessee covenants that upon the expiration or sooner termination of this Sublease, it shall, without notice, deliver up and surrender possession of the Premises in the same condition in which Sublessee has agreed to keep the same during the continuance of this Sublease and in accordance with the terms hereof, normal wear and tear and damage by fire or other casualty excepted, first removing therefrom all personal property and equipment of Sublessee and any leasehold improvements in accordance with Article 4 of this Sublease, and repairing all damage caused by such removal. Without limiting the generality of the foregoing description of Sublessee's surrender obligations, Sublessee shall remove and, as applicable, decontaminate the Premises and all surfaces within the Building from (i) all radioactive materials, if any; (ii) all Hazardous Materials, if any, on the Premises; and (iii) all laboratory materials. Sublessee shall perform the foregoing obligations at Sublessee's sole cost and expense, and in compliance with all applicable laws, rules, regulations, and ordinances of all Governmental Authorities, and any decommissioning or decontamination requirements imposed by any licenses or permits maintained by Sublessee in connection with the conduct of its business in the Premises, and the terms and conditions of this Sublease.
- (b) Sublessee shall remove all its personal property from the Premises at the expiration or earlier termination of this Sublease.
- (c) If Sublessee fails to surrender possession of the Premises upon the expiration or sooner termination of this Sublease, Sublessee shall pay to Sublessor, as annual rent for any period after the expiration or sooner termination of this Sublease, an amount equal to the annual rent required to be paid under this Sublease, as applied to any period in which Sublessee shall remain in possession. Acceptance by Sublessor of such payments shall not constitute consent to a holdover hereunder or result in a renewal or extension of Sublessee's rights of occupancy. Such payments shall be in addition to and shall not affect or limit Sublessor's right of re-entry, Sublessor's right to collect such damages as may be available at law or any other rights of Sublessor under this Sublease or as provided by law.

Section 14.9 Disputes

- (a) Pending resolution of a disputed matter, the Parties shall continue performance of their respective obligations pursuant to this Sublease. Disputes regarding any factual matter relating to this Sublease shall be discussed by the Parties' authorized representatives who shall use their reasonable efforts to amicably and promptly resolve the dispute. If the authorized representatives are unable to resolve any controversy or claim arising out of or relating to this Sublease, or the breach thereof, the Parties agree that the controversy or claim shall be submitted to non-binding mediation by a mediator satisfactory to both Parties.
- (b) This Sublease and all matters arising out of or relating thereto shall be governed by the law of the State of Idaho. Any action arising out of or relating to this Sublease shall be filed in State District Court in Bonneville County, Idaho.

Section 14.10 Modifications

This Sublease and any Exhibits hereto, may only be modified by a written instrument by the Parties.

Section 14.11 Administration

- (a) Unless Sublessee is otherwise notified in writing the Sublessor's Executive Director is named as Sublessor's duly authorized representative with overall responsibility and authority under the Sublease, and unless a change in assignment is made by Sublessor, the duly authorized representative will be available at all reasonable times in connection herewith.
- (b) The Sublessee Facility Manager or Sublessee Facility Complex Manager shall be responsible for the technical aspects of the day-to-day operations within the terms of the Sublease.
- (c) Unless Sublessor is otherwise notified in writing, Sublessee's contract and administration responsibilities under this Sublease shall be administered by Mike Drake, Contract Specialist, or a Sublessee Acquisition and Contracts Manager. Amendments or changes to this Sublease or its Exhibits and Attachments may only be authorized by the Sublessee Contract Specialist.

Section 14.12 Laws and Regulations

The Sublessee and Sublessor shall comply with all applicable laws, regulations, ordinances, executive orders, federal guidelines, and similar requirements of any and all Governmental Authorities in effect from time to time, including without limitation all Environmental Laws. Sublessee shall secure and maintain in effect any governmental approvals, licenses and permits as may be required for the conduct of Sublessee's business at the Premises and Sublessee's occupancy and use thereof. Sublessee shall have the right to contest any notice of violation for any of the foregoing by appropriate proceedings diligently conducted in good faith.

Section 14.13 Sublessor's Entry

To the extent permitted by all laws, regulations, ordinances, executive orders, federal guidelines, and similar requirements of any and all Governmental Authorities in effect from time to time, and subject to both national security laws of general applicability and standard security protocols and regulations of Sublessee and the requirements of Section 6.2 of this Sublease, Sublessee shall permit Sublessor and its agents and designees, including ISBA, after at least seventy two (72) hours' notice, except in the case of emergencies, to enter the Premises at all reasonable hours for the purpose of inspecting or making repairs to the same, monitoring Sublessee's compliance with the requirements and restrictions set forth in this Sublease, and for the purpose of showing the Premises to prospective purchasers and mortgagees at all reasonable times and to prospective sublessees within twenty four (24) months of the end of the Term, provided that, in connection with such entry, Sublessee may provide procedures reasonably designed so as not to jeopardize Sublessee's trade secrets, proprietary technology, or critical business operations, including accompaniment of all such persons by an employee of Sublessee. In case of an emergency, Sublessor shall make good faith efforts to notify Sublessee in person or by telephone prior to such entry, and in any event, Sublessor shall notify Sublessee promptly thereafter of such entry. Any such entry must be in compliance with and is subject to all laws, regulations, ordinances, executive orders, federal guidelines, Section 6.2 of this Sublease, and similar requirements of any and all Governmental Authorities in effect from time to time and any security requirements reasonably established by Sublessee.

Section 14.14 Access to Sublessor Adjacent Property

Notwithstanding Section 14.13, Sublessor and its invitees, licensees and future occupants of the undeveloped land adjacent to the Premises shall have access through parking areas and access roads located on the Premises. At Sublessor's request, Sublessee and Sublessor shall execute and deliver in a form suitable for recording at the Bonneville County Clerk's office a further customary easement agreement consistent with the foregoing. Landlord and Tenant agree to reasonably cooperate with one another in good faith relative to the granting of additional easements or licenses on the Land for purposes of providing access to Sublessor's adjacent property.

Section 14.15 Articles Incorporated by Reference

The latest revisions, as of the Effective Date of this Sublease, of the following Federal Acquisition Regulations (FAR) provisions, and the General Wage Determination Decision for Bonneville County Building Construction are incorporated herein by reference to the extent applicable. To assist ISBA in determining what provisions to insert in is lower-tier subcontract and purchase orders, articles to be passed down are indicated by **boldface** print.

1. **Affirmative Action for Workers with Disabilities FAR 52.222-36.**
2. **Americans with Disabilities Act, 42 U.S.C. 12101.**
3. **Apprentices and Trainees, FAR 52.222-9.**
4. **Buy American Act - Construction Materials under Trade Agreements, FAR 52-225-11.**
5. **Certification of Eligibility, FAR 52.222-15.**
6. **Changes, FAR 52.270-14.**
7. **Compliance with Copeland Act Requirements, FAR 52.222-10.**
8. **Compliance with Davis-Bacon and Related Act Regulations, FAR 52.222-13.**

- 9. Contract Termination-Debarment, FAR 52.222-12.**
- 10. Davis-Bacon Act, FAR 52.222-6.**
- 11. Definitions, 48 CFR 552.270-4.**
- 12. Disputes Concerning Labor Standards, FAR 52.222-14.**
- 13. Equal Opportunity for Veterans, 48 CFR 52.222-35.**
- 14. Davis-Bacon Act General Wage Determination Number ID170027.**
- 15. Limitations of Payments to Influence Certain Federal Transactions, FAR 52.203-12.**
- 16. Payrolls and Basic Records, FAR 52.222-8.**
- 17. Subcontracts (Labor Standards), FAR 52.222-11.**
- 18. Withholding of Funds, FAR 52.222-7.**

Section 14.16 Limited Liability of Sublessor

Sublessor is an agency of the State of Idaho and, as such, Sublessor's liability is at all times limited as required by Idaho law, including Idaho Code Title 59, Chapter 10, the Idaho State Constitution, and the Idaho Tort Claims Act, Idaho Code Sections 6-901 through 6-929, inclusive, and any indemnification, limitation of liability or hold harmless provision shall be void to the extent such provision violates applicable laws. Nothing in the Sublease shall be deemed to constitute a waiver by Sublessor of any privilege, protection, or immunity otherwise afforded it under the Idaho Constitution, Idaho Tort Claims Act, or any other applicable law or a waiver of its sovereign immunity, which is hereby expressly retained. Furthermore, Sublessor shall at no time be liable for more than the pro rata share of the total damages awarded in favor of a claimant that is directly attributable to the negligent or otherwise wrongful acts or omissions of Sublessor or its employees.

It is further understood, acknowledged and agreed that ISBA is performing obligations relating to financing, development, construction as well as maintenance and repair of the Premises.

Section 14.17 Failure of Legislature to Appropriate

Sublessor is an agency of the State of Idaho and this Sublease shall in no way or manner be construed so as to bind or obligate the State of Idaho or the Sublessor beyond the term of any particular appropriation of funds by the State of Idaho Legislature as may exist from time to time. Sublessor reserves the right to terminate this Agreement in whole or in part (or any order placed under it) if, in its sole judgment, the Legislature of the State of Idaho fails, neglects, or refuses to appropriate sufficient funds as may be required for Sublessor to continue to fulfill its obligations hereunder.

Section 14.18 Order of Precedence

In the case of conflicts between the Sublease and any of the Exhibits, the Sublease document shall take precedence.

Section 14.19 Exhibits

All exhibits attached hereto are incorporated into the Sublease.

ARTICLE 15 - ENTIRE AGREEMENT

This Sublease, including all Sublease Exhibits, contains the entire agreement between the Parties. There are no oral understandings, terms or conditions, and neither Party has relied upon any representations, express or implied, not contained in this Sublease. All prior understandings, terms or conditions, are deemed merged in this Sublease.

IN WITNESS WHEREOF, the Parties hereto have executed this Facility Sublease Agreement as of _____, 2018.

SUBLESSEE:
BATTELLE ENERGY ALLIANCE, LLC

SUBLESSOR:
IDAHO STATE BOARD OF EDUCATION

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: President, Idaho State Board of Education

Date: _____

Date: _____

EXHIBIT A

RENT COMMENCEMENT DATE AGREEMENT

The Facility Sublease Agreement was entered by and between the State Board of Education of the State of Idaho, hereinafter called "Sublessor" and Battelle Energy Alliance, LLC, a Limited Liability Company organized under the laws of the State of Delaware, hereinafter called "Sublessee," with the Effective Date of _____.

WHEREAS, under the Sublease, Sublessor subleased to Sublessee approximately 78,940 square feet of a particular space, located in the City of Idaho Falls, Bonneville County, Idaho, (the Premises) for a fixed rental term of fifteen (15) years to commence and expire as provided in the Sublease and

WHEREAS, Article 2.2 of the Sublease, states that the Substantial Completion Date shall occur when the requirements full beneficial occupancy have been met; and

WHEREAS by fixing a Substantial Completion Date and Expiration Date and signing this document, Sublessor and Sublessee agree those requirements have been met;

NOW, THEREFORE, Sublessor and Sublessee hereby agree that the Substantial Completion Date shall be _____. In accordance with the Sublease, the Rent Commencement Date, upon which Sublessee's rental payment obligation commences, shall be _____ and the Sublease Expiration Date shall be _____, unless terminated as otherwise provided in the Sublease.

IN WITNESS WHEREOF, the Parties hereunto have executed this Agreement as of the date first above written.

SUBLESSEE:

BATTELLE ENERGY ALLIANCE, LLC

By: _____

Printed Name: _____

Title: Contract Specialist

Date: _____

SUBLESSOR:

IDAHO STATE BOARD OF EDUCATION

By: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT B

SUBLEASE AGREEMENT NO. 179446

FACILITY SERVICE AGREEMENT

SUBLESSEE: **BATTELLE ENERGY ALLIANCE, LLC**

SUBLESSOR: *IDAHO STATE BOARD OF EDUCATION*

FACILITY SERVICE AGREEMENT FOR: GENERAL OPERATIONS, MAINTENANCE SERVICES, AND REPAIR OF THE CYBERCORE INTEGRATION CENTER

FACILITY SERVICE AGREEMENT

THIS FACILITY SERVICE AGREEMENT, made and entered into this _____ day of _____, 20__, by and between the IDAHO STATE BOARD OF EDUCATION, hereinafter called "Sublessor," and BATTELLE ENERGY ALLIANCE, LLC, a Delaware limited liability company, hereinafter called "Sublessee" or "BEA."

WITNESSETH:

WHEREAS, BEA operates Idaho National Laboratory (INL) in or near Idaho Falls, Idaho, where BEA is also the Management and Operating ("M&O") contractor for INL under Contract with the U.S. Department of Energy ("DOE"); and

WHEREAS, Sublessee and Sublessor have entered into a Facility Sublease Agreement dated _____ ("Facility Sublease Agreement"), and Sublessee agrees to pay all costs for the operation, maintenance, utilities, and other services required for operations under the Facility Sublease Agreement for the Premises (as defined in the Facility Sublease Agreement); and

WHEREAS, Sublessee shall provide for all maintenance and operations required to maintain the Premises, including structural, foreseen and unforeseen repairs, and all other facility related services and costs, except for certain non-routine major maintenance repairs as further provided herein, and

WHEREAS, ISBA shall perform such non-routine major maintenance repairs to the extent sufficient funds are available in a fund established for this purpose under the ISBA Documents, and

WHEREAS, this Facility Service Agreement (hereinafter called the "Agreement") is executed for the purpose of specifying the terms and conditions under which Sublessee shall provide these services.

NOW THEREFORE, the Parties agree as follows:

ARTICLE 1 – TERM

The term of this Agreement shall commence on the Rent Commencement Date and continue for the duration of the Facility Sublease Agreement. All capitalized terms not defined herein shall have the meanings set forth in the Facility Sublease Agreement. This Agreement is subject to all provisions set forth in the Facility Sublease Agreement.

ARTICLE 2 – FACILITY MANAGEMENT

- A. Unless otherwise expressly provided herein, Sublessee shall provide all property management services to include, at a minimum, operations, maintenance, repair and preservation of the Premises, including the building interior, exterior, grounds, roof inspections and all equipment, fixtures for building operation in order to keep the same in good repair and habitable condition. These services will be provided by Sublessee's staff or by subcontract with outside vendors, (e.g., maintenance of elevators, HVAC, fire protection systems, and the like), at Sublessee's sole cost. Sublessor shall request that ISBA perform non-routine major maintenance and repairs the costs of which exceed \$100,000 per individual repair or replacement occurrence ("Major Maintenance"), if monies are available in the Maintenance and Repair Fund established under the ISBA Documents.

- B. The Parties reserve the right to perform independent inspections of the Premises and to report any compliance issues to the other.
- C. The Maintenance and Repair Fund shall only be used for maintenance purposes for the Premises. Upon Sublease expiration, Sublessor shall retain any remaining funds in the Maintenance and Repair Fund.
- D. Sublessee shall pay directly to the service provider the following services with respect to the Premises: all charges for steam, gas, electricity, fuel, water, garbage, sewer, and other services and utilities furnished to the Premises.
- E. Sublessee will provide at its own cost, the snow removal of the parking lot and walkways, janitorial services and supplies for the Premises, and the maintenance, replacement and repair of its personal equipment, furnishings and fixtures, and damages to the Premises.
- F. Sublessee shall also be responsible for arranging and paying for the proper disposal of all its hazardous wastes brought onto, used, stored, or generated by its activities in the Premises.
- G. Sublessee shall be responsible for all routine maintenance and repair, except Major Maintenance, as provided in paragraph A above, including without limitation:
 - 1. Painting of interior and exterior of the building as reasonably required for maintenance.
 - 2. Scheduled routine preventive maintenance of existing building mechanical, electrical, plumbing, heating, ventilation, and air conditioning HVAC systems.
 - 3. Replacement of existing light bulbs, electrical fuses, and air filters for forced air ventilation systems.
 - 4. Grounds maintenance including grass, tree, and shrub care and clean-up, plus maintenance and repair of automatic underground sprinkler system and parking lot repairs.
 - 5. Pest control on interior (sprays will not be used on interiors) and exterior of building as needed to control ants, insects, rodents, or other common pests to maintain the Premises in habitable condition.
 - 6. Perform or have performed all necessary inspections, periodic testing, and maintenance of elevators, fire extinguishers, fire alarm, and fire preventive equipment and systems, in accordance with applicable laws and regulations.
 - 7. Routine preventative maintenance in accordance with industry standards.
 - 8. Replacement of carpet, floor coverings, and drapes and/or blinds, as needed and as mutually agreed to by the Parties.
 - 9. Day-to-day operation, maintenance, and repair necessary to maintain Premises in good order such as daily janitorial services, supplies, security, elevator, carpentry, mechanical, plumbing, electrical, window washing, roof repair, and signage.
- H. In the performance of this Agreement, the Sublessor and Sublessee shall comply with all applicable laws, ordinances, rules, and regulations.

- I. Sublessee shall permit Sublessor, or its designee, to annually inspect the Premises to ensure its maintenance obligations are being satisfied.

ARTICLE 3 - WARRANTY AS TO MECHANICAL EQUIPMENT AND UTILITIES

- A. In accordance with ISBA Documents, ISBA will secure warranties relating to the mechanical equipment and the utilities (including, without limitation, all plumbing, heating, cooling systems, and all electrical and mechanical devices and fixtures) being in good serviceable and proper operating condition upon the Rent Commencement Date of the Sublease.
- B. In accordance with ISBA Documents, ISBA agrees to perform all warranty related repairs and/or replacements as necessary or appropriate of said equipment, including periodic inspections in accordance with warranty requirements. ISBA shall enforce its construction contracts for the benefit of Sublessee, including all warranties for materials and workmanship.
- C. Sublessee may require that ISBA and its duly authorized warranty inspectors to be escorted by Sublessee employees while on the Premises.

ARTICLE 4 – MAINTENANCE AND REPAIR

- A. All matters regarding maintenance and repair of the Premises shall be communicated as soon as known and referred to:

Title: Idaho Board of Education
Name: Executive Director
Office Address: P.O. Box 83720; Boise, ID 83720
Work Phone Number: (208) 334-2270

Title: Sublessee Building Manager
Name:
Office Address:

Work Phone Number:
Pager Number:
Emergency Phone Number:

- B. The above stated individuals, or his/her designees, shall be available to receive such contacts. Either Party may change the person designated above and the contact numbers at any time and shall give timely written notice of such change to the other Party.

IN WITNESS WHEREOF, the Parties hereto have executed this Facility Service Agreement as of _____, 20__.

SUBLESSEE:

SUBLESSOR:

BATTELLE ENERGY ALLIANCE, LLC

IDAHO STATE BOARD OF EDUCATION

By: _____


By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Identifier SOW-13570	EXHIBIT C STATEMENT OF WORK FOR LEASE OF FACILITY TO SUPPORT CYBERCORE INTEGRATION CENTER	
Revision: 0		
Date: 02/21/2018		

1. DESCRIPTION OF IMPROVEMENTS

1.1. Work Included

Subject to the project budget attached as Attachment B hereto, Sublessor shall enter into agreement with ISBA to provide for the completion of design and construction of Improvements to be substantially completed in every material respect as defined in the plans and specifications prepared by Flad & Associates, Inc. (Flad) dated February 2, 2018 (the “Plans”); which Plans have been reviewed and are hereby approved by the Sublessor and Sublessee. A complete set of approved Plans shall be provided to the Sublessee. The Plans are incorporated herein by this reference.

[NOTE: Sublessor’s or Sublessee’s review and/or concurrence of design documents does not constitute approval or transfer liability of design errors or omissions from the ISBA to Sublessee or Sublessor.]

Sublessee shall be provided copies of the schedules, and any updates or revisions to such schedules, for design, construction, and commissioning of the Improvements. Such schedules shall identify all major milestones and the critical path items completion of Improvements, including commissioning.


Sublessee shall have reasonable access to review and copy progress meetings minutes and access to the construction site to observe the progress of work; provided, such access shall not unreasonably interfere with work-in-progress. Sublessee’s observation of the work during construction shall be at its expense.

Sublessee shall be provided a schedule of values for construction of Improvements and any updates thereto.

1.2. Special Features and Enhancements Paid for Outside of the Sublease

Sublessee expects to invest approximately \$5-6 million dollars in special features and enhancements which are included in the Improvements. OMB Circular No. A-11 requires that special features and enhancements that are added for the Government’s unique needs shall be paid for outside this Sublease.

A listing of special features and enhancements (the “Special Features”) that are above commercial standards are described in Attachment A. The Special Features shall be designed into and constructed as part of the Improvements and are included in the approved Plans. All costs incurred in the design, construction, permitting, and other development relating to Special Features shall be paid for by Sublessee as incurred pursuant to the provisions of the Special Funding Account described herein.

Identifier SOW-13570	EXHIBIT C STATEMENT OF WORK FOR LEASE OF FACILITY TO SUPPORT CYBERCORE INTEGRATION CENTER	
Revision: 0		
Date: 02/21/2018		

1.3. Project Budget\Cost Savings

It is agreed that the obligations of Sublessor and ISBA to design, construct and develop the Improvements shall not exceed the total amount allocated for the Improvements in the project budget (the “Project Budget”) attached as Attachment B. In the event circumstances indicate that the cost of the Improvements cannot be completed for the amounts set forth in the Project Budget, the Sublessee, in cooperation with the Sublessor and ISBA, agrees to approve such modifications to the Plans as may be necessary to reduce costs of the Improvements to conform to the Project Budget. After final completion of the Improvements, to the extent there remain unexpended available funds in ISBA’s Construction Fund ISBA shall reimburse Sublessee for any design and other costs advanced by Sublessee for project and any unexpended available funds remaining in the Special Funding Account shall revert to the sole benefit of Sublessee.

1.4. Change Control

Construction of the Improvements shall conform to the approved Plans. The Plans as approved shall not be materially changed without written consent of Sublessor and Sublessee. Changes requested by Sublessee shall not be made unless Sublessee shall deposit in the Special Funding Account additional funds sufficient to pay all additional cost relating to such change.

1.5. Submittals

Sublessee shall be provided a copy of final as-built drawings, equipment specifications and operating manuals. Such copies shall be printed and electronic format. Drawings shall be printed and AutoCAD format.


1.6. Attachments

Attachment A: Schedule of Special Features to be paid for by Sublessee.

Attachment B: Project Budget.

1.7. Special Funding Account

Sublessee shall deposit funds into a bank account in the name of Sublessee (“Special Funding Account”) sufficient to pay the full estimated costs to be incurred by ISBA relating to Special Features prior to the sale and issuance of revenue bonds by ISBA in connection with this Sublease. Sublessee shall not withdraw any funds from the Special Funding Account without written consent or approval of ISBA. Funds deposited in the Special Funding Account are advance payments of government funds and title to any unexpended funds shall remain with

Identifier	SOW-13570	EXHIBIT C STATEMENT OF WORK FOR LEASE OF FACILITY TO SUPPORT CYBERCORE INTEGRATION CENTER	
Revision:	0		
Date:	02/21/2018		

the government and shall be superior to all other claims or liens; provided that this provision shall not limit the right of ISBA to withdraw funds from the Special Funding Account to pay for the cost of Special Features. ISBA shall be granted the right to withdraw funds in such Special Funding Account to pay costs of Special Features until all Improvements are fully completed, including all closeout procedures.

Sublessee may, at its option, deposit additional funds into such Special Funding Account equal to the estimated costs of procuring, delivering and/or installing any personal property for Sublessee. Such additional deposits shall be deposited prior to and as a condition of ISBA's undertaking to procure and install such personal property. Title of personal property so procured shall transfer to Sublessee upon delivery and final acceptance of the personal property has been given by Sublessee.

Sublessee shall retain ownership of the Special Funding Account and ISBA's right to withdraw from shall be solely for the purposes as stated herein. A schedule of values listing all Special Features and personal property, and its corresponding estimated cost, shall be prepared and used for validation of periodic work progress for account withdrawals by ISBA. Upon full and final completion of all Improvements and final purchase, delivery and installation of personal property shall be disbursed to Sublessee.

ISBA's Construction Manager shall provide progress reports which shall define progress for work-in-place for all Improvements, including Special Features, and personal property procured, delivered and/or installed for Sublessee which shall be reviewed and approved by the project's building architect, Flad, for percentages installed. Copies of the approved progress reports shall be submitted to Sublessee prior to withdrawals by ISBA from the Special Funding Account.

1.8. Sublessee Access to Construction Site

Sublessee shall have reasonable access to the construction site to inspect for national security concerns; such access shall not unreasonably interfere with work-in-progress. Sublessee's inspection of the work during construction shall be at its expense. Sublessee shall establish and maintain an access control system, at its expense, to control access to the site during construction of the building and shall be responsible for managing the access control system which shall not unreasonably interfere with construction work-in progress. Sublessee shall be liable for any increased costs that may be incurred due to delays of work in progress or changes to the construction schedule caused by such access control system.

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EXHIBIT E TO FACILITY SUBLEASE AGREEMENT NO. 179446**Cybercore Legal Description**

A parcel of land being part of the North 1/2 of Section 12, Township 2 North, Range 37 East, and part of Lot 8 Block 1 of University North Addition Division No. 3 to the City of Idaho Falls, Bonneville County, Idaho, Boise Meridian described as follows;

Commencing at the most north easterly corner of said Lot 8, Block 1 and running thence along this northerly line N89°59'39"W, 5.08 feet to the TRUE POINT OF BEGINNING, thence S00°05'50"W, 561.59 feet; thence N90°00'00"W, 309.18 feet; thence N00°00'26"E, 454.85 feet; thence N90°00'00"W 305.50 feet to a point of curve to the right; thence along curve to the right 50.39 feet, curve having a radius of 265.00 feet, a delta angle of 10°53'41", and a chord that bears N84°33'10"W, 50.31 feet; thence N07°42'11"W, 112.72 feet to a point on a non-tangent curve to the left; thence along curve to the left, 23.00 feet, curve having a radius of 260.00 feet, a delta angle of 05°04'09", and a chord that bears S65°08'22"E, 23.00 feet to a point on said northerly line; thence along northerly line S89°59'39"E, 659.91 feet to the TRUE POINT OF BEGINNING.

Parcel Contains 4.88 Acres

Flad Architects

Flad Structural
ENGINEERS

AEI Affiliated
Engineers

Jeff Freiberg
ENGINEERING

Stamps & Approvals

Project Key Plan

Rev | Date | Description

Project Title



IDAHO STATE
BUILDING
AUTHORITY

Idaho Falls, ID 83415

C3 / CYBERCORE

Project Phase
FINAL DESIGN

Date

02/28/18

Project Number

17485-00

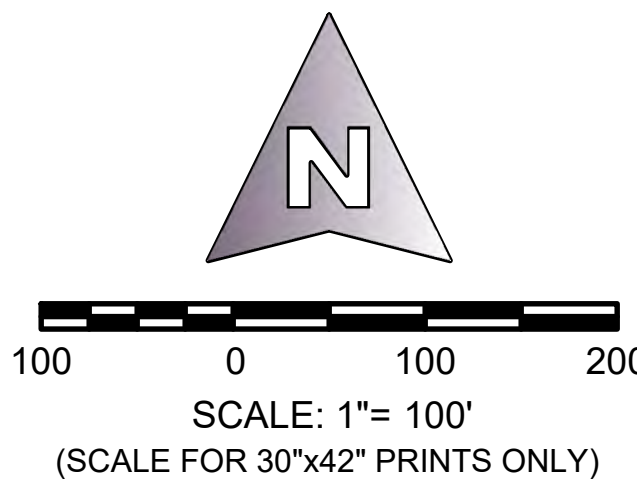
Sheet Title

LEGAL DESCRIPTIONS

Sheet Number

1

Rev. No.



Northeast Corner
Section 12
Township 2 N, Range 37 E, B.M.

East 1/4 Corner
Section 12
Township 2 N, Range 37 E, B.M.

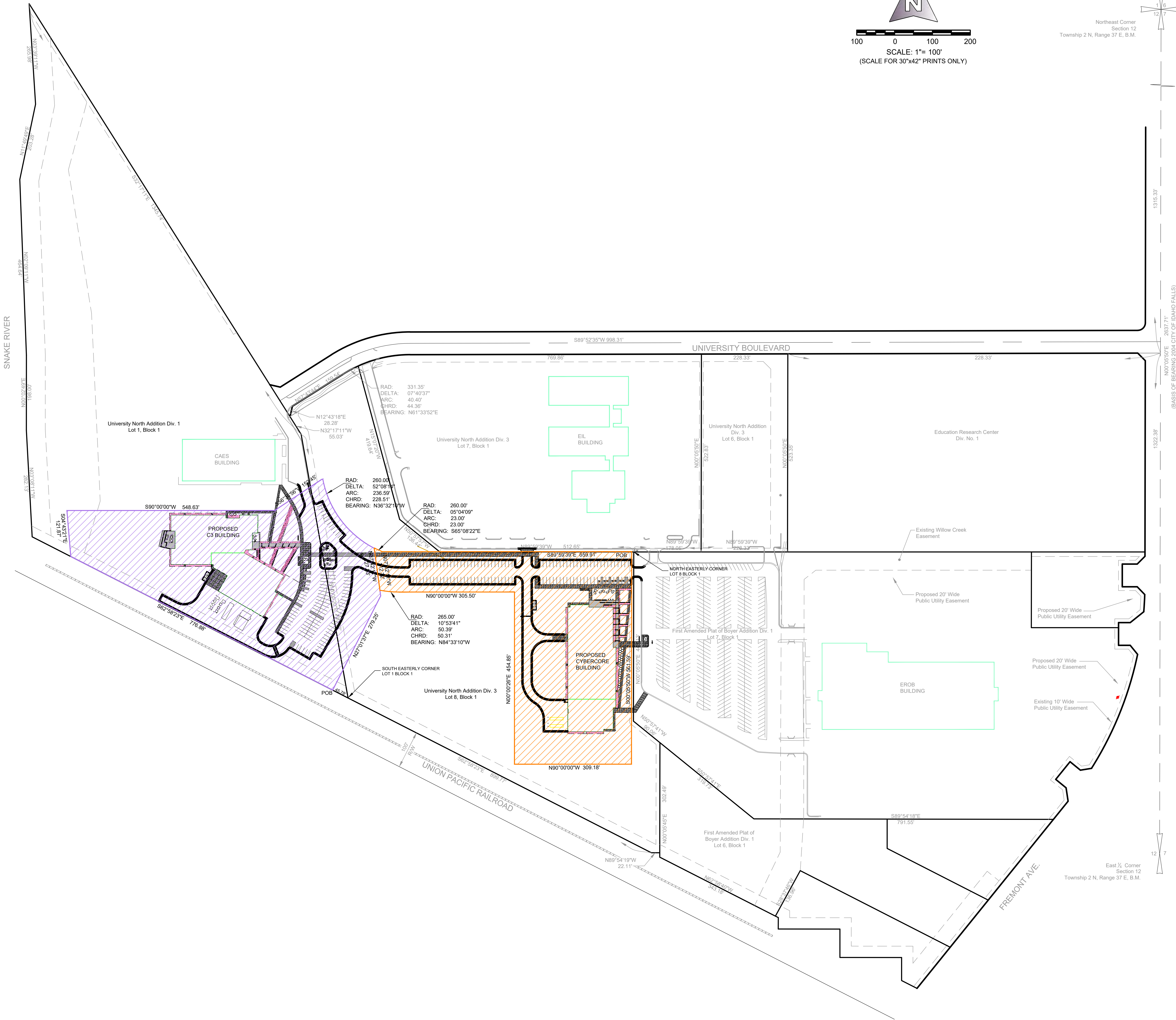
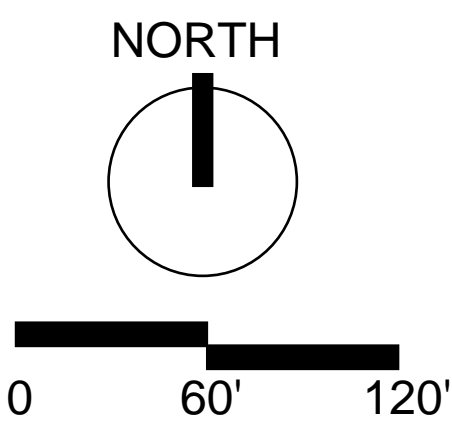


EXHIBIT E – LEASE AREA SITE PLAN

CYBERCORE INTEGRATION CENTER



PRIMARY
ACCESS TO
UNIVERSITY
BLVD

UNIVERSITY BOULEVARD

ENERGY
INNOVATION
LABORATORY

CENTER FOR
ADVANCED ENERGY
STUDIES

COLLABORATIVE
COMPUTING
CENTER

OWNED EGRESS ROUTE

CYBERCORE
INTEGRATION
CENTER:
4.88 ACRES

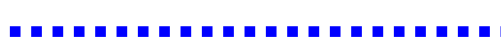
UNION PACIFIC RAIL CORRIDOR

LEGEND

PROPERTY LINE



COLLABORATIVE COMPUTING CENTER



CYBERCORE INTEGRATION CENTER



100 YEAR FLOOD PLAIN



OWNED EGRESS ROUTE



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EXHIBIT F - NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT is effective as of _____, 2018, by and between Idaho State Building Authority (ISBA), 950 W. Bannock St., Ste. 490, Boise, Idaho 83702, and Battelle Energy Alliance, LLC (BEA), Mailstop 3725, P.O. Box 1625, Idaho Falls, Idaho 83415-3725. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in Sublease No. 179446 (as defined below).

WHEREAS, ISBA and SBOE have entered into: (i) a Ground Lease dated _____, 2018, whereby ISBA has leased certain real property located in Bonneville County, Idaho (the "Land") from SBOE, (ii) a Development Agreement dated _____, 2018, whereby ISBA has agreed to develop, design, and construct certain improvements (the "Improvements") on the Land, and (iii) a Facilities Lease dated _____, 2018, whereby ISBA has leased the Land and Improvements (the "Premises") back to SBOE; and

WHEREAS, SBOE has entered into Facility Sublease Agreement No. 179446 ("Sublease No. 179446") with BEA whereby a portion of the Premises are subleased to BEA for research and other uses including educational collaboration.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

RIGHT OF NONDISTURBANCE\ATTORNMENT. In the event SBOE fails to renew its Facilities Lease with ISBA or the Facilities Lease is otherwise terminated prior to the expiration, cancellation or termination of the Term of Sublease No. 179446, ISBA agrees that BEA and its successors in interest or assignees, shall be entitled to continue in possession of the portion the Premises subleased by BEA under Sublease No. 179446 pursuant to the terms, covenants and conditions of Sublease No. 179446, subject to remedies for default therein. ISBA shall not be liable for any acts, omissions or default of SBOE, and for claims for damages against the SBOE, or for any other obligation of the SBOE, arising prior to the effective date that the Facilities Lease or Sublease No. 179446 shall expire or terminate. The Rights of Nondisturbance of BEA and its successors in interest and assignees are subject to the following conditions:

- (a) the Ground Lease is in full force and effect;
- (b) BEA or any successor or assignee under Sublease No. 179446 are not in default under Sublease No. 179446 (subject to any applicable grace or cure period);
- (c) BEA or any successor or assignee under Sublease No. 179446 shall attorn to ISBA as lessor under Sublease No. 179446; such attornment to be effective immediately upon ISBA succeeding to the interest of SBOE under Sublease No. 179446 without the execution of any other instrument by BEA or its successors or assigns; and
- (d) Upon ISBA's acceptance of the attornment of it as the substitute lessor under Sublease No. 179446, Sublease No. 179446 shall continue in full force and effect as a direct lease between ISBA, as Lessor, and BEA or its successor or assigns, as applicable, and the without the necessity for executing a new lease agreement.

NOTICES. All notices and common communications given under this Agreement shall be in writing and shall be given by United States certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight delivery service addressed to the party at the address stated above or such other address as any party shall designate from time to time for such notice.

THIS AGREEMENT is duly executed and delivered as of the date stated above.

IDAHO STATE BUILDING AUTHORITY

By: _____

V.L. Bud Tracy, Its Chairman

BATTELLE ENERGY ALLIANCE, LLC

By: _____

TITLE: _____

COLLABORATIVE COMPUTING CENTER

FACILITY SUBLEASE AGREEMENT NO. 179447

SUBLESSOR

IDAHO STATE BOARD OF EDUCATION

SUBLESSEE

BATTELLE ENERGY ALLIANCE, LLC

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SUBLEASE SYNOPSIS

The provisions of this Sublease Synopsis summarize certain terms of the Facility Sublease Agreement which are more fully described in the balance of the Sublease. The provisions of this Sublease Synopsis constitute a binding and enforceable part of this Sublease for purposes of providing specific information for incorporation into the Sublease and are a part of the Sublease and fully incorporated into the Sublease by this reference. In the event of a conflict between the provisions of this Sublease Synopsis and any other portion of the Sublease, the latter shall control. Capitalized terms used in this Sublease shall have the meanings set forth in Article 1 or otherwise defined in any other part of this Sublease, including the Sublease Synopsis.

Rent:	Based on an approximate square footage of 65,788, Rent shall be \$3,180,00.00 per year.
Term:	The Term is defined as the Effective Date through the Sublease Expiration Date.
Rent Commencement Date:	The first day of the month immediately following Substantial Completion. For example, if the date of Substantial Completion is February 12, 2019, the Rent Commencement Date would be March 1, 2019.
Sublessor's Address for Notices:	Attn: Executive Director P.O. Box 83720 Boise, ID 83720
Premises Address:	955 University Boulevard Idaho Falls, ID 83401
Premises Description:	The area legally described and Improvements depicted on Exhibit E.
Permitted Use:	Those uses set forth in Section 6.1.
Square Footage and Area to be Subleased:	Approximately 65,788 square feet, together with approximately 5 acres of land, as further described under the Premises Description and as depicted on Exhibit E.
Sublease Expiration Date:	Fifteen (15) Years from Rent Commencement Date. For example, if the Rent Commencement Date is March 1, 2019, the Sublease Expiration Date will be February 28, 2034.
Sublessee's Address for Notices:	Mailstop 3725, P.O. Box 1625 Attn: Brad Gravatt Idaho Falls, ID 83415-3725

FACILITY SUBLEASE AGREEMENT

ARTICLE 1 - RECITALS AND DEFINITIONS

The provisions of Article 1 summarize certain material terms of the Facility Sublease Agreement. The provisions of Article 1 constitute a binding and enforceable part of this Sublease and are fully incorporated into the Sublease by this reference. In the event of a conflict between the provisions of Article 1 and any other portion of the Sublease, the latter shall control. Capitalized terms used in this Sublease shall have the meanings set forth in Article 1 or as otherwise defined in any other part of this Sublease, including the Sublease Synopsis.

Section 1.1 Recitals

This Facility Sublease Agreement No. 179447 (“Sublease”) is entered into as of this _____ day of _____, 2018 (the “Effective Date”), by and between the Idaho State Board Of Education (SBOE) (the “Sublessor”), and Battelle Energy Alliance, LLC (BEA), a limited liability company formed under the laws of the State of Delaware (the “Sublessee”) with operating offices in Idaho Falls, Idaho, acting under a Prime Contract with the Department of Energy (DOE). SBOE and BEA are referred to collectively as “Parties.”

The SBOE is or will be the owner of the land described under Premises Description in the Sublease Synopsis (the “Land”) upon which the building, including building interior, exterior, surrounding grounds, parking areas, and all equipment, fixtures, and appurtenances furnished thereon and therein (the “Improvements”) will be constructed (the Land and all Improvements collectively, the “Premises”). SBOE will lease the Land to the Idaho State Building Authority (“ISBA”) for a fixed-lease term pursuant to a Ground Lease between SBOE and ISBA (the “Ground Lease”). ISBA will construct and own the Improvements on the Land in accordance with the Ground Lease and a Development Agreement between ISBA and SBOE (the “Development Agreement”). The Improvements and the Land will be leased to SBOE under a Facilities Lease Agreement between ISBA and SBOE (the “Facilities Lease Agreement”), and subleased from SBOE to BEA in accordance with this Sublease Agreement. The Ground Lease, Facilities Lease and Development Agreement are collectively referred to herein as the “ISBA Documents.”

Sublessor hereby intends to sublease the Premises to Sublessee pursuant to the terms of this Sublease. In accordance with the ISBA Documents and certain provisions of this Sublease, ISBA shall undertake the obligation to finance, construct and develop the Improvements, together with certain maintenance and repair obligations set forth in the ISBA Documents.

In consideration of the mutual covenants herein set forth, the Parties do hereby agree to the terms and conditions set forth in this Sublease.

Section 1.2 Definitions

The following terms shall have the meanings stated or referred to below:

“Authorizing Legislation” – means Senate Concurrent Resolution No. 105 adopted by the Sixty-Fourth Legislature of the State of Idaho, which is attached as Exhibit D.

“Building” – means the building and related improvements constructed on the Land, located in the City of Idaho Falls, Bonneville County, State of Idaho, to be known as the Collaborative Computing Center.

“DOE” – means the United States Department of Energy.

“Environmental Law” – means any Laws governing Hazardous Substances or their use, storage, transportation, release, generation, handling, treatment or disposal, pollution, contamination or protection of the environment (including natural resources), and/or protection of human health and safety.

“Environmental Violation” – means (a) any direct or indirect discharge, disposal, spillage, emission, escape, pumping, pouring, injection, leaching, release, seepage, filtration or transporting of any Hazardous Substance at, upon, under, onto or within the Premises, or from the Premises to the environment, in violation of any Environmental Law or which could result in any liability to any Governmental Authority or any other person for the costs of any removal or remedial action or natural resources damage or for bodily injury or property damage; (b) any deposit, storage, dumping, placement or use of any Hazardous Substance at, upon, under or within the Premises or which extends to any adjoining property in violation of any Environmental Law or which could result in any liability to any Governmental Authority or any other person for the costs of any removal or remedial action or natural resources damage or for bodily injury or property damage; (c) the abandonment or discarding of any barrels, containers or other receptacles containing any Hazardous Substances in violation of any applicable Environmental Laws; or (d) any violation of or noncompliance with any Environmental Law.

“Excusable Delay” – means delays arising without the fault or negligence of Sublessor and Sublessor’s contractors, subcontractors and suppliers at any tier, and shall include, without limitation, delays caused by: (a) acts of God or of the public enemy, riots, war, invasion, insurrection, mass violence, sabotage, malicious mischief; (b) acts of the United States of America in either its sovereign or contractual capacity; (c) fires; (d) floods; (e) epidemics; (f) quarantine restrictions; (g) strikes, lock-outs, or other actions of labor unions; (h) freight embargoes; (i) unusually severe weather; or (j) delays of contractors, subcontractors or suppliers at any tier, arising from unforeseeable causes beyond the control and without the fault or negligence of both the Sublessor and any such contractor, subcontractor, or supplier, provided, however, that the Party claiming an Excusable Delay provides notice to the other Party within ten (10) days of the event causing such delay and takes all commercially reasonable steps to mitigate the duration of and any damages caused by such delay.

“Governmental Authority” – means any federal, state, county or municipal government, or political subdivision thereof, any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality, special service district or public body, or any court or administrative tribunal.

“Hazardous Materials” and/or “Hazardous Substances” – means collectively, (a) any petroleum or petroleum product or waste, explosive, radioactive material, asbestos, asbestos containing material, urea formaldehyde foam insulation, polychlorinated biphenyls and lead (including, without limitation, lead-based paint); (b) any substance, material, product, derivative, compound, mixture, mineral, chemical, waste, medical waste or gas, in each case whether naturally occurring, human-made or the

by-product of any process; (i) that is now or hereafter becomes defined as, listed as, or included within the definition of a “hazardous substance,” “hazardous waste,” “hazardous material,” “toxic chemical,” “toxic substance,” “hazardous chemical,” “extremely hazardous substance,” “pollutant,” “contaminant,” or any other words of similar meaning under any Environmental Law or any other law relating to human health, safety, natural resources or the environment; (ii) exposure to which or the presence, use, generation, handling, treatment, release, transport or storage of which is now or hereafter prohibited, limited, restricted or regulated under any applicable Environmental Law or by any governmental or regulatory authority having jurisdiction over the land; and (c) any other chemical, material, gas, substance, or waste, exposure to which, or the presence of which, is now or hereafter prohibited, limited, restricted or regulated by any governmental or regulatory authority. “INL” – means Idaho National Laboratory.

“ISBA” – means the Idaho State Building Authority, an independent public body corporate and politic established and existing under Title 67, Chapter 64, Idaho Code.

“ISBA Documents” – means the Ground Lease, Facilities Lease, Development Agreement, the Nondisturbance and Attornment Agreement, which is attached as Exhibit F, and related agreements between ISBA and SBOE whereby ISBA will finance and develop the Improvements and lease the Improvements to SBOE, in accordance with the Authorizing Legislation.

“Land” – means the area legally described on Exhibit E attached hereto.

“Prime Contract” – means Sublessee’s Management and Operating Contract with the U.S. Department of Energy (DOE) (Contract Number DE-AC07-05ID14517) as amended, modified, supplemented, superseded, and replaced. “Prime Contract” includes any prime contractor successor to Contract Number DE-AC07-05ID14517 awarded by the DOE for the research and operations of the DOE laboratory known in 2017 as the Idaho National Laboratory (INL).

“Premises” – means the Land, the Building and includes the building interior, exterior, grounds, parking areas, and all equipment, fixtures, and appurtenances located on the Premises.

“Substantial Completion Date” – means the date construction of the building meets the definitions of “Substantially Complete” and “Substantial Completion.”

“Substantially Complete” and “Substantial Completion” – means that (a) the Building and all other things necessary for the Sublessee’s access, possession, use, and enjoyment of the Premises and occupancy have been completed, obtained, or installed (and certified to be so by the architect), in conformance with the final construction drawings therefore, as modified by change orders approved in writing by the Sublessee, excepting only such minor matters as do not materially interfere with or materially diminish such access, occupancy, possession, use, or enjoyment; (b) all systems necessary for the functioning of the Building, subject to such minor matters as do not materially interfere with or materially diminish the use and enjoyment thereof, have been complete; and (c) a certificate of occupancy (which may be a temporary certificate of occupancy) has been obtained to permit occupancy of the Premises.

“Taxes” – means all applicable taxes, assessments, special assessments, levies, impositions, excises, fees, and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen, now or hereafter assessed, levied, imposed or charged by any Governmental Authority, upon or with

respect to the Sublessee's interest in, or arising by reason of: (a) the Premises or any portion of the Premises; (b) the ownership, use, occupancy, possession, operation, leasing, or management of all or any portion of the Premises; (c) the construction, alteration, maintenance or repair of the Premises; (d) the furniture, fixtures, equipment and other personal property of Sublessee located on the Premises; (e) this Sublease; and (f) any sublet, license agreements, or occupancy agreements with respect to all or any portion of the Premises, or the amounts payable by any sublet, licensees or other occupants thereunder. Any special assessments to be included within the definition of "Taxes" shall be limited to the amount of the installment (plus any interest thereon) of such special tax or special assessment (which shall be payable over the longest period permitted by law) required to be paid during the tax fiscal year in respect of which such taxes are being determined. Nothing contained in this Sublease shall be interpreted to require Sublessee to pay any income, excess profits, corporate capital stock, or franchise tax imposed or assessed upon Sublessor.

1.3 Conditions Precedent

This Sublease shall not be effective until satisfaction of the following conditions, each of which shall be conditions precedent to effectiveness of the Parties' obligations hereunder, including subleasing of the Premises:

- (a) Sublessor acquires certain land from the Idaho State University Foundation, Inc. (the "Foundation"); and
- (b) Sublessor and ISBA execute the ISBA Documents; and
- (c) ISBA issues bonds to fund (i) costs of acquisition of land, (ii) costs of design and construction of the Improvements, (iii) bond issue and other financing costs, (iv) reasonable reserve funds as may be required by ISBA in accordance with the ISBA Documents.

For clarification, in the event these conditions are not satisfied by August 1, 2018, the Sublease shall be of no force and effect and considered terminated to the extent any of its provisions took effect. Any costs incurred by either Party prior to the satisfaction of these conditions shall be borne by the Party that incurred the costs.

ARTICLE 2 - PREMISES AND TERM

Section 2.1 Premises

The Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, for the Term, the Premises, subject to the terms and conditions of this Sublease and Exhibits herein. The square footage of the Building to be subleased is approximately 65,788 square feet.

Section 2.2 Term

The term of this Sublease is as set forth in the Sublease Synopsis under Term, provided that Sublessee's obligation to pay rent payments shall commence on the Rent Commencement Date for a fixed period of fifteen (15) years, the Rent Commencement Date through the Sublease Expiration Date. The Substantial Completion Date and corresponding Rent Commencement Date shall be memorialized in a mutual agreement of the Parties in the form attached as Exhibit A. The Substantial Completion Date shall occur when the requirements for full beneficial occupancy have been met. The term "requirements for full beneficial occupancy" means (1) the Premises meets the definition of Substantial Completion and (2) a "Certificate of Occupancy" for the Premises has been issued by the Idaho Division of Building Safety.

Section 2.3 Cancellation Notice and Schedule

- (a) In the event that Congress fails to appropriate to the DOE sufficient funds for the payments due under this Sublease, the Sublessee may cancel this Sublease upon providing three hundred sixty-five (365) days written notice to the Sublessor.
- (b) If, upon 365 day advance written notice, the Sublessee cancels the Sublease in accordance with Section 2.3(a) above, the Sublessee shall pay a cancellation penalty, in addition to the regular annual Sublease rental payments covering the remaining 365 days. The cancellation penalty shall be ten percent (10%) of the total remaining Rent amounts for the remaining years of the Term, and shall be paid at the time the 365 day written cancellation notice is given to the Sublessor.

Section 2.4 Sublessor Covenant

For the duration of the Term of the Sublease (including any extensions), Sublessor covenants and agrees to not modify ISBA Documents in a manner that will adversely affect Sublessee's rights and obligations under this Sublease.

ARTICLE 3 - SUBLEASE AND OTHER PAYMENTS

Section 3.1 Rent

Sublessee shall pay Sublessor Rent beginning on the Rent Commencement Date and on each anniversary of the Rent Commencement Date thereafter. Sublessor reserves the right to request that all Rent payments be made by electronic fund transfer and if so required shall provide wire instructions by written notice to the Sublessee.

Section 3.2 Net Lease

This Sublease is a "Net Lease," and Sublessor shall receive the total Rent and all amounts payable hereunder free and clear of any impositions, taxes, liens, charges, deductions, or expenses of any nature whatsoever in connection with the operations, maintenance, repair, occupancy, or use of the Premises. Except as otherwise expressly provided in this Sublease, Sublessor shall not be responsible for any costs, expenses, or charges of any kind or nature respecting the Premises and Sublessor shall not be required to render any services of any kind to Sublessee or the Premises.

Section 3.3 Taxes

- (a) Sublessee shall pay to the respective Governmental Authority all taxes for the Premises, if any.
- (b) Sublessee shall be responsible for the payment of any interest, penalties, or other costs that may be due or payable by reason of Sublessee's failure to pay taxes within the times required.
- (c) Notwithstanding the foregoing, the Sublessee shall not be responsible to pay for property taxes resulting from the sale of the Premises by Sublessor.

Section 3.4 Operation and Maintenance of the Premises

Operations and maintenance of the Premises will be provided for in Exhibit B "Facility Service Agreement."

Section 3.5 Utility Charges

Sublessee shall pay directly to the provider of the service, with respect to the Premises, all charges for steam, gas, electricity, fuel, water, sewer, and other services and utilities furnished to the Premises.

Section 3.6 Condition Report

A joint physical survey and inspection report of the Premises shall be made prior to the Rent Commencement Date of this Sublease, reflecting the then present condition and will be signed on behalf of the Parties hereto. Upon termination of occupancy by Sublessee, a terminal survey of the then present condition of the Premises shall be made by the Parties.

ARTICLE 4 - CONSTRUCTION OF THE BUILDING; ALTERATIONS

Section 4.1 Construction of the Building

The Building is to be financed by a bond issuance through ISBA and constructed by ISBA in accordance with the ISBA Documents.

The Substantial Completion Date shall be conclusively evidenced by the execution of a written instrument by Sublessor and Sublessee in Exhibit A.

Section 4.2 Sublessee's Alterations

The Sublessee has the right to make non-structural alterations or attach fixtures in or upon the Premises with Sublessor's prior written approval which shall not be unreasonably withheld, conditioned, or delayed. Detachable fixtures or non-structural alterations placed in the Premises are to remain the property of the Sublessee or DOE and may be removed by the Sublessee prior to or upon the expiration of the Sublease. With the consent of Sublessor, Sublessee's improvements or equipment may be left on the Premises upon termination or expiration of the term or any option of this Sublease. If left after Sublessee vacates the Premises, the improvements become the property of the Sublessor. If any of Sublessee's non-structural alterations, detachable fixtures, improvements or equipment are

removed by the Sublessee, Sublessee shall restore the Premises to their condition prior to installation of Sublessee's property, reasonable wear and tear accepted.

Sublessee may make structural alterations or additions to the Premises at its sole expense in accordance with plans and specifications approved by both Parties, which approval shall not be unreasonably withheld, conditioned, or delayed. Structural alterations may not be removed without prior written approval which shall not be unreasonable withheld, conditioned, or delayed.

Section 4.3 Payment for Sublessee Alterations

Sublessee agrees to pay promptly when due, the entire cost of any work done on the Premises by Sublessee, its agents, employees, or independent contractors. Sublessee shall keep the Premises free from any liens or encumbrances arising out of any work performed, materials furnished or obligations incurred by Sublessee. If any such lien is filed, Sublessee shall cause the same to be discharged with a reasonable time frame.

Section 4.4 Building Construction Representatives

Sublessor representative shall be the Executive Director or his or her designee. The assigned Sublessee representative during building construction shall be Sublessee Program Manager Van Briggs. Program manager direction may include, but is not limited to: technical requirements, scheduling, responding to inquiries/issues, providing additional information/detail as required, scope clarification, and providing compliance oversight and interpretation of the Statement of Work requirements.

ARTICLE 5 - RESPONSIBILITY FOR CONDITION OF BUILDING AND PREMISES

Sublessee shall keep and maintain the Premises in good order and condition, reasonable wear and tear, damage by fire, and/or other casualty accepted. At the end of the Term or prior termination of this Sublease, Sublessee shall surrender the Premises and all alterations and additions thereto, in good order and condition, first removing all personal property of Sublessee. Subject to Section 4.2, Sublessee shall repair any damage caused by removal of its alterations and additions, restoring the Premises, and leaving them in broom clean condition.

The Parties' respective responsibilities regarding maintenance, replacement, and repair in connection with the Premises and Building shall be in accordance with the Exhibit B, "Facility Service Agreement."

ARTICLE 6 - SUBLESSEE'S COVENANTS

Sublessee covenants during the Term and for such further time as Sublessee occupies any part of the Premises:

Section 6.1 Permitted Uses

Sublessee shall occupy and operate the Premises for the Permitted Uses and no other purpose without prior written consent of Sublessor. Permitted Uses include: (i) education collaboration in accordance with the Authorizing Legislation and (ii) general business administrative offices, laboratories, research

and development, other technical services, and similar uses for performance of Sublessee's duties and obligations under its Prime Contract.

The Parties agree that accommodating research and educational opportunities with Idaho's public higher education institutions is a material term and condition of this Sublease. Throughout the Term of the Sublease, Sublessee shall be required to include and accommodate research and educational opportunities with Idaho's public higher education institutions as required by the Authorizing Legislation. Sublessor, or its designees, and Sublessee shall meet regularly to identify and agree upon specific collaborative purposes as may be of interest to the Parties.

Sublessee shall not use the Premises in a manner which would injure or deface the Premises or for any illegal purpose.

Section 6.2 Rules and Regulations; Signs and Security

Sublessee may designate certain portions of the Building and the Premises as a limited access area or other security designation in accordance with applicable laws, Executive orders, or requirements of the Prime Contract.

Section 6.3 Safety Compliance

Sublessee shall keep the Premises equipped with all safety appliances required by law or ordinance, or any other regulations of any public authority because of the manner of use made by Sublessee, and to procure all licenses and permits so required because of such manner of use.

Section 6.4 Assignment and Subleases

Sublessee shall have the right, at any time, to assign or sublet the Premises or any part thereof, if so required under its Prime Contract with DOE. Such an assignment or sublet may be to DOE, to a successor contractor at Idaho National Laboratory, or other similar designee of the United States Government and if so required may be accomplished without the consent of Sublessor. Sublessee may otherwise assign or sublet all or a portion of the Premises only with the written consent of Sublessor. After assignment, the successor contractor or similar designee of the Government shall assume all obligations under this Sublease and the Sublease Exhibits. After assignment, Sublessee shall not be liable for any future Sublessee obligations under this Sublease or under any Sublease Exhibits, provided that Sublessee shall remain liable for any and all obligations existing prior to the date of assignment.

Section 6.5 Representations and Warranties

The Parties represent and warrant that (a) each Party has the full right, power, and authority to enter into this Sublease and to perform its obligations hereunder; (b) the execution of this Sublease by each Party's representative whose signature is set forth at the end of the Sublease and delivery of this Sublease has been duly authorized by each Party; and (c) each Party has obtained all licenses, authorizations, approvals, consents or permits required by applicable laws or Government Authorities to enter into the Sublease.

ARTICLE 7 - INSURANCE

Section 7.1 Liability Insurance

A. Sublessee shall provide and maintain at its sole cost and expense the following minimum insurance coverage throughout the Term of this Sublease and any extensions or renewals thereof:

1. Commercial general liability insurance in the minimum amount of five million dollars (\$5,000,000) per occurrence, and with an aggregate limit of not less than five million dollars (\$5,000,000).
2. Workers compensation insurance in accordance with the laws of the State of Idaho.
3. Business Auto Liability Insurance in the minimum amount of not less than \$1,000,000 per individual and \$3,000,000 per occurrence.

B. All insurance required hereunder shall be maintained in full force and effect through a company or companies reasonably satisfactory to Sublessor. All insurance required under paragraph A.1 above shall name the State of Idaho, the Idaho State Board of Education and Idaho State Building Authority, and each of their respective officers, employees, agents and assigns (all of whom are collectively referred to as the "State Insureds") as additional insureds, and shall contain a clause requiring written notice to Sublessor thirty (30) days in advance of the cancellation, non-renewal, or material modification of said insurance as evidenced by return receipt of United States certified mail; provided, however, that Sublessee's insurance shall name State Insureds as additional insureds solely with regard to claims arising out of the Sublessee's use of the Premises under this Sublease; and provided further that nothing in this paragraph B shall be construed to extend Sublessee's insurance policies to any of the State Insureds with regard to any claims that arise out of or result from the sole action/inactions of the State Insureds. Coverage on a claims made basis shall survive for a period of not less than three (3) years after termination of this Sublease. A certificate of insurance evidencing compliance with this Section shall be supplied to Sublessor on the Effective Date.

Section 7.2 Property Insurance

The Sublessor shall provide and maintain property and casualty insurance on the Building, together with rental interruption insurance, insuring the Building against damage or loss resulting from fire or other casualty. Such property and casualty insurance acquired by Sublessor shall (i) be acquired on an agreed amount basis and (ii) provide for 100% replacement cost value, and (iii) contain a waiver of subrogation against Sublessee, DOE, and any of their officers, directors and employees. Sublessor shall not provide personal property insurance on any of Sublessee's personal property or equipment used, stored, or otherwise situated within the Premises, and Sublessee shall bear all responsibility for any damage or loss to said personal property, regardless of the cause. The Sublessor may carry such additional types of insurance and in such amounts as Sublessor considers appropriate either currently or from time to time hereafter.

The Sublessee shall make annual lump sum payments to Sublessor to cover insurance costs, including any deductible payments and premium increases incurred by Sublessor for the Premises. The amount of payment shall be based upon the submission of an invoice by Sublessor to Sublessee, including paid insurance receipts/statements/bills from the Sublessor to Sublessee. The due date for making payment

shall be 30 days after receipt of the invoice by the Sublessee. A certificate of insurance evidencing compliance with this Section shall be supplied to Sublessee contemporaneously with Substantial Completion of the Building.

ARTICLE 8 - CASUALTY AND RESTORATION; CONDEMNATION

Section 8.1 Restoration Following Casualties

Subject to the provisions of this Section 8.1, if, during the Term, the Premises shall be damaged by fire or casualty, this Sublease shall remain in full force and effect and Sublessor shall proceed promptly to restore the Premises, or cause the Premises to be restored, substantially to the condition thereof just prior to the time of such damage. Neither Sublessor nor ISBA shall be responsible for delay in such restoration which may result from an Excusable Delay. Any additional costs associated with changes to or reconstruction of the Premises desired by Sublessee and permitted by Article 4, shall be paid by Sublessee in the manner reasonably required by Sublessor or ISBA. Any restoration of the Premises shall be altered to the extent necessary to comply with then current and applicable laws and codes. Sublessee's annual rent shall be reduced commensurate with the percentage of the Building made unusable until the Building is fully restored.

Notwithstanding the foregoing, Sublessor may either (i) elect to require ISBA to repair the damage in accordance with the paragraph above and the ISBA Documents or (ii) cancel this Sublease by notice of cancellation within ninety (90) days after such event, and thereupon this Sublease shall expire, and Sublessee shall vacate and surrender the Premises to Sublessor.

Sublessee shall have no further rent obligations under this Sublease, if any of the following occur and Sublessee cancels or terminates the Sublease: (a) the Premises are rendered wholly untenable; (b) the Premises are damaged as a result of a risk which is not covered by insurance; (c) the Premises are damaged in whole or in part during the last twelve (12) months of the Term or of any renewal hereof; (d) the Building is damaged to the extent of fifty percent (50%) or more of the then-monetary value thereof; (e) insurance proceeds are not sufficient to repair the Premises to the extent required above; or (f) fifty percent (50%) or more of the Building is damaged.

Section 8.2 Condemnation.

As used in the Section, the term "*condemnation proceedings*" means any actions or proceedings where any interest in the Premises is taken for public or quasi-public purpose by lawful authority through eminent domain or by purchase. If the entire Premises are taken by condemnation proceeding, this Sublease shall automatically terminate as of the date of the taking. The phrase "as of the date of the taking" means the date of taking actual physical possession by the condemning authority or by an earlier date established by the condemning authority. The Sublessor or the Sublessee may terminate this Sublease if more than fifty percent (50%) of the Building is taken, and the taking substantially interferes with Sublessee's ability to operate or use the Premises for its intended purposes. Termination must be via written notice not later than sixty (60) days after the taking and is effective as of the date of taking. If termination does not occur under these provisions, the Sublease remains in effect as to the Premises not taken. If a portion of the Premises is taken and this Sublease is not terminated, the annual rent will be reduced in the proportion that the floor area taken bears to the total floor area of the Premises immediately prior to the taking. All damages or compensation awarded for a

partial or total taking will be distributed on a pro rata basis according to each Party's losses if a single award is given. Each Party is entitled to exclusive ownership of any award, if separate awards are given.

ARTICLE 9 - DEFAULT

Section 9.1 Default

The following shall constitute an Event of Default:

Failure on the part of either Party to perform or observe any material term or condition contained in this Sublease, including, without limitation, the Facility Service Agreement attached hereto as Exhibit B, if the defaulting Party shall not cure such failure within thirty (30) working days after written notice thereof from the other Party, provided that in the case of breaches that are not reasonably susceptible to cure within thirty (30) working days through the exercise of due diligence, then so long as the defaulting Party commences such cure within thirty (30) working days, and diligently pursues such cure to completion, such breach shall not be deemed to create an Event of Default. If an Event of Default shall occur, then, subject to the cure provisions above, the non-defaulting Party shall have all rights and remedies available under this Sublease or under applicable law.

In addition, the following shall constitute an Event of Default by Sublessee: (a) Sublessee fails to pay any installment of Rent or any other sum due under this Sublease within ten (10) working days after written notice of any past due amounts which is sent to Sublessee via certified mail; (b) Sublessee shall become bankrupt or insolvent or file any debtor proceedings or have filed against Sublessee in any court pursuant to state or federal statute, a petition in bankruptcy or insolvency, reorganization, or appointment of a receiver or trustee; or Sublessee petitions for, or enters into, a voluntary arrangement under applicable bankruptcy law; or suffers this Sublease to be taken under a writ of execution; or (c) Sublessee vacates or abandons the Premises.

Section 9.2 Cumulative Rights

The specific remedies to which either Party may resort under the terms of this Sublease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any breach or threatened breach by the other Party of any provisions of this Sublease.

Section 9.3 Self-Help by Sublessee or Sublessor

If there shall be an Event of Default by either the Sublessee or Sublessor, or if emergency circumstances should exist where, upon giving of notice or passage of time, such circumstances would constitute an Event of Default, then either Party shall have the right, but not the obligation, after giving notice thereof (except in case of emergency circumstances in which case no prior notice need be given), to perform such obligation. In the event either Party exercises its rights under this Section 9.3 in case of emergency, either Party shall notify the other Party as soon as reasonably possible after taking such action. Either Party may exercise its rights under this Section without waiving any other of its rights or releasing the other Party from any of its obligations under this Sublease. The respective Party shall be liable to the other Party for all reasonable costs associated with effecting such cure. It is expressly understood and agreed that Sublessee shall NOT have the right to deduct the cost of such self-help efforts from annual rent payments otherwise due but may seek reimbursement from

Sublessor by submitting an itemized invoice and justification for reimbursement consistent with the provisions of this Sublease.

ARTICLE 10 - FAILURE IN PERFORMANCE

Subject to the terms of Article 9, in the event of failure by either Party to commence any repair required, for which it is obligated under this Sublease, within a reasonable time after receipt of written notice regarding the performance deficiency, but in no event later than thirty (30) days from the receipt of written notification, the other Party shall have the right to secure said repair at its discretion. It is expressly understood and agreed that Sublessee shall not have the right to deduct the cost of such repairs from annual rent payments otherwise due but may seek reimbursement from Sublessor by submitting an itemized invoice and justification for reimbursement consistent with the provisions of this Sublease.

ARTICLE 11 - ASSIGNMENT OF CLAIMS

Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727, 41 U.S.C. § 6305), if this Sublease provides for payments aggregating One Thousand Dollars (\$1,000.00) or more, claims for monies due or to become due to Sublessor from the Sublessee under this Sublease may be assigned by Sublessor to the bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this Sublease and not already paid, and shall not be made to more than one Party, except any such assignment or reassignment may be made to one Party as agent or trustee for two (2) or more Parties participating in such financing. Notwithstanding any provisions of this Sublease, payments to an assignee of any monies due or to become due under this Sublease shall not, to the extent provided in said Act, as amended, be subject to reduction or set-off. Sublessor shall provide advance written notice to Sublessee of any assignment under this Article.

ARTICLE 12 - ESTOPPEL CERTIFICATE, NON DISTURBANCE, AND ATTORNMENT

The provisions of estoppels certificates, nondisturbance, and attornment agreements, if any, in connection with this Sublease must be acceptable to Sublessee and Sublessor and shall not adversely affect or alter either party's rights or obligations under this Sublease.

ARTICLE 13 - HAZARDOUS SUBSTANCES

Upon the Rent Commencement Date, Sublessee is responsible for tracking, recording, and proper use and disposal of any and all Hazardous Substances that are received, stored, handled or disposed of on or from the Premises, including spills or accidents involving hazardous substances within the Premises, and both planned and unplanned releases to the environment, including without limitation any Environmental Law Violations. Sublessee shall maintain appropriate inventory and material balance records, accordingly. Sublessee is responsible for fully remediating, responding to and resolving any Environmental Law Violations which may occur during the Term of this Sublease.

ARTICLE 14 - MISCELLANEOUS

Section 14.1 Notices

Whenever any notice, approval, consent, request, election, offer or acceptance is given or made pursuant to this Sublease, it shall be in writing. Communications and payments shall be addressed to Sublessor at Sublessor's address as set forth in the Sublease Synopsis or at such other address as may have been specified by prior written notice to Sublessee, and to Sublessee at Sublessee's address as set forth in the Sublease Synopsis or at such other place as may have been specified by prior written notice to Sublessor. Any communication so addressed shall be deemed duly given on the earlier of (i) the date received, or (ii) on the next business day if sent by a nationally recognized overnight courier service. If either Party by written notice to the other Party at any time designates some other person to receive payments or notices, all payments or notices thereafter shall be paid or given to the agent designated until written notice to the contrary is received by one Party from the other Party.

Section 14.2 Successors

The obligations of this Sublease shall run with the land, and this Sublease shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

Section 14.3 Waivers

The failure of Sublessor or Sublessee to seek redress for violation of, or to insist upon strict performance of, any covenant or condition of this Sublease, shall not be deemed a waiver of such violation nor prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. No provision of this Sublease shall be deemed to have been waived by Sublessor or Sublessee, as the case may be, unless such waiver is in writing signed by Sublessor or Sublessee, as the case may be. No consent or waiver, express or implied, by Sublessor or Sublessee to or of any breach of any agreement or duty shall be construed as a waiver or consent to or of any other breach of the same or any other agreement or duty.

Section 14.4 Acceptance of Partial Payments

No acceptance by either Party of a lesser sum than the amount then due to such Party shall be deemed to be other than a partial installment of such amount due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and either Party may accept such check or payment without prejudice to the Party's right to recover the balance of such installment or pursue any other remedy in this Sublease under applicable law. The Sublessor may apply such payments against the earliest outstanding annual rent, or in any other manner which it may choose to account for such payments.

Section 14.5 Interpretation and Partial Invalidity

If any term of this Sublease, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Sublease, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Sublease shall be valid and enforceable to the fullest extent permitted by law. The titles of the Articles and Sections are for convenience only and not to be

considered in construing this Sublease. This Sublease contains all of the agreements of the Parties with respect to the subject matter thereof and supersedes all prior dealings between them with respect to such subject matter.

Section 14.6 Quiet Enjoyment

So long as Sublessee performs all Sublessee covenants of this Sublease and observes all conditions hereof, Sublessee shall peaceably and quietly have, hold and enjoy the Premises free of any claims, by, through or under, or superior title to, Sublessor, excluding encumbrances of record.

Section 14.7 Brokerage

Each Party represents and warrants to the other that it has had no dealings with any broker or agent in connection with this Sublease.

Section 14.8 Surrender of Premises and Holding Over

- (a) The Sublessee shall surrender possession of the Premises on the last day of the Term and Sublessee waives the right to any notice of termination or notice to quit at the end of the Term. The Sublessee covenants that upon the expiration or sooner termination of this Sublease, it shall, without notice, deliver up and surrender possession of the Premises in the same condition in which Sublessee has agreed to keep the same during the continuance of this Sublease and in accordance with the terms hereof, normal wear and tear and damage by fire or other casualty excepted, first removing therefrom all personal property and equipment of Sublessee and any leasehold improvements in accordance with Article 4 of this Sublease, and repairing all damage caused by such removal. Without limiting the generality of the foregoing description of Sublessee's surrender obligations, Sublessee shall remove and, as applicable, decontaminate the Premises and all surfaces within the Building from (i) all radioactive materials, if any; (ii) all Hazardous Materials, if any, on the Premises; and (iii) all laboratory materials. Sublessee shall perform the foregoing obligations at Sublessee's sole cost and expense, and in compliance with all applicable laws, rules, regulations, and ordinances of all Governmental Authorities, and any decommissioning or decontamination requirements imposed by any licenses or permits maintained by Sublessee in connection with the conduct of its business in the Premises, and the terms and conditions of this Sublease.
- (b) Sublessee shall remove all its personal property from the Premises at the expiration or earlier termination of this Sublease.
- (c) If Sublessee fails to surrender possession of the Premises upon the expiration or sooner termination of this Sublease, Sublessee shall pay to Sublessor, as annual rent for any period after the expiration or sooner termination of this Sublease, an amount equal to the annual rent required to be paid under this Sublease, as applied to any period in which Sublessee shall remain in possession. Acceptance by Sublessor of such payments shall not constitute consent to a holdover hereunder or result in a renewal or extension of Sublessee's rights of occupancy. Such payments shall be in addition to and shall not affect or limit Sublessor's right of re-entry, Sublessor's right to collect such damages as may be available at law or any other rights of Sublessor under this Sublease or as provided by law.

Section 14.9 Disputes

- (a) Pending resolution of a disputed matter, the Parties shall continue performance of their respective obligations pursuant to this Sublease. Disputes regarding any factual matter relating to this Sublease shall be discussed by the Parties' authorized representatives who shall use their reasonable efforts to amicably and promptly resolve the dispute. If the authorized representatives are unable to resolve any controversy or claim arising out of or relating to this Sublease, or the breach thereof, the Parties agree that the controversy or claim shall be submitted to non-binding mediation by a mediator satisfactory to both Parties.
- (b) This Sublease and all matters arising out of or relating thereto shall be governed by the law of the State of Idaho. Any action arising out of or relating to this Sublease shall be filed in State District Court in Bonneville County, Idaho.

Section 14.10 Modifications

This Sublease and any Exhibits hereto, may only be modified by a written instrument by the Parties.

Section 14.11 Administration

- (a) Unless Sublessee is otherwise notified in writing the Sublessor's Executive Director is named as Sublessor's duly authorized representative with overall responsibility and authority under the Sublease, and unless a change in assignment is made by Sublessor, the duly authorized representative will be available at all reasonable times in connection herewith.
- (b) The Sublessee Facility Manager or Sublessee Facility Complex Manager shall be responsible for the technical aspects of the day-to-day operations within the terms of the Sublease.
- (c) Unless Sublessor is otherwise notified in writing, Sublessee's contract and administration responsibilities under this Sublease shall be administered by Brad Gravatt, Contract Specialist, or a Sublessee Acquisition and Contracts Manager. Amendments or changes to this Sublease or its Exhibits and Attachments may only be authorized by the Sublessee Contract Specialist.

Section 14.12 Laws and Regulations

The Sublessee and Sublessor shall comply with all applicable laws, regulations, ordinances, executive orders, federal guidelines, and similar requirements of any and all Governmental Authorities in effect from time to time, including without limitation all Environmental Laws. Sublessee shall secure and maintain in effect any governmental approvals, licenses and permits as may be required for the conduct of Sublessee's business at the Premises and Sublessee's occupancy and use thereof. Sublessee shall have the right to contest any notice of violation for any of the foregoing by appropriate proceedings diligently conducted in good faith.

Section 14.13 Sublessor's Entry

To the extent permitted by all laws, regulations, ordinances, executive orders, federal guidelines, and similar requirements of any and all Governmental Authorities in effect from time to time, and subject to both national security laws of general applicability and standard security protocols and regulations of Sublessee and the requirements of Section 6.2 of this Sublease, Sublessee shall permit Sublessor and its agents and designees, including ISBA, after at least seventy two (72) hours' notice, except in the case of emergencies, to enter the Premises at all reasonable hours for the purpose of inspecting or making repairs to the same, monitoring Sublessee's compliance with the requirements and restrictions set forth in this Sublease, and for the purpose of showing the Premises to prospective purchasers and mortgagees at all reasonable times and to prospective sublessees within twenty four (24) months of the end of the Term, provided that, in connection with such entry, Sublessee may provide procedures reasonably designed so as not to jeopardize Sublessee's trade secrets, proprietary technology, or critical business operations, including accompaniment of all such persons by an employee of Sublessee. In case of an emergency, Sublessor shall make good faith efforts to notify Sublessee in person or by telephone prior to such entry, and in any event, Sublessor shall notify Sublessee promptly thereafter of such entry. Any such entry must be in compliance with and is subject to all laws, regulations, ordinances, executive orders, federal guidelines, Section 6.2 of this Sublease, and similar requirements of any and all Governmental Authorities in effect from time to time and any security requirements reasonably established by Sublessee.

Section 14.14 Access to Sublessor Adjacent Property

Notwithstanding Section 14.13, Sublessor and its invitees, licensees and future occupants of the undeveloped land adjacent to the Premises shall have access through parking areas and access roads located on the Premises. At Sublessor's request, Sublessee and Sublessor shall execute and deliver in a form suitable for recording at the Bonneville County Clerk's office a further customary easement agreement consistent with the foregoing; Landlord and Tenant agree to reasonably cooperate with one another in good faith relative to the granting of additional easements or licenses on the Land for purposes of providing access to Sublessor's adjacent property.

Section 14.15 Articles Incorporated by Reference

The latest revisions, as of the Effective Date of this Sublease, of the following Federal Acquisition Regulations (FAR) provisions, and the General Wage Determination Decision for Bonneville County Building Construction are incorporated herein by reference to the extent applicable. To assist ISBA in determining what provisions to insert in is lower-tier subcontract and purchase orders, articles to be passed down are indicated by **boldface** print.

1. **Affirmative Action for Workers with Disabilities FAR 52.222-36.**
2. **Americans with Disabilities Act, 42 U.S.C. 12101.**
3. **Apprentices and Trainees, FAR 52.222-9.**
4. **Buy American Act - Construction Materials under Trade Agreements, FAR 52-225-11.**
5. **Certification of Eligibility, FAR 52.222-15.**
6. **Changes, FAR 52.270-14.**
7. **Compliance with Copeland Act Requirements, FAR 52.222-10.**
8. **Compliance with Davis-Bacon and Related Act Regulations, FAR 52.222-13.**

- 9. Contract Termination-Debarment, FAR 52.222-12.**
- 10. Davis-Bacon Act, FAR 52.222-6.**
- 11. Definitions, 48 CFR 552.270-4.**
- 12. Disputes Concerning Labor Standards, FAR 52.222-14.**
- 13. Equal Opportunity for Veterans, 48 CFR 52.222-35.**
- 14. Davis-Bacon Act General Wage Determination Number ID170027.**
- 15. Limitations of Payments to Influence Certain Federal Transactions, FAR 52.203-12.**
- 16. Payrolls and Basic Records, FAR 52.222-8.**
- 17. Subcontracts (Labor Standards), FAR 52.222-11.**
- 18. Withholding of Funds, FAR 52.222-7.**

Section 14.16 Limited Liability of Sublessor

Sublessor is an agency of the State of Idaho and, as such, Sublessor's liability is at all times limited as required by Idaho law, including Idaho Code Title 59, Chapter 10, the Idaho State Constitution, and the Idaho Tort Claims Act, Idaho Code Sections 6-901 through 6-929, inclusive, and any indemnification, limitation of liability or hold harmless provision shall be void to the extent such provision violates applicable laws. Nothing in the Sublease shall be deemed to constitute a waiver by Sublessor of any privilege, protection, or immunity otherwise afforded it under the Idaho Constitution, Idaho Tort Claims Act, or any other applicable law or a waiver of its sovereign immunity, which is hereby expressly retained. Furthermore, Sublessor shall at no time be liable for more than the pro rata share of the total damages awarded in favor of a claimant that is directly attributable to the negligent or otherwise wrongful acts or omissions of Sublessor or its employees.

It is further understood, acknowledged and agreed that ISBA is performing obligations relating to financing, development, construction as well as maintenance and repair of the Premises.

Section 14.17 Failure of Legislature to Appropriate

Sublessor is an agency of the State of Idaho and this Sublease shall in no way or manner be construed so as to bind or obligate the State of Idaho or the Sublessor beyond the term of any particular appropriation of funds by the State of Idaho Legislature as may exist from time to time. Sublessor reserves the right to terminate this Agreement in whole or in part (or any order placed under it) if, in its sole judgment, the Legislature of the State of Idaho fails, neglects, or refuses to appropriate sufficient funds as may be required for Sublessor to continue to fulfill its obligations hereunder.

Section 14.18 Order of Precedence

In the case of conflicts between the Sublease and any of the Exhibits, the Sublease document shall take precedence.

Section 14.19 Exhibits

All exhibits attached hereto are incorporated into the Sublease.

ARTICLE 15 - ENTIRE AGREEMENT

This Sublease, including all Sublease Exhibits, contains the entire agreement between the Parties. There are no oral understandings, terms or conditions, and neither Party has relied upon any representations, express or implied, not contained in this Sublease. All prior understandings, terms or conditions, are deemed merged in this Sublease.

IN WITNESS WHEREOF, the Parties hereto have executed this Facility Sublease Agreement as of _____, 2018.

SUBLESSEE:
BATTELLE ENERGY ALLIANCE, LLC

SUBLESSOR:
IDAHO STATE BOARD OF EDUCATION

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: President, Idaho State Board of Education

Date: _____

Date: _____

EXHIBIT A

RENT COMMENCEMENT DATE AGREEMENT

The Facility Sublease Agreement was entered by and between the State Board of Education of the State of Idaho, hereinafter called "Sublessor" and Battelle Energy Alliance, LLC, a Limited Liability Company organized under the laws of the State of Delaware, hereinafter called "Sublessee," with the Effective Date of _____.

WHEREAS, under the Sublease, Sublessor subleased to Sublessee approximately 65,788 square feet of a particular space, located in the City of Idaho Falls, Bonneville County, Idaho, (the Premises) for a fixed rental term of fifteen (15) years to commence and expire as provided in the Sublease and

WHEREAS, Article 2.2 of the Sublease, states that the Substantial Completion Date shall occur when the requirements full beneficial occupancy have been met; and

WHEREAS by fixing a Substantial Completion Date and Expiration Date and signing this document, Sublessor and Sublessee agree those requirements have been met;

NOW, THEREFORE, Sublessor and Sublessee hereby agree that the Substantial Completion Date shall be _____. In accordance with the Sublease, the Rent Commencement Date, upon which Sublessee's rental payment obligation commences, shall be _____ and the Sublease Expiration Date shall be _____, unless terminated as otherwise provided in the Sublease.

IN WITNESS WHEREOF, the Parties hereunto have executed this Agreement as of the date first above written.

SUBLESSEE:

SUBLESSOR:

BATTELLE ENERGY ALLIANCE, LLC

IDAHO STATE BOARD OF EDUCATION

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: Contract Specialist

Title: _____

Date: _____

Date: _____

EXHIBIT B

SUBLEASE AGREEMENT NO. 179447

FACILITY SERVICE AGREEMENT

SUBLESSEE: ***BATTELLE ENERGY ALLIANCE, LLC***

SUBLESSOR: ***IDAHO STATE BOARD OF EDUCATION***

FACILITY SERVICE AGREEMENT FOR: GENERAL OPERATIONS, MAINTENANCE
SERVICES, AND REPAIR OF THE
COLLABORATIVE COMPUTING CENTER

FACILITY SERVICE AGREEMENT

THIS FACILITY SERVICE AGREEMENT, made and entered into this _____ day of _____, 20__, by and between the IDAHO STATE BOARD OF EDUCATION, hereinafter called "Sublessor," and BATTELLE ENERGY ALLIANCE, LLC, a Delaware limited liability company, hereinafter called "Sublessee" or "BEA."

WITNESSETH:

WHEREAS, BEA operates Idaho National Laboratory (INL) in or near Idaho Falls, Idaho, where BEA is also the Management and Operating ("M&O") contractor for INL under Contract with the U.S. Department of Energy ("DOE"); and

WHEREAS, Sublessee and Sublessor have entered into a Facility Sublease Agreement dated _____ ("Facility Sublease Agreement"), and Sublessee agrees to pay all costs for the operation, maintenance, utilities, and other services required for operations under the Facility Sublease Agreement for the Premises (as defined in the Facility Sublease Agreement); and

WHEREAS, Sublessee shall provide for all maintenance and operations required to maintain the Premises, including structural, foreseen and unforeseen repairs, and all other facility related services and costs, except for certain non-routine major maintenance repairs as further provided herein, and

WHEREAS, ISBA shall perform such non-routine major maintenance repairs to the extent sufficient funds are available in a fund established for this purpose under the ISBA Documents, and

WHEREAS, this Facility Service Agreement (hereinafter called the "Agreement") is executed for the purpose of specifying the terms and conditions under which Sublessee shall provide these services.

NOW THEREFORE, the Parties agree as follows:

ARTICLE 1 – TERM

The term of this Agreement shall commence on the Rent Commencement Date and continue for the duration of the Facility Sublease Agreement. All capitalized terms not defined herein shall have the meanings set forth in the Facility Sublease Agreement. This Agreement is subject to all provisions set forth in the Facility Sublease Agreement.

ARTICLE 2 – FACILITY MANAGEMENT

- A. Unless otherwise expressly provided herein, Sublessee shall provide all property management services to include, at a minimum, operations, maintenance, repair and preservation of the Premises, including the building interior, exterior, grounds, roof inspections and all equipment, fixtures for building operation in order to keep the same in good repair and habitable condition. These services will be provided by Sublessee's staff or by subcontract with outside vendors, (e.g., maintenance of elevators, HVAC, fire protection systems, and the like), at Sublessee's sole cost. Sublessor shall request that ISBA perform non-routine major maintenance and repairs the costs of which exceed \$100,000 per individual repair or replacement occurrence ("Major Maintenance"), if monies are available in the Maintenance and Repair Fund established under the ISBA Documents.

- B. The Parties reserve the right to perform independent inspections of the Premises and to report any compliance issues to the other.
- C. The Maintenance and Repair Fund shall only be used for maintenance purposes for the Premises. Upon Sublease expiration, Sublessor shall retain any remaining funds in the Maintenance and Repair Fund.
- D. Sublessee shall pay directly to the service provider the following services with respect to the Premises: all charges for steam, gas, electricity, fuel, water, garbage, sewer, and other services and utilities furnished to the Premises.
- E. Sublessee will provide at its own cost, the snow removal of the parking lot and walkways, janitorial services and supplies for the Premises, and the maintenance, replacement and repair of its personal equipment, furnishings and fixtures, and damages to the Premises.
- F. Sublessee shall also be responsible for arranging and paying for the proper disposal of all its hazardous wastes brought onto, used, stored, or generated by its activities in the Premises.
- G. Sublessee shall be responsible for all routine maintenance and repair, except Major Maintenance, as provided in paragraph A above, including without limitation:
 - 1. Painting of interior and exterior of the building as reasonably required for maintenance.
 - 2. Scheduled routine preventive maintenance of existing building mechanical, electrical, plumbing, heating, ventilation, and air conditioning HVAC systems.
 - 3. Replacement of existing light bulbs, electrical fuses, and air filters for forced air ventilation systems.
 - 4. Grounds maintenance including grass, tree, and shrub care and clean-up, plus maintenance and repair of automatic underground sprinkler system and parking lot repairs.
 - 5. Pest control on interior (sprays will not be used on interiors) and exterior of building as needed to control ants, insects, rodents, or other common pests to maintain the Premises in habitable condition.
 - 6. Perform or have performed all necessary inspections, periodic testing, and maintenance of elevators, fire extinguishers, fire alarm, and fire preventive equipment and systems, in accordance with applicable laws and regulations.
 - 7. Routine preventative maintenance in accordance with industry standards.
 - 8. Replacement of carpet, floor coverings, and drapes and/or blinds, as needed and as mutually agreed to by the Parties.
 - 9. Day-to-day operation, maintenance, and repair necessary to maintain Premises in good order such as daily janitorial services, supplies, security, elevator, carpentry, mechanical, plumbing, electrical, window washing, roof repair, and signage.
- H. In the performance of this Agreement, the Sublessor and Sublessee shall comply with all applicable laws, ordinances, rules, and regulations.

- I. Sublessee shall permit Sublessor, or its designee, to annually inspect the Premises to ensure its maintenance obligations are being satisfied.

ARTICLE 3 - WARRANTY AS TO MECHANICAL EQUIPMENT AND UTILITIES

- A. In accordance with ISBA Documents, ISBA will secure warranties relating to the mechanical equipment and the utilities (including, without limitation, all plumbing, heating, cooling systems, and all electrical and mechanical devices and fixtures) being in good serviceable and proper operating condition upon the Rent Commencement Date of the Sublease.
- B. In accordance with ISBA Documents, ISBA agrees to perform all warranty related repairs and/or replacements as necessary or appropriate of said equipment, including periodic inspections in accordance with warranty requirements. ISBA shall enforce its construction contracts for the benefit of Sublessee, including all warranties for materials and workmanship.
- C. Sublessee may require that ISBA and its duly authorized warranty inspectors to be escorted by Sublessee employees while on the Premises.

ARTICLE 4 – MAINTENANCE AND REPAIR

- A. All matters regarding maintenance and repair of the Premises shall be communicated as soon as known and referred to:

Title: Idaho Board of Education
Name: Executive Director
Office Address: P.O. Box 83720; Boise, ID 83720
Work Phone Number: (208) 334-2270

Title: Sublessee Building Manager
Name:
Office Address:

Work Phone Number:
Pager Number:
Emergency Phone Number:

- B. The above stated individuals, or his/her designees, shall be available to receive such contacts. Either Party may change the person designated above and the contact numbers at any time and shall give timely written notice of such change to the other Party.

IN WITNESS WHEREOF, the Parties hereto have executed this Facility Service Agreement as of _____, 20__.

SUBLESSEE:

SUBLESSOR:

BATTELLE ENERGY ALLIANCE, LLC

IDAHO STATE BOARD OF EDUCATION

By: _____


By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Identifier SOW-13570	EXHIBIT C STATEMENT OF WORK FOR LEASE OF FACILITY TO SUPPORT COLLABORATIVE COMPUTING CENTER	
Revision: 0		
Date: 02/21/2018		

1. DESCRIPTION OF IMPROVEMENTS

1.1. Work Included

Subject to the project budget attached as Attachment B hereto, Sublessor shall enter into agreement with ISBA to provide for the completion of design and construction of Improvements to be substantially completed in every material respect as defined in the plans and specifications prepared by Flad & Associates, Inc. (Flad) dated February 2, 2018 (the “Plans”); which Plans have been reviewed and are hereby approved by the Sublessor and Sublessee. A complete set of approved Plans shall be provided to the Sublessee. The Plans are incorporated herein by this reference.

[NOTE: Sublessor’s or Sublessee’s review and/or concurrence of design documents does not constitute approval or transfer liability of design errors or omissions from the ISBA to Sublessee or Sublessor.]

Sublessee shall be provided copies of the schedules, and any updates or revisions to such schedules, for design, construction, and commissioning of the Improvements. Such schedules shall identify all major milestones and the critical path items completion of Improvements, including commissioning.


Sublessee shall have reasonable access to review and copy progress meetings minutes and access to the construction site to observe the progress of work; provided, such access shall not unreasonably interfere with work-in-progress. Sublessee’s observation of the work during construction shall be at its expense.

Sublessee shall be provided a schedule of values for construction of Improvements and any updates thereto.

1.2. Special Features and Enhancements Paid for Outside of the Sublease

Sublessee expects to invest approximately \$5-6 million dollars in special features and enhancements which are included in the Improvements. OMB Circular No. A-11 requires that special features and enhancements that are added for the Government’s unique needs shall be paid for outside this Sublease.

A listing of special features and enhancements (the “Special Features”) that are above commercial standards are described in Attachment A. The Special Features shall be designed into and constructed as part of the Improvements and are included in the approved Plans. All costs incurred in the design, construction, permitting, and other development relating to Special Features shall be paid for by Sublessee as incurred pursuant to the provisions of the Special Funding Account described herein.

Identifier SOW-13570	EXHIBIT C STATEMENT OF WORK FOR LEASE OF FACILITY TO SUPPORT COLLABORATIVE COMPUTING CENTER	
Revision: 0		
Date: 02/21/2018		

1.3. Project Budget/Cost Savings

It is agreed that the obligations of Sublessor and ISBA to design, construct and develop the Improvements shall not exceed the total amount allocated for the Improvements in the project budget (the “Project Budget”) attached as Attachment B. In the event circumstances indicate that the cost of the Improvements cannot be completed for the amounts set forth in the Project Budget, the Sublessee, in cooperation with the Sublessor and ISBA, agrees to approve such modifications to the Plans as may be necessary to reduce costs of the Improvements to conform to the Project Budget. After final completion of the Improvements, to the extent there remain unexpended available funds in ISBA’s Construction Fund ISBA shall reimburse Sublessee for any design and other costs advanced by Sublessee for project and any unexpended available funds remaining in the Special Funding Account shall revert to the sole benefit of Sublessee.

1.4. Change Control

Construction of the Improvements shall conform to the approved Plans. The Plans as approved shall not be materially changed without written consent of Sublessor and Sublessee. Changes requested by Sublessee shall not be made unless Sublessee shall deposit in the Special Funding Account additional funds sufficient to pay all additional cost relating to such change.

1.5. Submittals

Sublessee shall be provided a copy of final as-built drawings, equipment specifications and operating manuals. Such copies shall be printed and electronic format. Drawings shall be printed and AutoCAD format.


1.6. Attachments

Attachment A: Schedule of Special Features to be paid for by Sublessee.

Attachment B: Project Budget.

1.7. Special Funding Account

Sublessee shall deposit funds into a bank account in the name of Sublessee (“Special Funding Account”) sufficient to pay the full estimated costs to be incurred by ISBA relating to Special Features prior to the sale and issuance of revenue bonds by ISBA in connection with this Sublease. Sublessee shall not withdraw any funds from the Special Funding Account without written consent or approval of ISBA. Funds deposited in the Special Funding Account are advance payments of government funds and title to any unexpended funds shall remain with

Identifier	SOW-13570	EXHIBIT C STATEMENT OF WORK FOR LEASE OF FACILITY TO SUPPORT COLLABORATIVE COMPUTING CENTER	
Revision:	0		
Date:	02/21/2018		

the government and shall be superior to all other claims or liens; provided that this provision shall not limit the right of ISBA to withdraw funds from the Special Funding Account to pay for the cost of Special Features. ISBA shall be granted the right to withdraw funds in such Special Funding Account to pay costs of Special Features until all Improvements are fully completed, including all closeout procedures.

Sublessee may, at its option, deposit additional funds into such Special Funding Account equal to the estimated costs of procuring, delivering and/or installing any personal property for Sublessee. Such additional deposits shall be deposited prior to and as a condition of ISBA's undertaking to procure and install such personal property. Title of personal property so procured shall transfer to Sublessee upon delivery and final acceptance of the personal property has been given by Sublessee.

Sublessee shall retain ownership of the Special Funding Account and ISBA's right to withdraw from shall be solely for the purposes as stated herein. A schedule of values listing all Special Features and personal property, and its corresponding estimated cost, shall be prepared and used for validation of periodic work progress for account withdrawals by ISBA. Upon full and final completion of all Improvements and final purchase, delivery and installation of personal property shall be disbursed to Sublessee.

ISBA's Construction Manager shall provide progress reports which shall define progress for work-in-place for all Improvements, including Special Features, and personal property procured, delivered and/or installed for Sublessee which shall be reviewed and approved by the project's building architect, Flad, for percentages installed. Copies of the approved progress reports shall be submitted to Sublessee prior to withdrawals by ISBA from the Special Funding Account.

1.8. Sublessee Access to Construction Site

Sublessee shall have reasonable access to the construction site to inspect for national security concerns; such access shall not unreasonably interfere with work-in-progress. Sublessee's inspection of the work during construction shall be at its expense. Sublessee shall establish and maintain an access control system, at its expense, to control access to the site during construction of the building and shall be responsible for managing the access control system which shall not unreasonably interfere with construction work-in progress. Sublessee shall be liable for any increased costs that may be incurred due to delays of work in progress or changes to the construction schedule caused by such access control system.

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EXHIBIT E TO FACILITY SUBLEASE AGREEMENT NO. 179447**C3 Legal Description**

A parcel of land being part of the North 1/2 of Section 12, Township 2 North, Range 37 East, and parts of Lot 1 Block 1 of University North Addition Division No. 1 to the City of Idaho Falls, Bonneville County, Idaho and Lot 8 Block 1 of University North Addition Division No. 3 to the City of Idaho Falls, Bonneville County, Idaho, Boise Meridian described as follows;

Commencing at the most south easterly corner of said Lot 1, Block 1 and running thence along the southerly line of said Lot 1, Block 1 N62°58'23"W, 45.78 to the TRUE POINT OF BEGINNING, thence N27°01'37"E, 279.25 feet; thence N07°42'11"W, 127.23 feet to a point on a non-tangent curve to the left, thence along said curve to the left, 236.59 feet, curve having a radius of 260.00 feet, a delta angle of 52°08'14" and a chord which bears N36°32'10"W, 228.51 feet; thence S56°34'56"W, 152.45 feet; thence S90°00'00"W, 548.63 feet; thence S04°43'21"E, 121.87 feet to a point of the southerly line of said Lot 1, Block 1; thence along southerly line S62°58'23"E, 776.88 feet to the TRUE POINT OF BEGINNING.

Parcel Contains 5.71 Acres

Flad Architects

Flad Structural
ENGINEERS

AEI Affiliated
Engineers

Jeff Freiberg
ENGINEERING

Stamps & Approvals

Project Key Plan



IDAHO STATE
BUILDING
AUTHORITY

Idaho Falls, ID 83415

C3 / CYBERCORE

Project Phase
FINAL DESIGN

Date
02/28/18

Project Number
17485-00

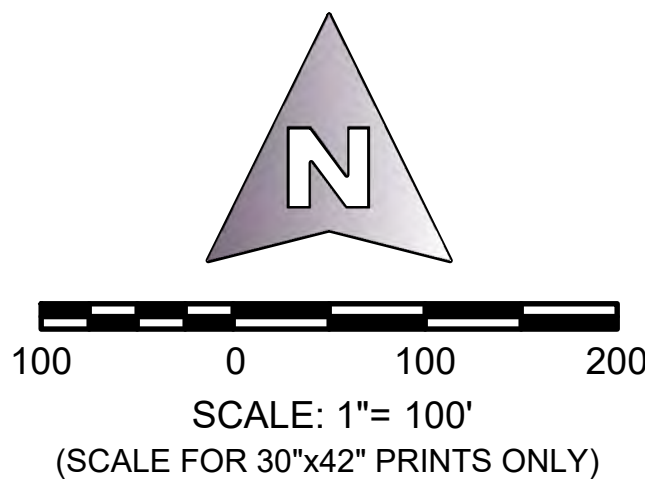
Sheet Title

LEGAL DESCRIPTIONS

Sheet Number

1

Rev. No.



Northeast Corner
Section 12
Township 2 N, Range 37 E, B.M.

East 1/4 Corner
Section 12
Township 2 N, Range 37 E, B.M.

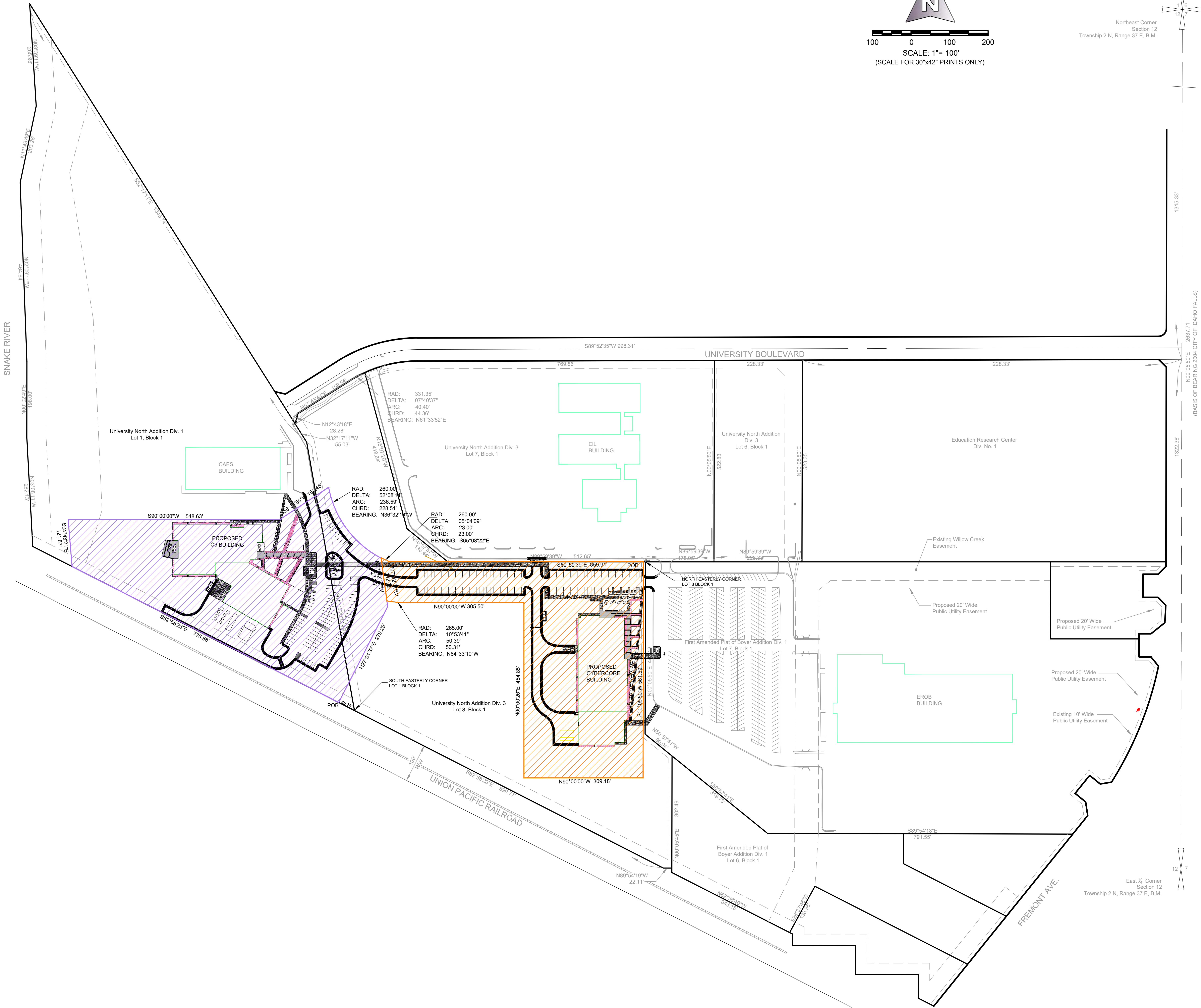
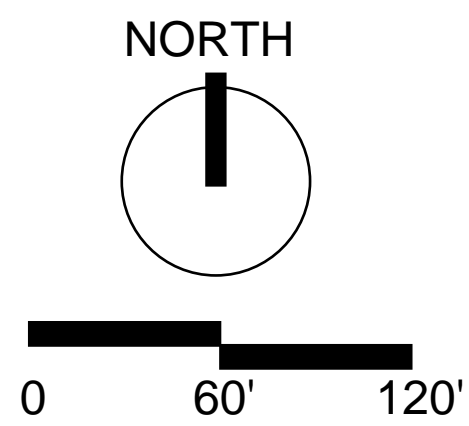


EXHIBIT E – LEASE AREA SITE PLAN

COLLABORATIVE COMPUTING CENTER



PRIMARY
ACCESS TO
UNIVERSITY
BLVD

CENTER FOR
ADVANCED ENERGY
STUDIES

COLLABORATIVE
COMPUTING
CENTER:
5.71 ACRES

OWNED EGRESS ROUTE

UNIVERSITY BOULEVARD

ENERGY
INNOVATION
LABORATORY

CYBERCORE
INTEGRATION
CENTER

UNION PACIFIC RAIL CORRIDOR

LEGEND

PROPERTY LINE



COLLABORATIVE COMPUTING CENTER



CYBERCORE INTEGRATION CENTER



100 YEAR FLOOD PLAIN



OWNED EGRESS ROUTE



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EXHIBIT F - NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT is effective as of _____, 2018, by and between Idaho State Building Authority (ISBA), 950 W. Bannock St., Ste. 490, Boise, Idaho 83702, and Battelle Energy Alliance, LLC (BEA), Mailstop 3725, P.O. Box 1625, Idaho Falls, Idaho 83415-3725. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in Sublease No. 179447 (as defined below).

WHEREAS, ISBA and SBOE have entered into: (i) a Ground Lease dated _____, 2018, whereby ISBA has leased certain real property located in Bonneville County, Idaho (the "Land") from SBOE, (ii) a Development Agreement dated _____, 2018, whereby ISBA has agreed to develop, design, and construct certain improvements (the "Improvements") on the Land, and (iii) a Facilities Lease dated _____, 2018, whereby ISBA has leased the Land and Improvements (the "Premises") back to SBOE; and

WHEREAS, SBOE has entered into Facility Sublease Agreement No. 179447 ("Sublease No. 179447") with BEA whereby a portion of the Premises are subleased to BEA for research and other uses including educational collaboration.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

RIGHT OF NONDISTURBANCE\ATTORNMENT. In the event SBOE fails to renew its Facilities Lease with ISBA or the Facilities Lease is otherwise terminated prior to the expiration, cancellation or termination of the Term of Sublease No. 179447, ISBA agrees that BEA and its successors in interest or assignees, shall be entitled to continue in possession of the portion the Premises subleased by BEA under Sublease No. 179447 pursuant to the terms, covenants and conditions of Sublease No. 179447, subject to remedies for default therein. ISBA shall not be liable for any acts, omissions or default of SBOE, and for claims for damages against the SBOE, or for any other obligation of the SBOE, arising prior to the effective date that the Facilities Lease or Sublease No. 179447 shall expire or terminate. The Rights of Nondisturbance of BEA and its successors in interest and assignees are subject to the following conditions:

- (a) the Ground Lease is in full force and effect;
- (b) BEA or any successor or assignee under Sublease No. 179447 are not in default under Sublease No. 179447 (subject to any applicable grace or cure period);
- (c) BEA or any successor or assignee under Sublease No. 179447 shall attorn to ISBA as lessor under Sublease No. 179447; such attornment to be effective immediately upon ISBA succeeding to the interest of SBOE under Sublease No. 179447 without the execution of any other instrument by BEA or its successors or assigns; and
- (d) Upon ISBA's acceptance of the attornment of it as the substitute lessor under Sublease No. 179447, Sublease No. 179447 shall continue in full force and effect as a direct lease between ISBA, as Lessor, and BEA or its successor or assigns, as applicable, and the without the necessity for executing a new lease agreement.

NOTICES. All notices and common communications given under this Agreement shall be in writing and shall be given by United States certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight delivery service addressed to the party at the address stated above or such other address as any party shall designate from time to time for such notice.

THIS AGREEMENT is duly executed and delivered as of the date stated above.

IDAHO STATE BUILDING AUTHORITY

By: _____

V.L. Bud Tracy, Its Chairman

BATTELLE ENERGY ALLIANCE, LLC

By: _____

TITLE: _____

**EXHIBIT A
SBOE Certificate**

CERTIFICATE OF IDAHO STATE BOARD OF EDUCATION

IDAHO STATE BUILDING AUTHORITY

**STATE BUILDING REVENUE BONDS, SERIES 2018A
(FEDERALLY TAXABLE]**

WHEREAS, the Idaho State Building Authority (the “Authority”) has entered into a Bond Purchase Agreement dated the date hereof (the “Purchase Agreement”) between the Authority and Wells Fargo Bank, National Association (the “Underwriter”) providing for the sale by the Authority to the Underwriter of the above-captioned bonds (the “Bonds”);

WHEREAS, the Bonds are being issued to, together with other funds of Battelle Energy Alliance, LLC (“BEA”) (i) finance the acquisition, design, development and construction, including equipment therefor, of certain facilities near the Idaho National Laboratory Research and Education Campus in Idaho Falls, Idaho, to be known as the Idaho Cybercore Integration Center and Idaho Collaborative Computing Center (collectively, the “Improvements”), to be constructed upon the land to be owned by the State (the “Land,” together with the Improvements, collectively, the “Facilities”), (ii) capitalize interest on the Bonds, (iii) to fund certain reserves, and (iv) pay costs of issuance of the Bonds;

WHEREAS, the Authority will enter into a 30-year ground lease with the State of Idaho (“State”), acting through the State Board of Education (“SBOE”), whereby the Authority will lease the Land and any existing improvements from the SBOE;

WHEREAS, the Authority has entered into a development agreement (the “Development Agreement”) with the State acting by and through the SBOE, under which the Authority will be responsible for the design, development and construction of the Improvements in accordance with the terms of the Development Agreement;

WHEREAS, the Authority will enter into an annually renewable lease agreement with the State, acting through the SBOE (the “Facilities Lease”), under which the Authority agrees to lease the Facilities to the SBOE, in exchange for payment of annual rent sufficient to pay the debt service on the Bonds and the Authority’s Administrative Costs allocable to the Facilities, subject to annual appropriation (the “Annual Rent”); and

WHEREAS, the SBOE will sublease the Facilities to BEA pursuant to the terms of two separate subleases (collectively, the “Subleases”).

WHEREAS, the Underwriter has advised the Authority that it is a material condition to the Underwriter’s execution and delivery of the Purchase Agreement that the undersigned provide this Certificate to the Purchase Agreement.

NOW, THEREFORE, the undersigned, on behalf of SBOE does hereby certify as follows:

(1) The State is acting through its State Board of Education, which is a department of the government of the State of Idaho.

(2) The State has full legal right, power and authority to lease the Facilities from the Authority and to enter into and perform the State's transactions described in the Preliminary Official Statement dated November 29, 2017, as supplemented on December 6, 2017 (the "Preliminary Official Statement").

(3) The State has full legal right, power and authority to enter into the Facilities Lease, the Subleases and the Development Agreement between the State and the Authority, and to deliver this Certificate (collectively, the "State Documents"), and to carry out and consummate the transactions contemplated by the Purchase Agreement and the Preliminary Official Statement.

(4) The State has duly authorized and approved the execution and delivery of, and its performance of the obligations contained in, the State Documents, and the consummation by it of all other transactions contemplated by the Preliminary Official Statement.

(5) The State Documents, when executed by the State, will be duly authorized and delivered and will constitute the legal, valid and binding obligations of the State, enforceable in accordance with their terms, except as the enforcement thereof may be affected by valid bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting creditors' rights or the application of equitable principles and the exercise of judicial discretion.

(6) The execution and delivery by the State of the State Documents and the compliance with the obligations on its part contained therein or herein will not conflict with or constitute a breach of or a default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the State is a party or to which the State or any of its properties or other assets is otherwise subject, nor will any such execution, delivery 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 properties or other assets of the State or under the terms of any such law, regulation or instrument, except as provided or permitted by the State Documents.

(7) As of the date that the Preliminary Official Statement was posted electronically and as of the date hereof, the information relating to the State and the State Documents in the Preliminary Official Statement, in the sections titled, "USE OF PROCEEDS- The Bonds," "SECURITY AND SOURCES OF PAYMENT- The Facilities Lease," "SECURITY AND SOURCES OF PAYMENT- Facilities Subleases," "THE FACILITIES," "STATE FINANCES," "PUBLIC EMPLOYEE RETIREMENT SYSTEM," APPENDIX A — "Selected Data on the State of Idaho" and APPENDIX E — "State of Idaho Comprehensive Annual Financial Report" is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(8) The financial statements of the State attached to the Preliminary Official Statement as Appendix E as of their date fairly represent the receipts, expenditures, assets, liabilities and case

balances of such amounts and, insofar as presented, other funds of the State as of the dates and for the periods therein set forth. Except as disclosed in the Preliminary Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the State or in its operations since their date and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(9) If the information about the State and the State Documents in the Preliminary Official Statement is supplemented or amended pursuant to this Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the date of the Closing (as defined in the Purchase Agreement), the information about the State and the State Documents in the Preliminary Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(10) To the best of the knowledge of the undersigned, after reasonable investigation, the State is not in violation of any applicable constitutional provision, law or administrative regulation of the State of Idaho or the United States of America or any applicable judgment or decree or in material breach of or in default under any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the State is a party or to which the State or any of its properties are otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or an event of default under any such instrument which violation, breach, or default in any such case would impact the State's ability to perform its duties and obligations under the State Documents.

(11) Except as expressly set forth in the Preliminary Official Statement and the Official Statement, 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 to be obtained by the State for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the State of its obligations in connection with the State Documents have been duly obtained, except for such approvals, consents and orders as may be required under the blue sky or other securities laws of any state in connection with the offering and sale of the Bonds.

(12) The State has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon.

(13) No event of default has occurred and is continuing, and no event has occurred and is continuing which with the lapse of time and the giving of notice or both would constitute an event of default under the Facilities Lease.

(14) To the best of my knowledge, after reasonable investigation, there is no action, suit, hearing, proceeding at law or in equity, or before or by any Idaho court, federal court located in the State of Idaho, public board, public agency or public body served upon, pending or, to the best of my knowledge, threatened, with respect to SBOE (i) seeking to restrain or enjoin the issuance

or delivery of the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the State Documents, (iii) in any way contesting the legal existence or powers of the State, or (iv) which might reasonably result in material liability on the part of the SBOE or the State, or materially and adversely affect the use or operation or condition of the Facilities.

IN WITNESS WHEREOF, I have hereunto set my hand as of the ____ day of _____, 2018

STATE OF IDAHO, acting by and through
IDAHO STATE BOARD OF EDUCATION

By: _____
Its: _____

RESOLUTION NO. 2018-_____

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE IDAHO STATE BUILDING AUTHORITY PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY BY THE AUTHORITY OF ITS STATE BUILDING REVENUE BONDS, SERIES 2018 (IDAHO STATE BOARD OF EDUCATION PROJECT), IN THE PRINCIPAL AMOUNT OF UP TO \$_____, FOR THE PURPOSE OF PROVIDING THE FUNDS WITH WHICH TO ACQUIRE, DESIGN AND CONSTRUCT, OR REIMBURSE EXPENDITURES FOR, CERTAIN FACILITIES TO BE USED BY THE STATE OF IDAHO ACTING THROUGH THE IDAHO STATE BOARD OF EDUCATION; FIXING THE DATE, FORM, SCHEDULE OF MATURITIES, INTEREST RATES, TERMS AND COVENANTS OF SUCH SERIES 2018 BONDS; PROVIDING FOR THE SALE AND DELIVERY OF THE SERIES 2018 BONDS TO WELLS FARGO BANK, NATIONAL ASSOCIATION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

March 8, 2018

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RESOLUTION NO. 2018-____

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE IDAHO STATE BUILDING AUTHORITY PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY BY THE AUTHORITY OF ITS STATE BUILDING REVENUE BONDS, SERIES 2018 (IDAHO STATE BOARD OF EDUCATION PROJECT), IN THE PRINCIPAL AMOUNT OF UP TO \$_____, FOR THE PURPOSE OF PROVIDING THE FUNDS WITH WHICH TO ACQUIRE, DESIGN AND CONSTRUCT, OR REIMBURSE EXPENDITURES FOR, CERTAIN FACILITIES TO BE USED BY THE STATE OF IDAHO ACTING THROUGH THE IDAHO STATE BOARD OF EDUCATION; FIXING THE DATE, FORM, SCHEDULE OF MATURITIES, INTEREST RATES, TERMS AND COVENANTS OF SUCH SERIES 2018 BONDS; PROVIDING FOR THE SALE AND DELIVERY OF THE SERIES 2018 BONDS TO WELLS FARGO BANK, NATIONAL ASSOCIATION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

IDAHO STATE BUILDING AUTHORITY**STATE BUILDING REVENUE BONDS, SERIES 2018
(IDAHO STATE BOARD OF EDUCATION PROJECT)**

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE IDAHO STATE BUILDING AUTHORITY AS FOLLOWS:

WHEREAS, the Idaho State Building Authority (the “Authority”) is an independent public body corporate and politic of the State of Idaho (the “State”), created by and existing under the authority of the Idaho State Building Authority Act, being Title 67, chapter 64, Idaho Code, as amended and supplemented (the “Act”);

WHEREAS, the Authority is authorized to conduct proceedings and to issue revenue bonds pursuant to the terms and provisions of the Act for achieving any of its corporate purposes;

WHEREAS, the Authority has determined, and hereby affirms, that it would be financially advantageous for the Authority and State, acting through the Idaho State Board of Education (the “SBOE”), to acquire, design, develop, construct, and equip, or reimburse expenditures for, the cost of construction of certain facilities known as the Idaho Cybercore Integration Center (the “Cybercore Center”) and the Idaho Collaborative Computing Center (the “Collaborative Center”), located in Idaho Falls, Idaho, for use by Battelle Energy Alliance LLC (“BEA”), acting under a Prime Contract with the

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Department of Energy (DOE), the Authority, SBOE, and Idaho higher education entities for educational purposes (collectively, the “Improvements”) to the real property on which the Improvements are to be located and constructed (the “Site”);

WHEREAS, the Authority hereby determines that it will be financially advantageous to the State for the Authority to issue its bonds to acquire a portion of the Site and acquire, design, develop, construct, equip or reimburse expenditures for the Improvements;

WHEREAS, prior approval by the legislature has been given by Senate Concurrent Resolution No. 105, as adopted by the First Regular Session of the Sixty-Fourth Idaho Legislature, authorizing the SBOE to enter into agreements with the Authority to provide the Improvements to the State;

WHEREAS, the Authority is expected to enter into a Development Agreement with the State pursuant to which the Authority will be responsible for the design, construction and development of the Improvements;

WHEREAS, the Authority is expected to enter into a Ground Lease (the “Ground Lease”), with the State, acting through the SBOE, to acquire a leasehold interest in the Site;

WHEREAS, the Authority is expected to enter into a Facilities Lease (the “Facilities Lease”), pursuant to which the Authority will lease the Site, together with the Improvements (collectively, the “Facilities”), to the State acting through the SBOE;

WHEREAS, the Authority intends to issue its State Building Revenue Bonds, Series 2018 (Idaho State Board of Education Project) (the “Bonds” or “Series 2018 Bonds”), to finance the costs of acquiring a portion of the Site and acquiring, designing, developing, constructing and equipping the Improvements, to fund capitalized interest, maintenance reserves and general reserves, and to pay the costs of issuing the Bonds;

WHEREAS, the SBOE, to further document the State’s public use of the Facilities, has established a plan for collaboration on the use of the Facilities by the State and BEA (the “Plan”) which Plan has been acknowledged by BEA;

WHEREAS, the Authority hereby finds that the acquisition, design and construction of the Improvements and the leasing of the same, together with the Site, to the State, acting through the SBOE, will be of public use and will provide a public benefit;

WHEREAS, Wells Fargo Bank, National Association, has contracted to purchase the Bonds at the prices and according to the terms set forth in the Bond Purchase Contract hereinafter described; and

WHEREAS, SBOE is also entering into a sublease with BEA for the Cybercore Center and a sublease with BEA for the Collaborative Center.

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NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED as follows:

ARTICLE I: DEFINITIONS

Section 1.1 Interpretation. For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires:

A. All references in this Resolution to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Resolution. The words “herein,” “hereof,” “hereto,” “hereby,” and “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Articles, Section or other subdivision.

B. The terms defined in this Article I have the meanings assigned to them in this Article I and include the plural as well as the singular, and words importing persons shall include firms, associations, corporations, partnerships (including limited partnerships), trusts and other legal entities, including public boards, as well as natural persons.

C. Any headings preceding the texts of the several sections of this Resolution and the table of contents shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

D. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in effect from time to time.

E. Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent” or similar action hereunder by the Authority shall, unless the form thereof is specifically provided, be in writing signed by an Authorized Officer.

F. In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

G. Words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

H. References to the payment of the Bonds shall be deemed to include references to the payment of interest thereon.

I. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neutral genders.

J. If any action or payment required hereunder occurs on a weekend or a national holiday, said action or payment shall be taken on the next succeeding Business Day.

Section 1.2 Definitions. For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

Act shall mean the Idaho State Building Authority Act, codified at chapter 64 of Title 67 of the Idaho Code, as amended and supplemented.

Additional Bonds shall mean any revenue bonds that the Authority may hereafter issue having a lien upon the Revenues for the payment of the principal thereof, premium, if any, and interest thereon equal to the lien upon the Revenues to pay the principal of, premium, if any, and interest on the Series 2018 Bonds.

Administrative Fund shall mean the fund of that name referred to in Section 5.4 of this Resolution.

Annual Budget shall mean the annual budget of the Authority adopted or in effect for a particular Fiscal Year, as the same may be amended or supplemented.

Annual Debt Service shall mean the net amount required in a given Fiscal Year for the sum of any payment of the principal of and interest on Bonds, except interest to be paid from the proceeds of Bonds. With respect to any Bonds that are term bonds, the words “principal of and interest on Bonds” shall be deemed to exclude from “principal” an amount of the term Bonds equal to the mandatory deposits of money into any sinking fund account to provide for payment of the principal of such term Bonds, and from “interest” the interest on such term Bonds subsequent to the date of the respective deposits, and to include in lieu thereof all mandatory sinking fund deposits as of the date required and interest on the term Bonds provided for by such deposits only to the dates of the respective deposits.

Annual Rent shall mean the annual rent payable under the Facilities Lease.

Authority shall mean the Idaho State Building Authority, an independent public body corporate and politic of the State, created by and existing under the Act.

Authorized Denominations shall mean in the case of the Series 2018 Bonds, denominations of \$5,000 each or any integral multiple thereof.

Authorized Officer shall mean the Chairman, Vice Chairman, Executive Director, Secretary, Treasurer or any officer or employee of the Authority authorized to perform specific acts or duties pursuant to the Act, the bylaws of the Authority or a resolution duly adopted by the Authority.

Beneficial Owner(s) shall mean the owners of Bonds whose ownership is

recorded under the Book-Entry-Only System maintained by the Securities Depository as described in Section 2.4.

Board shall mean the Board of Commissioners of the Authority, as the same shall be duly and regularly constituted from time to time.

Bond or **Bonds** shall mean the Series 2018 Bonds and any Additional Bonds.

Bond Counsel means an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States.

Bondholder shall mean the Registered Owner of a Bond.

Bond Purchase Contract shall mean the agreement relating to the purchase and sale of the Series 2018 Bonds as described in Section 11.4 hereof.

Bond Register shall mean the registration records of the Authority, maintained by the Trustee, on which shall appear the names and addresses of the Registered Owners.

Book-Entry System shall mean the book-entry system of registration of the Bonds described in Section 2.4 of this Resolution.

Business Day shall mean a day other than Saturday or Sunday on which banks located in the State are open for the purpose of conducting commercial banking business.

Cede & Co. or **Cede** shall mean Cede & Co., as nominee of The Depository Trust Company, New York, New York.

Chairman shall mean the de facto or de jure Chairman of the Board, or any presiding officer or titular head of the Board, or his successor in functions, if any.

Closing Date shall mean the date of issuance and delivery of the Bonds.

Construction Fund shall mean the Construction Fund created by Section 5.6 of this Resolution.

Continuing Disclosure Agreement means the continuing disclosure agreement with respect to the Bonds between the Authority and the Trustee as authorized by Sections 7.20 and 11.4 of this Resolution.

Cost of Acquisition, Construction and Financing shall mean any proper and reasonable cost, whether or not specifically mentioned herein, of purchasing real property for the uses contemplated by the Development Agreement, the Ground Lease and the Facilities Lease; developing, designing and constructing the Improvements and fixtures, machinery, apparatus and equipment therefore in accordance with the Development Agreement; of leasing the Site from the State; of engineering and

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architectural services, designs, plans, specifications and surveys; of planning, analysis, project management, administration, inspection and similar services in connection with the Facilities; all costs related to or arising out of the leasing of the Facilities back to the State under the Facilities Lease and the State's use in connection therewith; of any indemnity and surety bonds and insurance premiums; of allocable administrative and general expenses of the Authority; of allocable portions of reasonable inspection expenses, legal fees, fees and expenses of any trustees, depositories and paying agents for the Bonds; the amount of any discount on the Bonds, the cost of issuance of the Bonds; reasonable financing charges pertaining to Bonds issued by the Authority; and fees and expenses of financial advisors and consultants in connection therewith; cost of audits; payments of any bonds or notes of the Authority (including any interest and redemption premiums) issued to temporarily finance the payment of any item or items of cost described herein; and all other reasonable expenses not specified herein as may be necessary or incidental to the acquisition and leasing of the Facilities, the financing thereof, and the placing of the same in use and operation.

Debt Service Fund shall mean the “Debt Service Fund” created by 5.3 of this Resolution.

Development Agreement shall mean the Development Agreement dated as of the Closing Date, between the Authority and the State, acting through the SBOE.

DTC or Depository shall mean 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.

Event of Default shall mean any one or more of the Events of Default set forth in Section 9.1 hereof.

Facilities shall have the meaning set forth in the Facilities Lease.

Facilities Lease shall mean that certain Facilities Lease dated as of the Closing Date, by and between the Authority as lessor and the State, acting by and through the SBOE as lessee, providing for the leasing of the Facilities, as said Facilities Lease may be further amended and supplemented.

Fiscal Year shall mean the fiscal year of the Authority which shall be set and, if necessary, changed by the Authority so as to always coincide with the then current fiscal year of the State.

General Reserve Fund shall mean the fund of that name created by Section 5.5 of this Resolution.

Ground Lease means the Ground Lease dated as of the Closing Date, between
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the Authority and the State of Idaho, acting by and through the SBOE, providing for the lease, by the Authority from the State, of the Site.

Holder shall mean a Registered Owner.

Improvements shall mean the acquisition, construction, renovation, restoration, expansion and improvement of the Site, as more particularly described in Exhibit B of the Facilities Lease, together with any related surface parking, utilities and other appropriate improvements, and additional improvements to the Facilities as may be financed by the issuance of Additional Bonds pursuant to Section 7.18B hereof.

Insurance Consultant means a person other than an officer, director, trustee or employee of the Authority or a firm which is qualified to recommend insurance coverage for organizations engaged in like operations similar to those of the Facilities.

Interest Payment Date, with respect to the Bonds means each September 1 and March 1, commencing September 1, 2018.

Investment Agreement means an Investment Agreement entered into by the Authority pursuant to Section 11.7 of this Bond Resolution and meeting the requirements set forth in the definition of Permitted Investments hereunder.

Issuer means the Idaho State Building Authority, as issuer of the Series 2018 Bonds.

Maintenance and Repair Fund shall mean the fund established and described in Section 5.7 hereof.

Moody's shall mean Moody's Investors Service.

Obligations shall mean the Series 2018 Bonds.

Operating Costs shall mean the Authority's expenses (including reasonable reserves for such expenses), to the extent properly attributable to the Facilities and/or the Bonds and payable by the Authority, for administration and general expenses of the Authority; expenses for maintenance and repairs, insurance premiums, utility charges, legal, financial, architectural and engineering expenses; fees and expenses of fiduciaries under the Bond Resolution; bond insurance, guaranty and/or letter of credit fees, interest and finance charges; costs, fees and expenses arising out of the State's and any sublessee's use of the Facilities, including, without limitation, those arising out of (i) claims against or damages incurred by the Authority resulting from such use, (ii) the loss of any tax exemption status of interest on the Bonds under any state law, or (iii) any defects, encumbrances, clouds, restrictions or other matters affecting title to the real property or Facilities existing at the time such are leased to the Authority pursuant to the Ground Lease; any other expenses or contingencies to be paid or provided for by the Authority; and all other costs and expenses allocable to Operating Costs as provided in the Ground Lease. Operating Costs shall not include

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any expenses for maintenance and repairs, utility services or insurance paid for or provided by the State.

Outstanding shall mean, when used with reference to Bonds, as of any particular date, all such Bonds that have been issued, executed, authenticated and delivered under this Resolution, except (1) such Bonds that have been cancelled because of payment or redemption prior to their stated dates of maturity, and (2) any such Bond (or portion thereof) deemed to have been defeased pursuant to the resolution under which it was issued.

Participants shall mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds.

Participating Underwriter shall mean the Underwriter and any other original underwriter, if any, of the Bonds required to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Paying Agent shall mean ZB, National Association dba Zions Bank, of Boise, Idaho, or its successor in function, as now or hereafter designated, which shall act as registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds.

Permitted Investments shall mean any investments allowed under Section 67-6409(m), Idaho Code.

Principal Corporate Trust Office shall mean, with respect to the Trustee, the office of the Trustee at Boise, Idaho; provided, however, that with respect to payments on the Bonds and any exchange, transfer, or surrender of the Bonds, means the office of the Trustee at 800 W. Main Street, Ste. 700, Boise, ID 83702, or such other or additional offices as may be specified by the Trustee.

Redemption Price means, when used with respect to a Bond or portions thereof to be redeemed, the principal amount of such Bond or such portions thereof plus the applicable premiums, if any, payable upon redemption thereof.

Registered Owner shall mean the person in whose name a Bond shall be registered in the registration books of the Authority maintained by the Trustee in accordance with the terms of this Resolution.

Representation Letter shall mean the Blanket Representation Letter between the Authority and DTC.

Resolution shall mean this Resolution No. 2018-_, adopted by the Board on March 8, 2018, authorizing the issuance of the Bonds.

Revenue Fund shall mean the Revenue Fund created by Section 5.1 of this Resolution, into which all of the Revenues are pledged to be deposited.

Revenues shall mean (i) all revenues, income, rents and receipts derived by the Authority from or attributable to the ownership or leasing of the Facilities, including all revenues attributable to the Facilities or to the payment of the costs thereof received by the Authority under the Facilities Lease, (ii) the proceeds of any insurance covering business interruption loss relating to the Facilities, (iii) **all moneys held in funds created pursuant to this Resolution, (iv) and all** interest received on any money or securities held pursuant to this Resolution, except for interest received on money or securities in the Administrative Fund. “Revenues” shall not include insurance proceeds that are applied in accordance with Section 7.13 hereof or condemnation awards that are applied in accordance with Section 7.14 hereof.

Rule shall mean Securities and Exchange Commission Rule 15c2-12 as amended.

SBOE means the Idaho State Board of Education and its successors.

S&P shall mean S&P Global Ratings.

Secretary shall mean the de facto or de jure Secretary of the Authority, or other officer of the Authority who is the custodian of the seal of the Authority and of the records of the proceedings of the Board, or his successor in functions, if any.

Securities Depository shall mean The Depository Trust Company, New York, New York, or any successor securities depository appointed pursuant to Section 2.5.

Series 2018 Bonds shall mean the herein authorized “State Building Revenue Bonds, Series 2018 (Idaho State Board of Education Project).”

Site means the real property and existing improvements thereon, as more particularly described in Exhibit A of the Facilities Lease, on which the Improvements will be located and constructed.

State shall mean the State of Idaho and every agency and instrumentality thereof with the power to lease the Facilities from the Authority.

Supplemental Resolution shall mean any resolution amending or supplementing the terms of this Resolution which has been duly adopted and approved by the Authority under the Act and adopted in accordance with the provisions of the Resolution.

Terms Certificate shall mean the Terms Certificate in substantially the form set forth set in Exhibit B hereto to provide certain terms for the Series 2018 Bonds based upon the sale of the Series 2018 Bonds in accordance with this Resolution, which certificate shall be executed by the Underwriter and the Delegated Officer of the Authority and be delivered to the Trustee at or before the issuance and delivery of the Series 2018 Bonds.

Trustee shall mean ZB, National Association dba Zions Bank, or its successor in function, as now or hereafter designated, which shall act as registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds.

Underwriter shall mean Wells Fargo Bank, National Association, Charlotte, North Carolina or its successor in function, as the original purchaser of the Bonds.

ARTICLE II: THE BONDS

Section 2.1 Description of the Bonds. The Board hereby authorizes the issuance of bonds designated “State Building Revenue Bonds, Series 2018 (Idaho State Board of Education Project).” The Series 2018 Bonds shall be registered as to both principal and interest. Interest on the Series 2018 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and shall be payable semiannually. The Series 2018 Bonds shall be dated the date of delivery, shall be in Authorized Denominations, and the Series 2018 Bonds shall bear interest payable semiannually commencing on September 1, 2018, and on each March 1 and September 1 thereafter until their date of maturity. The Bonds issued under this Resolution shall rank on a parity with each other in right of payment from the Revenues, and the funds and accounts and proceeds thereof, as pledged hereunder.

A. The Board hereby delegates to the Chairman, Vice Chairman, Executive Director, or Secretary of the Authority, each with the authority to act alone (hereinafter each referred to as the “Delegated Officer”), the power to make the following determinations on or before the date of the sale of the Bonds to the Underwriter, without any requirement that the members of the Board meet to approve such determinations, but subject to the limitations provided:

(1) The true interest cost of the proposed rates of interest to be borne by the Bonds which does not exceed ____%.

(2) The principal amount of the Bonds which shall not exceed the aggregate of \$_____.

(3) The principal payment dates for the Bonds with a final maturity date which does not to exceed_____, 20__.

(4) The amount of principal of the Bonds maturing in any particular year, and the rate of interest accruing thereon.

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

(6) The amount of capitalized interest for the Bonds.

(7) The amount of proceeds of the Bonds to be deposited into the Construction Fund.

(8) The amount of proceeds of the Bonds to be deposited into the General Reserve Fund.

(9) The amount of proceeds of the Bonds to be deposited into the Maintenance and Repair Fund.

B. Prior to or concurrently with the sale of the Bonds to the Underwriter, the Delegated Officer and the Underwriter shall execute the Terms Certificate substantially in the form attached hereto as Exhibit "B" reflecting the final terms and provisions of the Bonds and certifying that the final terms and provisions of the Bonds are consistent with, not in excess of and no less favorable than the terms set forth in subparagraph A above.

Section 2.2 Place and Manner of Payment. The principal of, premium, if any, and interest on the Bonds are payable in lawful money of the United States to the Registered Owners thereof.

Payment of each installment of interest shall be made on its semiannual due date to the Registered Owner whose name appears on the Bond Register on the fifteenth day of the calendar month immediately preceding the interest payment date and shall be paid by check or draft of the Trustee mailed to such Registered Owner on the due date at his address appearing on the Bond Register or at such other address as may be furnished in writing by such Registered Owner to the Trustee.

The principal of and premium, if any, on each Bond shall be payable to the Registered Owner, upon presentation and surrender of such Bond on or after the date of maturity or prior redemption, at the Principal Corporate Trust Office of the Trustee. Upon the payment of the Bonds at maturity, and/or upon payment of the Redemption Price of any Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if any, identifying, by issue and maturity, the Bonds being paid or redeemed with the proceeds of such check or other transfer.

The Authority and the Trustee may deem and treat the Registered Owner of each Bond as the absolute owner of such Bond for the purpose of receiving payments of principal and interest due on such Bond and for all other purposes, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Section 2.3 Redemption of Bonds; Open Market Purchase

A. Series 2018 Bonds -- Optional Redemption. The Bonds are subject to optional redemption on and after the date(s) and in the amounts to be identified in the Terms Certificate executed by the Delegated Officer and the Underwriter pursuant to Section 2.1 of this Resolution

B. Open Market Purchase. The Authority hereby reserves the right to purchase Bonds on the open market at a price equal to or less than par. In the event that

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the Authority shall purchase Bonds at a price (exclusive of accrued interest) of less than the principal amount thereof, the Bonds so purchased shall be credited at the par amount thereof against the debt service requirement or, if term Bonds, to the sinking fund deposit next becoming due. If any Bonds are purchased on the open market by the Authority the Bonds will be delivered to the Trustee for cancellation.

Section 2.4 Book-Entry Only System.

A. The Bonds initially shall 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 Bonds, except in the event the Trustee issues Replacement Bonds as provided below. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among the DTC Participants and will receive and transmit payments of principal of and interest on the Bonds until and unless the Trustee authenticates and delivers Replacement Bonds to the Beneficial Owners as described below.

B. If the Securities Depository determines to discontinue providing its services with respect to the Bonds and the Authority cannot obtain a qualified successor Securities Depository, or if the Authority determines not to use the book-entry system of the Securities Depository, the Authority shall execute and the Trustee shall authenticate and deliver one or more Bond certificates (the "Replacement Bonds") to the DTC Participants in principal amounts and maturities corresponding to the identifiable Beneficial Owners' interests in the 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 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 Bonds registered in the name of Cede & Co. as nominee for the Securities Depository, neither the Authority nor the Trustee shall have any responsibility to any Beneficial Owner with respect to:

- (1) the sending of transaction statements or maintenance, supervision or review of records of the Securities Depository;
- (2) the accuracy of the records of the Securities Depository or Cede & Co. with respect to any ownership interest in the Bonds;
- (3) 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 Bonds; or

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

D. The Authority and DTC have entered into the Representation Letter in connection with the issuance of the Bonds. Such Representation Letter is for the purpose of effectuating the initial Book-Entry System for the Bonds through DTC as Securities Depository and shall not be deemed to amend, supersede or supplement the terms of this 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 Resolution, the terms of this Resolution shall control. The Securities Depository may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 2.5 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 Authority, 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 former Securities Depository shall surrender the Bonds to the Trustee for transfer to the successor Securities Depository, and the Trustee shall cause the authentication and delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE III: THE TRUSTEE

Section 3.1 The Trustee.

A. The Trustee shall keep, or cause to be kept at its Principal Corporate Trust Office, the Bond Register for the registration and transfer of the Bonds, which shall at all reasonable times be open to inspection by the Authority.

B. The Trustee shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

C. The Trustee may become the Registered Owner of Bonds with the same rights it would have if it were not the Trustee, and, to the extent permitted by law, may act as depository of the funds and accounts hereunder, and permit any of its officers or directors or agents to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners.

Section 3.2 Trustee; Acceptance of Duties. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the Authority a written acceptance thereof. By executing such acceptance, the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be issued but only, however, upon the terms and conditions set forth in this Resolution.

Section 3.3 Responsibilities of Trustee.

A. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and the Trustee shall not be responsible for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Resolution, of any Bonds issued hereunder or of the security afforded by this Resolution, and the Trustee shall not incur any liability in respect thereof. The Trustee shall not be under any responsibility or duty with respect to the application of any money paid by such Trustee to the Authority or to any successor Trustee in accordance with the provisions of this Resolution. Except for information provided by the Trustee, the Trustee shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own money, unless properly indemnified.

B. Subject to the provisions of subsection C of this Section 3.3, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers.

C. The Trustee, prior to the occurrence of an Event of Default and after Events of Default have been cured, undertakes to perform such duties and only such duties as are specifically set forth in this Resolution. If an Event of Default occurs and is not cured, the Trustee shall exercise such of the rights and powers vested in it by this Resolution and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. Any provisions of this Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 3.3.

Section 3.4 Evidence on Which Trustee May Act.

A. The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the procedural requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with

counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

B. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warranty for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof; but in its discretion, the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

C. Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to any Trustee shall be sufficiently executed in the name of the Authority by an Authorized Officer.

Section 3.5 Compensation. The Authority shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Resolution and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in good faith in and about the performance of its powers and duties under this Resolution.

Section 3.6 Resignation of Trustee. The Trustee may, at any time, resign and be discharged of the duties and obligations created by this Resolution by giving not less than 60 days written notice to the Authority, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Registered Owners as provided in Section 3.8, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 3.7 Removal of Trustee. So long as there is no Event of Default hereunder, the Trustee may be removed at any time upon giving 30 days notice by an instrument in writing filed with the Trustee and signed by the Authority.

Section 3.8 Appointment of Successor Trustee.

A. The Authority shall appoint a successor Trustee if at any time (1) the Trustee shall resign, be removed, become incapable of acting, or be adjudged bankrupt or insolvent, (2) a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or (3) any public officer shall take charge or control of the Trustee or of its property or affairs.

B. If a successor Trustee is not appointed by the Authority hereunder within 45 days after the Trustee gives written notice to the Authority as provided in Section 3.6 or after a vacancy in the office of the Trustee occurs by reason of its inability to act, the

Trustee or the Registered Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

C. Any Trustee appointed under the provisions of this Section 3.8 in succession to the Trustee shall be a bank or trust company or national banking association, (1) having trust powers and (2) having capital stock and surplus aggregating at least \$50,000,000.

Section 3.9 Transfer of Rights and Property to Successor Trustee.

A. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee and to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, shall become fully vested with all rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee.

B. The predecessor Trustee, on the written request of the Authority or of the successor Trustee, shall (1) execute, acknowledge and deliver such instrument of conveyance and of further assurance and do such other things as may reasonably be required to more fully vest and confirm in the successor Trustee all rights, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and (2) pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee to more fully vest in and confirm to such successor Trustee any estates, rights, power and duties, any and all such deeds, conveyances and instruments shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority.

Section 3.10 Merger or Consolidation. Any company into which any Trustee may be merged, converted or consolidated, or any company resulting from any such merger, conversion or consolidation, or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act, *provided* such company shall satisfy the requirements set forth in Section 3.8C, hereof.

Section 3.11 Survival. The Trustee's right to payment of its fees, expenses and indemnities provided herein shall survive its resignation or removal and the final payment or defeasance of the Bonds.

ARTICLE IV: SOURCES AND USES OF BOND PROCEEDS

Section 4.1 Sources and Uses of Bond Proceeds. The proceeds of the Bonds shall be deposited into the following funds and accounts in such amounts to be provided in the Terms Certificate:

(1) To the Construction Fund for Cost of Acquisition, Construction and Financing.

(2) To the Debt Service Fund for capitalized interest.

(3) To the Maintenance and Repair Fund for certain maintenance expenses.

(4) To the General Reserve Fund to be applied to any lawful purpose of the Authority and, to the extent that the amount in the General Reserve Fund exceeds \$500,000, such excess amount to be applied toward the payment of interest on and principal of the Bonds as further set forth in Section 5.5 below.

ARTICLE V: FUNDS AND ACCOUNTS

Section 5.1 The Revenue Fund. There is hereby established a fund to be held by the Trustee and designated the "Revenue Fund." All Revenues upon receipt promptly shall be deposited by the Authority with the Trustee for credit into the Revenue Fund.

Section 5.2 Payments into Certain Funds. As soon as practicable in each month after the deposit of Revenues required by Section 5.1 hereof, but in any case no later than the last Business Day of such month, except as provided in Section 9.2B hereof, the Trustee shall withdraw from the Revenue Fund and deposit into the following funds in the following order of priority the amounts set forth below:

First: Into the Debt Service Fund, the receipts of Revenues so that the balance therein shall be sufficient to pay the total amount of principal, if any, and interest due during the then current Fiscal Year, including amounts required for redemption of Bonds.

Second: Into the Administrative Fund, the sum budgeted for Operating Costs allocable to the Facilities for the then current Fiscal Year, as directed in writing by an Authorized Officer.

Third: Into the General Reserve Fund, the remaining balance, if any, of money in the Revenue Fund after making the above deposits.

Notwithstanding the foregoing, to the extent there shall be held in the Debt Service Fund an amount sufficient to pay in full all Bonds then Outstanding in accordance with their terms (including principal or interest thereon), no deposits shall be required to be made into the Debt Service Fund. In accordance with state law, any moneys so deposited into the Debt Service Fund held by the Trustee not so applied to the payment of Bonds within five (5) years after the date on which the same shall have become due shall be paid by the Trustee to the State of Idaho free from the trusts created by this Resolution for deposit in its unclaimed property account. Thereafter, Registered Owners of the Bonds shall be entitled to recourse only against the State of Idaho pursuant

to its unclaimed property procedure. The State of Idaho shall not be liable for any interest on the sums paid to it pursuant to this section and shall not be regarded as a trustee or trustees of such money. If the monies are not claimed and paid over or delivered as an allowed claim, the monies shall become payable by escheat to the State of Idaho.

Section 5.3 The Debt Service Fund. There is hereby established a fund to be held by the Trustee and designated the “Debt Service Fund” (herein referred to as the “Debt Service Fund”). The Debt Service Fund shall be used solely for the purpose of paying the principal of, premium, if any, and interest on the Bonds. The Trustee shall pay out of the Debt Service Fund (i) on or before each Interest Payment Date for any of the Series 2018 Bonds and any Additional Bonds, the amount required for the interest payable on such payment date; (ii) on or before each principal installment due date, the amount required for the principal installment payable on such due date for any of the Series 2018 Bonds, and any Additional Bonds; (iii) on each redemption date or purchase date the purchase price or Redemption Price of any Series 2018 Bonds redeemed or purchased in lieu of redemption by related sinking fund installments. Such amounts shall be applied by the Trustee on the due dates thereof. The Trustee shall also pay out of the Debt Service Fund the capitalized interest and accrued interest included in the purchase price of the Series 2018 Bonds, and any capitalized interest from proceeds of the issuance of any Additional Bonds.

Section 5.4 The Administrative Fund. There has heretofore been established a fund held by the Authority and designated the Authority’s “Administrative Fund” (herein referred to as the “Administrative Fund”). Amounts in the Administrative Fund may be paid out from time to time by the Authority for reasonable and necessary Operating Costs allocable to the Facilities, including the financing costs pertaining to the Bonds and operating costs of other facilities of the Authority. Amounts in the Administrative Fund in excess of the requirements thereof may, at the discretion of the Authority, be carried forward in the Administrative Fund for operating purposes in the next succeeding Fiscal Year.

Section 5.5 General Reserve Fund. There is hereby created a fund separate and apart from all other funds of the Authority to be held by the Trustee and designated the Facilities General Reserve Fund (the “General Reserve Fund”), or such other designation conforming to generally accepted accounting practices. Amounts in the General Reserve Fund may be applied by the Trustee, upon written instruction from an Authorized Officer, to any lawful purpose of the Authority. To the extent that the amount in the General Reserve Fund exceeds \$500,000, such excess amount may be deposited to the Debt Service Fund by the Trustee, upon written instruction from the Authority at the request of SBOE to be used for the payment of interest on and principal of the Bonds. In the event there are any amounts remaining in the General Reserve Fund upon the expiration or termination of the Ground Lease pursuant to Section 8 of the Ground Lease, such funds shall be applied to any remaining payment on the Bonds and any further remainder shall be paid to SBOE. In all other events, upon the final payment of interest on and principal of the Bonds, such funds shall be paid to the Authority.

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Section 5.6 Construction Fund.

A. Creation of the Construction Fund. There is hereby created a fund separate and apart from all other funds of the Authority, to be held by the Trustee and designated the Construction Fund (the "Construction Fund"), or such other designation conforming to generally accepted accounting practices. The proceeds of the Series 2018 Bonds and any Additional Bonds, allocated to pay the Cost of Acquisition, Construction and Financing, including the costs of issuing the Series 2018 Bonds and any Additional Bonds, shall be deposited into the Construction Fund pursuant to the Terms Certificate and shall be used and applied to pay the Cost of Acquisition, Construction and Financing as directed by the Authority.

B. Deposits into the Construction Fund.

(1) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution, and there may be paid into the Construction Fund, at the option and upon written direction of the Authority to the Trustee, any money received for or in connection with Improvements by the Authority from any source, unless required to be otherwise applied as provided by this Resolution. Amounts in the Construction Fund shall be applied to the Cost of Acquisition, Construction and Financing of the Improvements financed by the Series 2018 Bonds.

(2) The proceeds of insurance, excluding business interruption loss insurance, maintained pursuant to this Resolution and/or the Facilities Lease against physical loss of or damage to the Facilities or of contractors' performance bonds with respect thereto, pertaining to periods of construction, if any, shall be paid into the Construction Fund, pursuant to written direction of the Authority to the Trustee.

C. Payments from the Construction Fund. The Trustee shall make payments from the Construction Fund, except payments and withdrawals pursuant to subsection D of this Section 5.6, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this subsection C. Before any such payment shall be made from the Construction Fund, the Authority shall file with the Trustee a requisition therefor substantially in the form attached hereto as Exhibit C, signed by an Authorized Officer of the Authority, stating in respect of each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid, (c) the particular item of the Cost of Acquisition, Construction and Financing with respect thereto to be paid, (d) that the cost or the obligation in the stated amount is a proper charge against the Construction Fund and is a proper item of the Cost of Acquisition, Construction and Financing of Improvements, and has not been paid, and (e) the means of payment which shall be either by check or wire transfer. The Trustee shall make each payment required by such requisition.

(2) Upon completion of the acquisition, design and construction of Improvements, a certificate of an Authorized Officer of the Authority shall be filed with the Trustee stating (a) that the Improvements have been acquired and completed, and (b) the amount, if any, required in the opinion of the Authorized Officer for the payment

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of any remaining part of the Cost of Acquisition, Construction and Financing of such Improvements. Upon the filing of such certificate and if all costs of issuance shall have been paid, upon written direction from the Authority to the Trustee, the balance in the Construction Fund, in excess of the amount, if any, stated in such certificate shall be transferred from the Construction Fund to the Debt Service Fund.

D. Costs of Issuance. That portion of the Construction Fund allocated to costs of issuance of the Bonds, as determined from time to time by the Authority, shall be used by the Trustee to pay costs of issuing the Bonds, pursuant to written direction by the Authority to the Trustee.

Section 5.7 Maintenance and Repair Fund. There is hereby created separate and apart from all other funds of the Authority a Maintenance and Repair Fund to be used for certain maintenance, repairs, or improvements that the SBOE deems necessary for the Facilities in its discretion as further described in the Facilities Lease, with the funds therein deposited pursuant to the Terms Certificate. Before any such payment shall be made from the Maintenance and Repair Fund, the Authority shall file with the Trustee a requisition therefor substantially in the form attached hereto as Exhibit C, signed by an Authorized Officer of the Authority, stating in respect of each payment to be made (a) the amount to be paid to SBOE, (b) the particular item to be paid to SBOE, (c) that the cost or the obligation in the stated amount is a proper charge against the Maintenance and Repair Fund and has not been paid, and (d) the means of payment which shall be either by check or wire transfer. The Trustee shall make each payment to SBOE required by such requisition. In the event there are any amounts remaining in the Maintenance and Repair Fund upon the expiration or termination of the Ground Lease pursuant to Section 8 of the Ground Lease, such funds shall be applied to any remaining payments on the Bonds and any further remainder shall be paid to the SBOE. In all other events, upon the final payment of interest on and principal of the Bonds, such funds shall be paid to the Authority.

Section 5.8 Valuation and Sale of Investments.

A. Method of Valuation. In computing the amount in any fund or account hereunder, obligations purchased as investments shall be valued at the amortized cost of such obligations plus accrued interest.

B. Credit or Debit to Funds and Accounts. Obligations purchased as an investment of money in the Construction Fund, the Debt Service Fund, the Administrative Fund, the General Reserve Fund, and the Maintenance and Repair Fund and the accounts therein, shall be deemed at all times to be a part of such fund or account, and any profit realized from the liquidation of such investment shall be credited to, and any loss resulting from the liquidation of such investment shall be charged to the computation of net interest earned on the money and investments of such fund or account. Income received from the investment of moneys in any fund or account shall be credited to such fund or account.

C. Investment Direction. Except as otherwise provided herein, all moneys held by the Trustee in any of the funds or accounts established pursuant to this Resolution, including investment earnings unless otherwise specified herein, shall be invested as directed in writing by the Authority. If the Trustee does not receive such written direction, it shall not be required to invest the moneys. Any such written request shall state that, in the opinion of the authorized officer, the investment of money requested in such written request is a Permitted Investment. The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Permitted Investment, remains a Permitted Investment thereafter, absent receipt of written notice or information to the contrary. The Trustee shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

The Trustee may make any and all investments permitted by the provisions of this Resolution through its own or any of its affiliate's investment departments.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the Authority the right to receive brokerage confirmations of the security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law unless the Authority shall otherwise request confirmations on a specific transaction. The Trustee will furnish the Authority monthly cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI: DEFEASANCE

Section 6.1 Discharge of Indebtedness. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Beneficial Owners the principal of and interest due or to become due on the Bonds, at the times and in the manner stipulated therein and in the Resolution, then the pledge of any Revenues and other monies, securities and funds pledged under the Resolution and all covenants, agreements and other obligations of the Authority to the Beneficial Owners shall thereupon cease, terminate and become void and be discharged and satisfied, and such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution.

Section 6.2 Provision for Defeasance of the Bonds. In the event that Permitted Investments satisfying the requirements of Section 67-6416 of the Act maturing or having guaranteed redemption prices at such time or times and bearing interest to be earned thereon in such amounts as are sufficient (together with any resulting cash balances), as certified by a certified public accountant selected by the Authority, to redeem and retire part or all of the Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Debt Service Fund therein for the payment of the principal of and interest on the Bonds so provided for, and such Bonds and interest accrued thereon shall then cease to be entitled to any lien, benefit or security of this Resolution, except the right to receive the funds so set aside and pledged, and such Bonds and interest accrued thereon shall no longer be deemed to be Outstanding.

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Section 6.3 Disposition of Funds and Accounts. Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds, or upon the making of adequate provisions for the payment of such amounts, all moneys remaining in all funds and accounts under this Resolution, except moneys necessary to pay principal or premium, if any, and interest on the Bonds, shall be paid to the Authority.

ARTICLE VII: COVENANTS

The Authority covenants and agrees with the Registered Owners of the Bonds as follows:

Section 7.1 Assignment of Revenues; Pledge of Revenues. The Authority hereby assigns and transfers to the Trustee all Revenues, and the Authority hereby gives to and confers upon the Trustee the right, power and authority to collect such Revenues. The Authority irrevocably appoints the Trustee its true and lawful attorney-in-fact, at the option of the Trustee at any time and from time to time during the continuance of this Resolution, to demand, receive and enforce payment of Revenues attributable to the Facilities; to give receipts, releases and satisfactions; and to sue in the name of the Authority or the Trustee for all Revenues attributable to the Facilities. The Authority hereby pledges the Revenues to the payment of Annual Debt Service all in accordance with Section 5.2 hereof.

The assignment of the Revenues in this Section 7.1 is intended to be an absolute and unconditional assignment from the Authority to the Trustee and not merely the passing of a security interest. In accordance with Section 67-6414(d) of the Act, the pledge of Revenues shall be valid and binding from the time when the pledge is made, and the assigned Revenues and Revenues thereafter received by the Authority or the Trustee shall immediately be subject to such pledge of Revenues without any physical delivery thereof or further act, and such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

Notwithstanding the foregoing, under no circumstances does the Authority pledge or assign revenues from, or give a security in, other revenues, properties or facilities of the Authority or of the State.

Section 7.2 Payment of the Bonds. The Authority shall duly and punctually pay or cause to be paid from the Revenues and the proceeds of the Bonds pledged therefor by this Resolution, the principal of, premium, if any, and interest on every Bond, at the dates and places, and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

Section 7.3 Extension of Payment of the Bonds. The Authority shall not directly or indirectly extend or consent to the extension of the maturity of any of the Bonds, or the time of payment of any claims for interest by the purchase or funding of such Bonds, or claims for interest or by any other arrangement, and if the maturity of any of the Bonds,

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or the time for payment of any such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default under this Resolution, to the benefit of this Resolution or to any payment out of Revenues of the funds established by this Resolution, including the investments thereof, if any, pledged under this Resolution or the money (except money held in trust for the payment of particular Bonds or claims for the interest pursuant to this Resolution) held by any fiduciary, except subject to the prior payment of the principal of all Outstanding Bonds, the maturity of which has not been extended and of such portion of the accrued interest on the Bonds, as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue refunding bonds and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 7.4 Further Assurance. The Authority shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other money, securities and funds hereby pledged or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

Section 7.5 Power to Issue the Bonds and Execute Pledges Hereunder. The Authority is duly authorized under all applicable laws to create and issue the Bonds and to adopt this Resolution and to pledge the Revenues and other money, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. Except to the extent otherwise provided in this Resolution, the Revenues and other money, securities and funds so pledged for the payment and security of the Bonds are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, and all corporate or other action on the part of the Authority to that end has been and will be duly and validly taken.

The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other money, securities and funds pledged under this Resolution and all the rights of the Registered Owners under this Resolution against all claims and demands of all persons whomsoever.

Section 7.6 Power to Fix and Collect Rents, Fees and Charges. The Authority has, and will have as long as any Bonds are Outstanding, good right and lawful power to fix and collect rents, fees and charges with respect to the leasing of the Facilities.

Section 7.7 Creation of Liens. Except to the extent otherwise provided in Section 7.18 of this Resolution, the Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, that are payable out of or secured by a pledge of the Revenues or other money, securities or funds held or set aside by the Authority under this Resolution, and shall not create or cause to be

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created any lien or charge on the Revenues, or such money, securities or funds; provided, however, that nothing contained in this Resolution shall prevent the Authority from issuing, if and to the extent permitted by the Act (i) bond anticipation notes or (ii) evidences of indebtedness payable out of, or secured by a pledge of Revenues to be derived on and after such date as the pledge of the Revenues provided in this Resolution shall be discharged and satisfied as provided in Section 6.1 hereof.

Section 7.8 Annual Budget. Not less than 30 days prior to the beginning of each Fiscal Year, the Authority shall prepare and file with the Trustee an Annual Budget for the ensuing Fiscal Year which shall set forth in reasonable detail the estimated receipts and expenditures of the Authority in relation to the Facilities for such ensuing Fiscal Year.

Section 7.9 Operation and Maintenance of the Facilities. The Authority shall at all times operate or cause the Facilities to be operated properly and in an efficient and economical manner, consistent with good business practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the leasing of the Facilities may be properly and advantageously conducted. Nothing in this Section 7.9 shall conflict with the rights or obligations of the State, acting by and through the SBOE, as lessee under the Facilities Lease.

Section 7.10 Rents, Fees and Charges. The Authority shall at all times charge and collect rents, fees and other charges for the Facilities as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of the sum of:

- A. Annual Debt Service during such Fiscal Year;
- B. Operating Costs during such Fiscal Year; and
- C. All other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

Section 7.11 Facilities Lease; Amendments to Facilities Lease; Non-renewal of Facilities Lease. The Authority shall collect all amounts payable to it pursuant to the Facilities Lease. The Facilities Lease shall be a “triple net” lease in which the State, acting by and through the SBOE, will pay or cause to be paid all expenses of insuring, maintaining and operating the Facilities. The Authority shall enforce the provisions of the Facilities Lease and duly perform the Authority’s covenants and agreements thereunder. The Authority will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Facilities Lease that will reduce the payments required to be made by the State thereunder or which will in any manner impair or adversely affect the rights of the Authority thereunder or the rights or security of the Registered Owners under this Resolution, and any action by the

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Authority in violation of this covenant shall be null and void as to the Authority and the State. The renewal of the Facilities Lease shall not constitute such an amendment. Prior to execution by the Authority of any amendment, a copy thereof certified by the Authority shall be filed with the Trustee.

In the event the State fails to renew the Facilities Lease during the time that the Bonds remain Outstanding, the Authority:

- A. shall re-enter and take possession of the Facilities at the end of the then current renewal term under the Facilities Lease, and
- B. shall exercise reasonable diligence to re-let or otherwise dispose of the Facilities.

Section 7.12 Maintenance of Insurance.

A. The State shall at all times maintain or cause to be maintained such insurance as shall be required by the provisions of the Facilities Lease, with the Authority and the Trustee named as loss payees. The Authority shall also maintain any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Registered Owners of the Bonds. The Trustee shall not be responsible for the sufficiency of the insurance, such determination being made solely by the Authority.

B. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing or under an established program of self-insurance adopted by the State.

C. The Authority shall file with the Trustee annually, within 120 days after the close of each Fiscal Year, a certificate of its Insurance Consultant stating, with respect to the Facilities, that the Authority and/or State has complied in all respects with the requirements of this Section 7.12. The Trustee makes no representations as to and shall have no responsibility for the sufficiency of the insurance.

D. Within 120 days after any portion of the Facilities has been damaged or destroyed, the Authority shall file with the Trustee a certificate of an Authorized Officer setting forth a description of the nature and extent of such damage and the amount of insurance proceeds covering such loss or damage and specifying the Authority's reasonable and necessary costs of reconstruction or replacement thereof.

Section 7.13 Reconstruction; Application of Insurance Proceeds.

A. If any useful portion of the Facilities shall be damaged or destroyed, the Authority shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, except as provided in paragraph B of this Section 7.13. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption loss insurance, shall be held

by the Trustee in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. The Trustee shall make payments from such account for the cost of such reconstruction or replacement only upon being furnished requisitions signed by an Authorized Officer stating in respect of each such payment to be made (1) the particular account from which such payment is to be made, (2) the name and address of the particular person, firm or corporation to whom payment is due, (3) the amount to be paid, (4) the particular item of the cost of reconstruction or replacement to be paid, and (5) that the cost or obligation in the stated amount is a proper charge against such account, is a proper item of the cost of reconstruction or replacement and has not been paid. Pending such application, such proceeds may be invested by the Trustee in Permitted Investments at the written direction of an Authorized Officer which mature not later than such times as shall be necessary to provide money when needed to pay such costs of reconstruction or replacement or may be invested as otherwise provided for under the Facilities Lease. The interest, as well as the gain, if any, on such investments shall remain a part of any such special account to be applied as provided in this Section 7.13. The proceeds of any insurance not set aside within 12 months after receipt thereof by the Authority to repair or replace damaged or destroyed property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged or destroyed shall not have been given to the Trustee by the Authority within such 12-month period, or which the Authority shall at any time notify the Trustee are not to be so applied, and which shall not have been applied to redeem Bonds pursuant to paragraph B of this Section 7.13, shall be deposited in the Debt Service Fund as directed in writing by an Authorized Officer, unless the Bonds have been redeemed, in which case such proceeds shall be released to the Authority.

B. The Authority shall not be required to rebuild, replace, restore and repair the Facilities, as provided in the Facilities Lease, if (1) the Authority shall reasonably determine, as evidenced by a certificate of an independent consulting engineer, that not to do so would not materially adversely affect the operation of the Facilities, or (2)(a) the Authority shall reasonably determine, as evidenced by a certificate of an independent certified public accountant that the proceeds of any insurance received by the Authority, together with other legally available money of the Authority, will be sufficient to pay the principal of, and premium and interest on the Bonds due up to and including such time as the Bonds may be called for optional redemption, and (b) the Authority irrevocably deposits such insurance proceeds and other money into an escrow fund to redeem the Bonds on the first date such Bonds may be redeemed. Excess insurance proceeds, if any, remaining after redemption of the Bonds shall be released from the escrow fund back to the Authority.

C. Notwithstanding any full or partial damage or destruction of the Facilities, the Authority shall be obligated to continue to pay all amounts required to be paid by it pursuant to this Resolution.

Section 7.14 Eminent Domain.

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A. In the event that the Facilities, or any part thereof, are taken by any governmental body through the exercise or the threat of the exercise of the power of eminent domain, any condemnation award payable on account of such taking shall be deposited with the Trustee, and the net proceeds thereof (after payment of expenses incurred in obtaining the award) shall be used to rebuild, replace, repair or restore the Facilities or to redeem Bonds in the manner set forth in this Section 7.14.

B. Notwithstanding any full or partial taking of the Facilities under the exercise of the power of eminent domain, the Authority shall be obligated to continue to pay all amounts required to be paid by it pursuant to this Resolution.

C. Any net proceeds of condemnation awards payable on account of a partial taking of the Facilities shall be delivered to the Trustee, to be used for redemption of Bonds.

D. Net proceeds of condemnation awards payable on account of a total taking of the Facilities shall be payable first, to the Trustee to be used for redemption of Bonds, and second, to the Authority for the remaining value of its interest in the Facilities.

Section 7.15 Accounts and Reports.

A. The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Facilities and each fund and account established under this Resolution and which, together with all books and papers of the Authority, including insurance policies, relating to the Facilities shall at all times be subject to the inspection of the Trustee and the Registered Owners of an aggregate of not less than five percent in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

B. The Trustee shall advise the Authority promptly as requested by the Authority, but in no event less often than monthly, of its transactions during such period relating to each fund and account held by it under this Resolution.

C. The Authority shall annually, within 120 days after the close of each Fiscal Year, file with the Trustee, and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by an accountant's certificate relating to the Facilities and including the following statements in reasonable detail: (1) a statement of assets and liabilities as of the end of such Fiscal Year, to the extent relating to the Facilities; (2) a statement of receipts and expenditures for such Fiscal Year; and (3) a summary with respect to each fund and account established under this Resolution of the receipts therein and disbursements therefrom during such Fiscal Year and the amount held therein at the end of such Fiscal Year. Such accountant's certificate shall state whether or not, to the knowledge of the signer, the Authority or the State is in default with respect to any of the covenants, agreements or conditions on their parts contained in this Resolution or in the Facilities Lease, and if so, the nature of such default. The

Trustee has no obligation to review the accountant's certificate or verify the statements therein.

D. The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of this Resolution shall be available for the inspection of Registered Owners at the Principal Corporate Trust Office of the Trustee and the reports mentioned in subsection C shall be mailed to each Registered Owner who shall file a written request therefor with the Authority.

E. The Authority shall file with the Trustee forthwith upon becoming aware of any Event of Default or default in the performance by the Authority or the State of any covenant, agreement or condition in this Resolution or in the Facilities Lease, a certificate signed by an Authorized Officer and specifying such Event of Default or default.

Section 7.16 Payment of Taxes and Charges. The Authority will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Authority or upon the rights, revenues, income, receipts, and other money, securities and funds of the Authority when the same shall become due (including all rights, money and other property transferred, assigned or pledged under this Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Authority shall in good faith contest by proper legal proceedings if (i) the Authority shall in all such cases have set aside on its books reserves deemed adequate with respect thereto and (ii) the Authority shall furnish the Trustee an opinion of counsel that such contest shall not jeopardize the lien of this Resolution, the Authority's title to the Facilities or the Authority's rights under the Facilities Lease.

Section 7.17 Reserved.

Section 7.18 Additional Bonds.

A. Restriction Against Prior Lien Bonds. The Authority hereby covenants and agrees with the Registered Owners of the Bonds, for as long as any of the same remain Outstanding, that the Authority will not issue any bonds having a greater priority of lien upon the Revenues to pay and secure the payment of the principal of, premium, if any, and interest on such bonds than the priority of lien created on such Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Bonds. The Authority shall not issue any bonds having an equal priority of lien upon the Revenues to pay and secure the payment of the principal of, premium, if any, and interest on such bonds than the priority of lien created on such Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Bonds except as provided in this Section 7.18.

B. Purposes For Which Additional Bonds May Be Issued. The Authority reserves the right to issue Additional Bonds for the purposes of:

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(1) Providing funds to acquire, construct, reconstruct, install or replace any equipment, facilities, additions, betterments or other capital improvements to the Facilities for which it is authorized by law to issue revenue bonds, or

(2) Refunding at or prior to their maturity, any revenue bond anticipation notes or outstanding revenue bonds or other obligations payable out of the Revenues.

C. General Provisions for the Issuance of Additional Bonds. Whenever the Authority shall determine to issue any series of Additional Bonds, the Authority shall adopt a Supplemental Resolution which:

(1) Shall specify the authorized principal amount and series designation of such Additional Bonds;

(2) Shall specify the date and the maturity date or dates of the Additional Bonds of such series, provided that (a) each maturity date shall fall upon an interest payment date, and (b) all the Bonds of like maturity shall be identical in all respects, except as to denominations and number;

(3) Shall specify the interest rate or rates of the Bonds of such series, or the manner of determining such rate or rates, and the interest payment dates therefor, provided that the interest payment dates may be as provided in the Supplemental Resolution authorizing such series of Additional Bonds;

(4) Shall specify the authorized denomination or denominations of the Bonds of such series;

(5) Shall, specify the redemption terms, if any, for the Bonds of such series;

(6) Shall specify the form of the Bonds of such series and of the Trustee's certificate of authentication; and

(7) Shall require the Authority to deposit in the Debt Service Fund the amount of such proceeds, if any, representing accrued interest on such series of Additional Bonds to the date of delivery thereof.

D. Conditions of Issuing Additional Bonds. Additional Bonds may be issued only if the following conditions are satisfied:

(1) The Authority and the State shall have complied with the provisions of the Facilities Lease relating to Additional Bonds, including, if not already obtained, the agreement of the State to pay Annual Rent under the Facilities Lease equal to the principal of, premium if any, and interest on, the Additional Bonds proposed to be issued in addition to the principal of, premium if any, and interest on the Series 2018Bonds.

(2) The Authority shall pledge that payments will be made out of the Revenues and into the applicable Debt Service Account within the Debt Service Fund to pay and secure the payment of the principal of, premium, if any, and interest on such Additional Bonds on a parity with the payments required herein to be made out of the Revenues into such accounts to pay and secure the payment of the principal of, premium, if any, and interest on any Bonds then Outstanding.

(3) At the time of the issuance of any Additional Bonds there is no deficiency in the Debt Service Fund.

(4) Prior to the delivery of any Additional Bonds, the Authority shall file with the Trustee a certificate showing that the Facilities Lease, as such may be amended, provides for the payment of Annual Rent (as defined in the Facilities Lease) in an amount that is sufficient to pay the principal of and interest on the Bonds, including the Additional Bonds proposed to be issued.

(5) Neither the Authority nor the State shall be in default under the Facilities Lease, and the Authority shall not be in default under the Resolution.

(6) The Authority and the Trustee shall have received the opinion of Bond Counsel that the Additional Bonds have been validly issued under the Act and the Resolution.

E. Other Obligations. Nothing herein contained shall prevent the Authority from issuing bonds secured and payable from sources other than the Revenues specified herein.

Section 7.19 Prompt Realization of Security. If the State defaults under the Facilities Lease, the Authority will promptly and fully exercise its remedies thereunder.

Section 7.20 Continuing Disclosure Agreement. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Resolution, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default under this Resolution; however, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25 percent aggregate principal amount of Outstanding Bonds if indemnified to its satisfaction by such Holder or Participating Underwriter, shall) or any holder or Beneficial Owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section. For purposes of this Section, Beneficial Owner shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 7.21 Sale, Assignment and Subletting.

A. As long as the Series 2018 Bonds are Outstanding, the Authority:

(1) shall not sell, assign, mortgage or sublet the Facilities or any portion thereof without the prior written consent of the Trustee, and

(2) shall not grant its consent under Section 11.5 of the Facilities Lease to the assignment, mortgage or sublease of the Facilities by the State without the prior written consent of the Trustee.

ARTICLE VIII: AMENDMENTS

Section 8.1 Amendments to this Resolution.

A. The Authority from time to time and at any time may adopt one or more Supplemental Resolutions hereto, which Supplemental Resolutions thereafter shall become a part of this Resolution, for any one or more of all of the following purposes:

(1) to add to or delete from the covenants and agreements of the Authority in this Resolution, *provided* such additions or deletions shall not adversely affect, in any material respect, the interests of the Registered Owner of any Bond, or to surrender any right or power herein reserved;

(2) to cure, correct or supplement any defective or ambiguous provision contained in this Resolution in regard to matters or questions arising hereunder as the Board may deem necessary or desirable and not inconsistent herewith, *provided* such changes do not adversely affect, in any material respect, the interests of the Registered Owners; or

(3) to authorize a series of Additional Bonds in accordance with Section 7.18 hereof.

Any such Supplemental Resolution may be adopted without the consent of the Registered Owners of any Bonds at any time Outstanding, notwithstanding any of the provisions of subsection B of this Section 8.1.

B. With the consent of the Registered Owners of not less than 55 percent in aggregate principal amount of the Bonds then Outstanding, the Board may adopt a Supplemental Resolution for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of this Resolution or of any Supplemental Resolution; provided, however, that no such Supplemental Resolution shall:

(1) Extend the fixed maturity of any Bonds, reduce the rate of interest thereof, extend the time of payments of interest from their due date, reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected;

(2) Reduce the aforesaid percentage of Registered Owners required to approve any such Supplemental Resolution, without the consent of the Registered Owners of all of the Bonds then Outstanding; or

(3) Modify the rights, obligations, duties or privileges of the Trustee without consent of the Trustee.

It shall not be necessary for the consent of the Registered Owners under this subsection B to approve the particular form of any proposed Supplemental Resolution, but it shall be sufficient if such consent shall approve the substance thereof.

The Trustee shall mail by first-class mail notice of the proposed execution of such Supplemental Resolution to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within 60 days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Resolution shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

C. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 8.1, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Authority under this Resolution and all Registered Owners of Bonds Outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

D. Bonds executed and delivered after the execution of any Supplemental Resolution adopted pursuant to the provisions of this Section 8.1 may have a notation as to any matter provided for in such Supplemental Resolution, and if such Supplemental Resolution shall so provide, new Bonds so modified as to conform in the opinion of the Board to any modification of this Resolution contained in any such Supplemental Resolution, may be prepared and delivered without cost to the Registered Owners of any affected Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE IX: EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default. The following shall be Events of Default hereunder:

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A. The Authority fails to pay the principal of or premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise.

B. The Authority fails to pay the interest on any Bond when and as such interest shall become due and payable.

C. The Authority fails to perform or observe any covenant, agreement or condition on its part contained in this Resolution or in the Bonds, and such default shall continue for a period of 30 days after written notice thereof to the Authority by the Trustee, or to the Authority, and to the Trustee by the Registered Owners of not less than ten percent of the principal amount of Bonds then Outstanding.

D. The Authority is dissolved or liquidated, the Authority files a voluntary petition in bankruptcy, the Authority commits an act of bankruptcy, the Authority is adjudged to be bankrupt, the Authority executes an assignment for the benefit of its creditors, the Authority enters into an agreement of composition with its creditors, or a court of competent jurisdiction approves a petition applicable to the Authority in any proceeding for its reorganization instituted under the provisions of the federal bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or which may hereafter be enacted.

E. An order or decree is entered, with the consent or acquiescence of the Authority, appointing a receiver of the Facilities, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or such an order or decree is entered without the consent and acquiescence of the Authority and is not vacated, discharged or stayed within 90 days after the entry thereof.

F. The occurrence of an "Event of Default" under the Facilities Lease.

Section 9.2 Remedies .

A. Acceleration. Upon the occurrence of an Event of Default, the Trustee, by notice in writing given to the Authority, may, and shall, upon the written request of the owners of 25 percent in aggregate principal amount of Series 2018 Bonds, declare the principal amount of the Series 2018 Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and said principal and interest shall thereupon become immediately due and payable. Upon any declaration of acceleration hereunder, the Authority and the Trustee shall immediately declare all rental payments under the Facilities Lease to be immediately due and payable, as provided in Section 12.2 of the Facilities Lease.

B. Right of Entry. Upon the occurrence of any Event of Default or an Event of Nonrenewal under the Facilities Lease, the Authority shall take actual possession of the Facilities pursuant to the provisions of the Facilities Lease, and the Authority may sell the Facilities or hold, operate and manage the same and from time to time make all needful repairs and improvements, and shall remit the rents, revenues,

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income or other proceeds thereof to the Trustee. In the event that the Authority exercises its right to take actual possession of the Facilities pursuant to this Section 9.2B and the provisions of the Facilities Lease, the Trustee shall then withdraw from the Revenue Fund and deposit into the following funds in the following order of priority the amounts set forth below:

First: Into the Administrative Fund, the sum budgeted for Operating Costs allocable to the Facilities for the then current Fiscal Year, as directed in writing by an Authorized Officer.

Second: Into the Debt Service Fund, the receipts of Revenues so that the balance therein shall be sufficient to pay the total amount of principal, if any, and interest due during the then current Fiscal Year, including amounts required for redemption of Bonds.

Third: Into the General Reserve Fund, the remaining balance, if any, of money in the Revenue Fund after making the above deposits.

C. Declaration May Be Rescinded. The right of the Trustee or of the Registered Owners of not less than 25 percent in principal amount of Bonds to make any such declaration as aforesaid, however, is subject to the condition that if at any time after such declaration but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under this Resolution (except the principal of and interest accrued since the immediately preceding interest date on the Bonds due and payable solely by virtue of such declaration), shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under this Resolution (other than the payment of principal and interest due and payable, solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Registered Owners of 25 percent in principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may rescind such declaration and annul such default in its entirety or, if the Trustee shall have acted itself without direction of the Registered Owners it may rescind such declaration and annul such default in its entirety or, if the Trustee shall have acted upon direction of the Registered Owners of not less than 25 percent in principal amount of Bonds, unless there shall have been delivered to the Trustee written direction to the contrary by the Registered Owners of a majority in principal amount of the Bonds then Outstanding, the Trustee may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

D. Knowledge of Defaults. The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof from the Authority, or

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the Registered Owners of at least 25 percent in aggregate principal amount of Bonds then Outstanding. Except as otherwise expressly set out herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder.

Before taking any action available to the Trustee under this Section 9.2, at the request or direction of the Registered Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished by the Registered Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or its willful misconduct in connection with any action so taken.

Section 9.3 Accounting and Examination of Records After Default. The Authority covenants that if an Event of Default occurs and is not cured, (1) the books of record and account of the Authority and all other records relating to the Facilities shall at all reasonable times be subject to the inspection and use by the Trustee, its agents and its attorneys, and (2) the Authority, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all money, securities and funds pledged or held under this Resolution for such period as shall be stated in such demand.

Section 9.4 Application of Funds and Money After Default.

A. The Authority covenants that if an Event of Default occurs and is not cured, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee forthwith (1) all money, securities and funds then held by the Authority in any fund under this Resolution, and (2) all Revenues as promptly as practicable after receipt thereof.

B. During the continuance of an Event of Default, the Trustee shall apply all money, securities, funds and Revenues received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX as follows and in the following order:

First: To the payment of the reasonable and proper charges, expenses and liabilities of the Trustee, its counsel and agents and any other fiduciaries;

Second: To the payment of the amounts required for reasonable and necessary Operating Costs, reasonable and necessary costs for the management, maintenance and upkeep of the Facilities and costs for the reasonable renewals, repairs and replacements of the Facilities, all as are necessary to prevent deterioration of the Facilities or loss of Revenues therefrom;

Third: To the payment of the principal of, premium if any, and interest then due on the Bonds as follows:

(1) unless the principal of all of the Bonds shall have become or has been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment maturing on the same date, then to the payment thereof ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due and, if the amount available shall not be sufficient to pay in full the Bonds due on any date, then to the payment thereof ratably, according to the principal due on such date, to the persons entitled thereto, without any discrimination or preference;

(2) if the principal of all of the Bonds shall have become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

C. If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the Authority under this Resolution, including the principal and redemption price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Authority and the Trustee shall be restored, respectively, to their former positions and rights under this Resolution. No such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Resolution or impair any right consequent thereon.

Section 9.5 Appointment of Receiver. The Trustee or the Registered Owners of not less than 25 percent of Bonds shall have the right if and to the extent permitted by law to apply in an appropriate proceeding for the appointment of a receiver of the Facilities.

Section 9.6 Proceedings Brought by Trustee.

A. If an Event of Default occurs and is not cured, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Registered Owners of not less than 25 percent in principal amount of Bonds, shall proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds under this Resolution forthwith by a suit in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Resolution.

B. All rights of action under this Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

C. The Registered Owners of not less than a majority in principal amount of Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability.

D. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

E. Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Registered Owners of a majority in principal amount of the Bonds then Outstanding, and furnished with security and indemnity acceptable to it, shall be under no obligation to institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Resolution by any acts which may be unlawful or in violation of this Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interest and the interests of the Registered Owners.

Section 9.7 Restriction on Action of Registered Owners.

A. Except as otherwise provided in Section 9.5, no Registered Owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Resolution or the execution of any trust under this Resolution or for any remedy under this Resolution, unless such Registered Owner shall have previously given to the Trustee written notice of the happening of an

Event of Default, as provided in this Article IX, and the Registered Owners of at least 25 percent in principal amount of Bonds shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Resolution or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Registered Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Registered Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Resolution, or to enforce any right under this Resolution, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Resolution shall be instituted, had and maintained in the manner provided in this Resolution and for the equal benefit of all Registered Owners of the Bonds Outstanding, subject only to the provisions of this Resolution.

B. Nothing in this Resolution or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective Registered Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Registered Owner to enforce such payment of his Bond.

Section 9.8 Remedies Not Exclusive. No remedy by the terms of this Resolution conferred upon or reserved to the Trustee or the Registered Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or existing at law or in equity or by statute on or after the date of adoption of this Resolution.

Section 9.9 Effect of Waiver and Other Circumstances.

A. No delay or omission of the Trustee or any Registered Owner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article IX to the Trustee or to the Registered Owners may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Registered Owners.

B. Prior to the declaration of maturity of the Bonds as provided in Section 9.2, the Registered Owners of not less than 66-2/3 percent in principal amount of Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Registered Owners of all of the Bonds waive any past default under this Resolution and its consequences, except a default in the payment of interest on, principal of, or premium, if any, on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

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Section 9.10 Notice of Default. The Trustee shall promptly mail to the Registered Owners of Bonds then Outstanding written notice of the occurrence of any Event of Default of which it is deemed to have knowledge under Section 9.2D hereof provided that, except in the case of a default in the payment of principal installments of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

ARTICLE X: EXECUTION

Section 10.1 Execution of the Bonds. Without unreasonable delay the Authority shall cause definitive Bonds to be prepared, executed and delivered. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman or Vice Chairman, shall be attested by the manual or facsimile signature of the Secretary, and shall have the seal of the Authority or a facsimile thereof impressed or imprinted thereon.

The Bonds shall then be delivered to the Trustee for authentication. The Bonds shall be numbered separately in the manner and with any additional designation as the Trustee deems necessary for purposes of identification.

In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority. Any Bond may also be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such Bond shall be the proper officers of the Authority although at the original date of such Bond any such person shall not have been such officer of the Authority.

Such of the Bonds as shall bear thereon a Certificate of Authentication in the form set forth in Exhibit A hereto, manually executed by an authorized officer of the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

ARTICLE XI: MISCELLANEOUS

Section 11.1 Lost, Stolen, Mutilated or Destroyed Bonds.

A. If any Bond shall become mutilated, destroyed, lost or stolen, the affected Registered Owner shall be entitled to the issuance of a substitute Bond only as follows:

(1) in the case of a lost, stolen or destroyed Bond, the Registered Owner shall (a) provide notice of the loss, theft or destruction to the Authority and the

Trustee within a reasonable time after the Registered Owner receives notice of the loss, theft or destruction, (b) request the issuance of a substitute Bond, (c) provide evidence, satisfactory to the Authority and the Trustee, of the ownership and the loss, theft or destruction of the affected Bond, and (d) file in the offices of the Authority and the Trustee a written affidavit specifically alleging on oath that said Registered Owner is the proper owner, payee or legal representative of such owner or payee of the Bond that has been lost, stolen or destroyed, giving the date the Bond was issued, the number, principal amount and series of such Bond, and stating that the Bond has been lost, stolen or destroyed, and has not been paid and has not been received by such Registered Owner;

(2) in the case of a mutilated Bond, the Registered Owner shall surrender the Bond to the Trustee for cancellation; and

(3) in all cases, the Registered Owner shall provide indemnity against any and all claims arising out of or otherwise related to the issuance of substitute Bonds pursuant to this Section 11.1 satisfactory to the Authority and the Trustee.

Upon compliance with the foregoing, a new Bond of like tenor and denomination, bearing the same number as the mutilated, destroyed, lost or stolen Bond, and with the word "DUPLICATE" stamped or printed plainly on its face, shall be executed by the Authority, authenticated by the Trustee and delivered to the Registered Owner, all at the expense of the Registered Owner to whom the substitute Bond is delivered. Notwithstanding the foregoing, the Trustee shall not be required to authenticate and deliver any substitute Bond for a Bond which has been called for redemption or which has matured or is about to mature and, in any such case, the principal or Redemption Price and interest then due or becoming due shall be paid by the Trustee in accordance with the terms of the mutilated, destroyed, lost or stolen Bond without substitution therefor.

B. Upon the issuance and authentication of any substitute Bond under the provisions of this Section 11.1, the Trustee shall enter upon the Bond Register a notation that the original Bond was cancelled and a substitute Bond was issued therefor.

C. Every substituted Bond issued pursuant to this Section 11.1 shall constitute an additional contractual obligation of the Authority and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued hereunder unless the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Bond alleged to have been destroyed, lost or stolen shall be enforceable by anyone, the Authority may recover the substitute Bond from the Registered Owner to whom it was issued or from anyone taking under the Registered Owner except a bona fide purchaser for value without notice.

D. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary

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with respect to the replacement or payment of negotiable instruments or of investment or other securities without their surrender.

Section 11.2 Transfer of Bonds. The Bonds shall be transferable by the Registered Owners thereof in person, or by their attorneys duly authorized in writing, upon surrender of the Bonds at the Principal Corporate Trust Office of the Trustee for cancellation and issuance of new Bonds registered in the name of the transferee, in exchange therefor.

Whenever any Bond shall be surrendered for transfer, the Authority shall execute by facsimile signatures and seal, and the Trustee shall authenticate, issue and deliver to the transferee in exchange therefor, a new fully registered Bond of authorized denomination, of the same maturity and interest rate, and for the aggregate principal amount of such Bond being surrendered. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Trustee. The Trustee shall require the payment by the Registered Owner requesting such transfer of any tax, fee or governmental charge required to be paid with respect to such transfer.

Notwithstanding the foregoing, the Trustee shall not be required to transfer any Bond after the 15th day of the month preceding any interest and/or principal payment date.

Section 11.3 Exchange of Bonds. Any Bond may be exchanged by the Registered Owners thereof in person, or by their attorneys duly authorized in writing, in accordance with their terms and upon their surrender to the Trustee at the Trustee's Principal Corporate Trust Office, for a new fully registered Bond of any authorized denomination, of an equal aggregate principal amount and of the same interest rate and maturity as such Bond being exchanged. The Trustee shall require the payment by the Registered Owner requesting such exchange of any tax, fee or governmental charge required to be paid with respect to such exchange.

Notwithstanding the foregoing, the Trustee shall not be required to transfer any Bond after the 15th day of the month preceding any interest and/or principal payment date.

Section 11.4 Conditions for Sale of Bonds. The Series 2018 Bonds authorized to be issued herein are hereby sold to the Underwriter at an aggregate purchase price equal to the terms and conditions to be set forth in the Terms Certificate, and subject to the parameters set forth in Section 2.1(A) and (B) hereof. To evidence the acceptance of the Underwriter's offer to purchase the Series 2018 Bonds, provided the parameters set forth in Section 2.1(A) and (B) hereof are met, the Chairman or Vice Chairman of the Board is hereby authorized to execute and deliver the Bond Purchase Contract in substantially the form presented at this meeting. In order to comply with subsection (b)(5) of SEC Rule 15c2-12, the Underwriter will provide in the Bond Purchase Contract that it is a condition to delivery of the Series 2018 Bonds that the Authority and the Trustee shall have executed and delivered the Continuing Disclosure Agreement. The form of Continuing Disclosure Agreement is hereby approved in all respects and the Chairman or Vice Chairman of the Board is hereby authorized to execute and deliver and the Secretary

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to attest the Continuing Disclosure Agreement in substantially the form presented to this meeting.

The Chairman or Vice Chairman of the Board and the Secretary of the Authority are, and each of them is, hereby authorized to do or perform all such acts as may be necessary or advisable to comply with the Bond Purchase Contract and the Continuing Disclosure Agreement and to carry the same into effect.

Section 11.5 Preliminary Official Statement Approved. The preliminary official statement with regard to the Series 2018 Bonds, in the form presented to the Board, is hereby approved and ratified, and has been deemed final as of its date within the meaning of the Rule. The Secretary is authorized to make changes in the preliminary official statement necessary so that it does not contain an untrue statement of a material fact, or omit to state a material fact, necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Secretary is hereby authorized and directed to execute a certificate to said effect and to the effect that the preliminary official statement is final as of its date within the meaning of the Rule.

The Authority agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the Bond Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with the SEC Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

Section 11.6 [Reserved].

Section 11.7 Investment Agreement Authorization and Approval. In the event that the entering into an Investment Agreement is specifically recommended and deemed beneficial and appropriate by the Secretary of the Authority at any time in the future, the Authority hereby grants its authorization and approval of the execution and delivery of one or more Investment Agreements with respect to this Resolution. In such event, the Chairman, Vice Chairman or the Secretary of the Authority is hereby authorized and directed to accept the best bid received for the investment services, duties and responsibilities to be covered and provided under such Investment Agreement and this Resolution, and to execute and deliver such Investment Agreement on behalf of the Authority in such form as the Secretary may deem necessary and appropriate.

Section 11.8 Severability. If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the Authority shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or agreement shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

Section 11.9 Conflict with Facilities Lease. If any of the provisions of this Resolution conflict in any respect with the provisions of the Facilities Lease and cannot be

reconciled, the provisions of this Resolution shall control over provisions in the Facilities Lease.

Section 11.10 Repealer. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and shall have no further force or effect.

Section 11.11 Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED this 8th day of March, 2018.

**IDAHO STATE BUILDING
AUTHORITY**

Chairman, Board of Commissioners

ATTEST:

Secretary

(SEAL)

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CERTIFICATE

I, Wayne V Meuleman, the Secretary of the Board of Commissioners of the Idaho State Building Authority, hereby certify that the foregoing Resolution is a full, true and correct copy of a resolution duly adopted at a special meeting of said Board duly and regularly held in Boise, Idaho, on March 8, 2018, at _____.m., of which meeting all Commissioners had due notice and at which a majority thereof were present; and that at said meeting said Resolution was adopted by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

I further certify that I have carefully compared the same with the original Resolution on file and of record in my office; that said Resolution is a full, true and correct copy of the original Resolution adopted at said meeting; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of said Authority on March 8, 2018.

IDAHO STATE BUILDING AUTHORITY

Wayne Meuleman, Secretary

(SEAL)

EXHIBIT A

FORM OF SERIES 2018 BONDS

UNITED STATES OF AMERICA
STATE OF IDAHO

IDAHO STATE BUILDING AUTHORITY
STATE BUILDING REVENUE BOND, SERIES 2018 (Idaho State Board of Education
Project)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP NO.</u>
_____ %	____/____/____	____/____/18	451443 _____

Registered
Owner:

CEDE & CO.

Principal Amount: *** _____ DOLLARS***

The IDAHO STATE BUILDING AUTHORITY (the “Authority”), an independent public body corporate and politic of the State of Idaho, hereby acknowledges itself to owe and for value received, promises to pay from the Debt Service Fund (the “Debt Service Fund”), established by Resolution No. 2018-__ adopted by the Board of Commissioners of the Authority on March 8, 2018 (the “Resolution”), to the Registered Owner or his registered assigns, on the Maturity Date specified above, the principal sum of _____ DOLLARS (\$ _____) and to pay interest thereon from the aforesaid Debt Service Fund from the Dated Date, or the most recent date to which interest has been paid or duly provided for, at the rate per annum specified above, payable semiannually commencing on September 1, 2018, and on each March 1 and September 1 thereafter, to the Maturity Date specified above. Interest shall be calculated on the basis of a 360 day year consisting of twelve 30 day months. All capitalized terms used in this Bond and not defined herein shall have the same meanings set forth in the Resolution.

The 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 Authority (the “Bond Register”) maintained by the Trustee, which initially shall be ZB, National Association dba Zions Bank, Boise, Idaho. Payment of each installment of interest shall be made to the Registered Owner hereof whose name appears on the Bond Register on the fifteenth day of the calendar month preceding the interest payment date, 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 on this Bond shall be paid to the Registered Owner upon

presentation and surrender of this Bond on or after the date of maturity at the Principal Corporate Trust Office of the Trustee.

This Bond and the series of which it is one shall not be or become an indebtedness or obligation of the State of Idaho, or of any department, board, commission, agency, political subdivision, body corporate and politic, or instrumentality of, municipality or county within the State of Idaho, nor shall such Bond constitute the giving or loaning of the credit of the State of Idaho, or of any department board, commission, agency, political subdivision, body corporate and politic, or instrumentality of or municipality or county within the State of Idaho, nor shall it be payable out of any funds other than those of the Authority pledged under the Resolution.

In accordance with Section 67-6418 of the Idaho State Building Authority Act (the "Act"), the State of Idaho pledges to and agrees with the holders of any notes or bonds issued under the Act that the State of Idaho will not limit or alter the rights vested in the Authority to fulfill the terms of any agreements made with the said holders thereof or in any way impair the rights and remedies of such holders until such notes and bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

This Bond is one of a duly authorized issue of State Building Revenue Bonds, Series 2018 (Idaho State Board of Education Project) (the "Bonds") of like date, tenor and effect, except for variations required to state denominations, numbers, interest rates and dates of maturity, aggregating \$_____ principal amount. The Bonds are issued as serial bonds, in fully registered form, in denominations of \$5,000 each or integral multiples thereof, within a single maturity. The Bonds mature annually on September 1, ____ through September 1, _____. The Bonds are limited obligations of the Authority payable solely from Revenues deposited to the Debt Service Fund. For a more particular description of said Debt Service Fund, the Revenues to be deposited therein, and the nature and extent of the security afforded thereby, reference is made to the provisions of the Resolution. This Bond is not a general obligation of the Authority, and its full faith and credit are not pledged for payment of the principal hereof and interest hereon.

The Bonds constitute a prior lien and charge upon the Revenues equal to and superior to all other charges of any kind or nature.

This Bond and the issue of which it is one are issued by the Authority pursuant to and in strict compliance with the Constitution and laws of the State of Idaho, particularly chapter 64 of Title 67 of the Idaho Code, and the Resolution, for the purpose of providing the money with which to pay the Cost of Acquisition, Construction and Financing of the certain facilities known as the Idaho Cybercore Integration Center and the Idaho Collaborative Computing Center located in Idaho Falls, Idaho (collectively, the "Facilities").

The Bonds maturing on and after September 1, 202_, are subject to optional redemption on September 1, 202_, and on any date thereafter in whole or part (with bonds selected for redemption based on a “Pro Rata Pass-Through Distributions of Principal” basis, as described below) at the principal amount thereof, plus interest accrued to the date of redemption.

In addition, the Bonds are subject to redemption at the option of the Authority as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at a redemption price described below (the “Make-Whole Redemption Price”) with bonds selected for redemption based on a “Pro Rata Pass-Through Distributions of Principal” basis, as described below.

The Make-Whole Redemption Price is equal to the greater of (1) 100% of the principal amount of the Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date of which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 20 basis points (0.20%); plus, in each case, accrued interest on the Bonds to be redeemed to the date on which the Bonds are to be redeemed.

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second business day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Bond, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Bond to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Bond, (A) the average of the applicable Reference Treasury Deal Quotations for the redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers as designated by the Authority.

“Reference Treasury Dealer” means each of four firms, as designated by the Authority, and their respective successors; provided, however, that if any of them ceases to be a “Primary Treasury Dealer” (defined as a primary U.S. Government securities dealer in the City of New York), the Authority will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date for the Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Authority, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

“Business Day” means any day, other than a Saturday or Sunday, and other than a day on which the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

If less than all of the Bonds of a maturity and interest rate are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distributions of Principal” basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Trustee pursuant to DTC operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distributions of Principal basis or if DTC’s operational arrangements no longer provide for selection on a pro rata basis, the Bonds will be selected for redemption in accordance with DTC procedures by lot. If the Bonds are no longer held by DTC, they shall be selected for redemption on a pro rata basis.

Notice of redemption of the Bonds or any portion thereof shall be mailed by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof, but failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above-described redemption price is held by the Trustee, then the Bonds or such portions thereof shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on the Bonds or such portions thereof so called for redemption shall cease to accrue and registered owners of the Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of such redemption price thereof.

The Bonds maturing on September 1, 20__ shall be subject to mandatory redemption and retirement prior to maturity, in part, with Bonds selected for redemption

based on a “Pro Rata Pass-Through Distributions of Principal” basis, as described above, on September 1 in the years 20__ to 20__, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from deposits into the Debt Service Account in the amounts set forth below.

Mandatory Redemption Date:	Mandatory
<u>September 1</u>	<u>Redemption Amount</u>

The Authority has reserved the right to purchase Bonds on the open market at a price equal to or less than par. In the event that the Authority shall purchase Bonds at a price (exclusive of accrued interest) of less than the principal amount thereof, the Bonds so purchased shall be credited at the par amount thereof against the debt service requirement or, if term Bonds, to the sinking fund deposit next becoming due.

The 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 Authority 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.

The Authority and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payments of principal hereof and interest due hereon and for all other purposes, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

The Authority has covenanted and agreed with the Registered Owners of the Bonds that it will keep and perform all of the covenants of this Bond and of the Resolution to be by it kept and performed. The Authority has further bound itself to maintain the Facilities in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to fix, maintain and collect rents, fees and charges with respect to the leasing of the Facilities, sufficient in amount, for as long as any of the Bonds of this issue are Outstanding, to make available from Revenues, all amounts required to be paid into the Debt Service Fund in any year hereafter to pay the principal of, premium, if any, and interest on the Bonds.

The covenants contained herein and in the Resolution may be discharged by making provision, at any time, for the payment of the principal of, premium, if any, and interest on this Bond in the manner provided in the Resolution.

It is hereby certified and declared that all acts, conditions and things essential to the validity of this Bond and the Bonds of this issue do exist, have happened, and have been done and that every requirement of the Constitution and statutes of the State of Idaho and the resolutions of the Authority affecting the issue thereof has been duly complied with; that the Revenues, to be derived from the operation of the Facilities, including any future improvements, additions or extensions thereto, have been pledged and will be set aside into the Debt Service Fund to be used for the payment of principal of, premium, if any, and interest on this Bond in the order of priority provided in the Resolution.

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

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Idaho State Building Authority has caused this Bond to be executed by the manual or Facsimile signature of the Chairman of the Board of Commissioners, attested by the manual or Facsimile signature of the Secretary, and the seal of the Authority to be reproduced hereon as of this ____ day of _____, 2018.

**IDAHO STATE BUILDING
AUTHORITY**

Chairman, Board of Commissioners

ATTEST:

Secretary

(SEAL)

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Bond is one of the State Building Revenue Bonds, Series 2018 (Idaho State Board of Education Project), of the Idaho State Building Authority, dated as of _____, 2018, and described in the within-mentioned Resolution.

**ZB, NATIONAL ASSOCIATION dba
ZIONS BANK, as Trustee**

By _____
Authorized Officer

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 _____

to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

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

SIGNATURE GUARANTEED:

NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution, (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature medallion program), pursuant to S.E.C. Rule 17Ad-15.

EXHIBIT B**TERMS CERTIFICATE****Idaho State Building Authority****State Building Revenue Bonds, Series 2018
(Idaho State Board of Education Project)**

In connection with a Resolution of the Idaho State Building Authority (the "Authority") adopted on March 8, 2018 (the "2018 Resolution") authorizing the issuance and sale of the Authority's State Building Revenue Bonds, Series 2018 (the "Bonds"), the undersigned hereby executes and delivers this Terms Certificate (as such term is defined in the Resolution) specifying certain terms of the Bonds:

Principal amount: \$ _____

Dated Date: Closing Date

Date of Delivery: Closing Date

Closing Date: _____, 2018, or such other date agreed upon by the Underwriter and the Authority.

Underwriter's Discount: \$ _____.

Purchase Price: \$ _____ (the par amount thereof plus \$ _____ of net original issue premium (discount) less an underwriter's discount of \$ _____).

Principal Payment Schedule with interest rates: see attached

All-in True Interest Cost*: _____ %

Final Maturity Date: _____.

[Optional Redemption: The Series 2018 Bonds are subject to optional or mandatory redemption as follows:]

*True Interest Cost is the rate necessary to discount the debt service payments compounding semi-annually to the Purchase Price received by the Authority on the Closing Date (Par Amount plus Original Issue Bond Premium/(Discount) less Underwriter's Discount).

Sources and Uses of Bond Proceeds:

Sources:

Par Amount	\$ _____
Net Original Issue Premium (Discount)	\$ _____
Total	\$ _____

Uses:

Deposit to Construction Fund for Cost of Acquisition, Construction and Financing Costs	\$ _____
Deposit to General Reserve Fund	\$ _____
Deposit to Maintenance and Repair Fund	\$ _____
Capitalized Interest to Debt Service Fund	\$ _____
Underwriter's Discount	\$ _____
Total	\$ _____

Other terms: _____

DATED this ____ day of _____, 2018

IDAHO STATE BUILDING AUTHORITY

By: _____
Wayne Meuleman, Executive Director

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____
[NAME]
[TITLE]

Principal Payment Schedule
(to come)

EXHIBIT C

FORM OF REQUISITION FOR PAYMENT

(to come)

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. Under no circumstance 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 such jurisdictions.

NEW ISSUE – BOOK ENTRY ONLY

RATINGS: Moody's: _____

S&P: _____

See "RATINGS" herein

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenant described herein, the interest on the Bonds is not excludible from gross income for federal income tax purposes. In the opinion of Bond Counsel, the interest on the Bonds is excludible from gross income for income tax purposes under Idaho State law. See "Tax Matters" herein regarding certain other tax considerations.



IDAHO STATE BUILDING AUTHORITY

\$87,435,000⁽¹⁾

STATE BUILDING REVENUE BONDS, SERIES 2017B
(STATE BOARD OF EDUCATION PROJECT)
(FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: September 1, as shown on inside cover

Description: The Idaho State Building Authority (the "Authority") State Building Revenue Bonds, Series 2018A (Idaho State Board of Education Project) (Federally Taxable)(the "Bonds") are being issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as bondowner and as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof.

The principal and interest on the Bonds will be payable by the Authority's paying agent, bond registrar, authenticating agent, transfer agent and trustee for the Bonds, ZB, National Association dba Zions Bank, Boise, Idaho (the "Trustee"), in immediately available funds to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds as further described in "APPENDIX H—Depository Trust Company Information" attached hereto. Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, beginning March 1, 2018.

Redemption: Certain of the Bonds are subject to optional and mandatory redemption as described herein. See "DESCRIPTION OF THE BONDS—Redemption Provisions."

Authority and Purpose: The Bonds are being issued pursuant to the Constitution of the State of Idaho (the "State") and Title 67, Chapter 64, Idaho Code, as amended. The proceeds of the Bonds, together with certain funds of BEA (defined below), will be used to (i) finance the acquisition, design, development, construction, including equipment, of certain facilities near the Idaho National Laboratory ("INL") Research and Education Campus in Idaho Falls, Idaho to be known as the Idaho Cybercore Integration Center and the Idaho Collaborative Computing Center (collectively, the "Improvements"), upon the real property to be owned by the State (the "Land," together with the Improvements, the "Facilities"), (ii) capitalize interest on the Bonds, (iii) fund certain reserves, and (iv) pay the costs of issuing the Bonds. See "USE OF PROCEEDS."

Security: Each series of the Bonds is a special obligation of the Authority, secured solely by a pledge of separate and independent revenues, income, rent and receipts derived by the Authority pursuant to a facilities lease agreement between the Authority and the State, acting by and through the Idaho State Board of Education ("SBOE") (the "Facilities Lease"). The annual rental payment under the Facilities Lease (the "Annual Rent") is payable from funds, subject to appropriation annually by the State, from the payments under the Facilities Subleases, defined below, and other funds legally available therefor. Under the Facilities Lease, the Annual Rent is due in full within 30 days following the beginning of each annual lease term. See "DESCRIPTION OF THE BONDS," "SECURITY AND SOURCES OF PAYMENT" and "STATE FINANCES- Budget and Appropriation Process" herein. The Bonds are not a debt or obligation of the State. The Facilities Lease is subject to annual nonappropriation at the election of the State.

The SBOE intends to enter into two facilities sublease agreements (collectively, the "Facilities Subleases") to sublease the Facilities to Battelle Energy Alliance, LLC ("BEA"), a limited liability company acting under a prime contract for management and operation of INL (the "M&O Contract") with the United States Department of Energy ("DOE"). The rent paid by BEA, or its successor under the M&O Contract (collectively, the "Operating Contractor"), pursuant to the Facilities Subleases, subject to appropriation annually by the State, will be the source of repayment revenue for the Bonds for so long as the Facilities Subleases are in effect. The Operating Contractor's rental payments under the Facilities Subleases are subject to Congressional appropriation to DOE of sufficient funds for payment of the same.

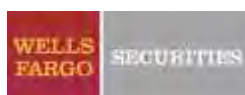
THE STATE LEGISLATURE IS NOT OBLIGATED TO MAKE APPROPRIATIONS FOR THE PAYMENT OF ANNUAL RENT OR OTHER OBLIGATIONS UNDER THE FACILITIES LEASE, NOR IS THE STATE OBLIGATED TO RENEW THE FACILITIES LEASE AFTER ITS ANNUAL EXPIRATION DATE.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELATING TO AN INVESTMENT IN THE BONDS. INVESTORS ARE ADVISED TO READ THIS OFFICIAL STATEMENT (INCLUDING THE APPENDICES) IN ITS ENTIRETY BEFORE MAKING AN INVESTMENT DECISION.

Maturity Schedule - See Inside Cover

Legal Matters: The Bonds are offered when, as and if issued and received by Wells Fargo Securities, as underwriter (the "Underwriter"), subject to the approval of legality by Skinner Fawcett LLP, Boise, Idaho, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel Meuleman Law Group PLLC, Boise, Idaho, and for the State by the Attorney General for the State of Idaho. Certain legal matters will be passed upon for the Underwriter by Hawley Troxell Ennis & Hawley LLP, as Underwriter's counsel. It is expected that the Bonds in definitive form will be ready for delivery at the facilities of DTC in New York, New York on or about April 19, 2018.

(1) Preliminary, subject to change



\$82,535,000⁽¹⁾
IDAHO STATE BUILDING AUTHORITY
STATE BUILDING REVENUE BONDS, SERIES 2018A
(STATE BOARD OF EDUCATION PROJECT)
(FEDERALLY TAXABLE)

MATURITY SCHEDULE⁽¹⁾

<u>Due Date</u> <u>September 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽²⁾</u>
2020	\$2,630,000	2.661%		
2021	2,705,000	2.908		
2022	2,785,000	3.108		
2023	2,875,000	3.258		
2024	2,975,000	3.458		
2025	3,080,000	3.608		
2026	3,195,000	3.763		
2027	3,320,000	3.863		
2028	3,455,000	3.963		
2029	3,595,000	4.063		
2030	3,745,000	4.163		
2031	3,910,000	4.263		
2032	4,080,000	4.313		
2033	4,260,000	4.363		

\$35,925,000 4.577% Term Bonds due September 1 2040 @ 4.577% CUSIP No.⁽²⁾

(1) Preliminary, subject to change.

(2) The CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by Standard and Poor's. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Bonds. Neither the Authority nor the Underwriter takes responsibility for the accuracy of the CUSIP numbers.

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DRAFT

NO DEALER, BROKER, SALESPERSON, OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY OR BY THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE BONDS, NOR WILL THERE BE ANY SALE OF THE 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 AUTHORITY, DTC AND CERTAIN OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. ANY STATEMENTS MADE IN THIS OFFICIAL STATEMENT INVOLVING MATTERS OF OPINION OR ESTIMATES, WHETHER OR NOT SO EXPRESSLY STATED, ARE SET FORTH AS SUCH AND NOT AS REPRESENTATIONS OF FACT OR REPRESENTATIONS THAT THE ESTIMATES WILL BE REALIZED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE BONDS. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACT.

THE AUTHORITY HAS ALSO UNDERTAKEN TO PROVIDE CONTINUING DISCLOSURE ON CERTAIN MATTERS, INCLUDING ANNUAL FINANCIAL INFORMATION AND SPECIFIC MATERIAL EVENTS, AS MORE FULLY DESCRIBED HEREIN. SEE "CONTINUING DISCLOSURE."

THE FOLLOWING SENTENCE HAS BEEN PROVIDED BY THE UNDERWRITER 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 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON A SPECIFIC EXEMPTION CONTAINED IN SUCH ACT, NOR HAVE THEY BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE.

THE MUNICIPAL ADVISOR HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE MUNICIPAL ADVISOR 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 MUNICIPAL ADVISOR DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE PRELIMINARY OFFICIAL STATEMENT HAS BEEN "DEEMED FINAL" BY THE AUTHORITY, 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.

DRAFT

**IDAHO STATE BUILDING AUTHORITY
950 W. BANNOCK STREET, SUITE 490
BOISE, IDAHO 83702
(208) 345-6057**

Board of Commissioners

V.L. Bud Tracy, Chairman
James C. Hammond, Vice Chairman
Candice Allphin, Commissioner
Timothy Anderson, Commissioner
Shelly Enderud, Commissioner
John R. Ewing, Commissioner
Gregory J. Schade, DDS, MS, Commissioner

Executive Director, Secretary and General Counsel

Wayne Meuleman
Meuleman Law Group PLLC

Underwriter

Wells Fargo Securities

Bond Counsel

Skinner Fawcett LLP

Underwriter's Counsel

Hawley Troxell Ennis & Hawley LLP

Municipal Advisor

Piper Jaffray & Co.

Trustee

ZB, National Association dba Zions Bank

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PRELIMINARY OFFICIAL STATEMENT**IDAHO STATE BUILDING AUTHORITY****\$82,535,000⁽¹⁾****STATE BUILDING REVENUE BONDS, SERIES 2018A
(STATE BOARD OF EDUCATION PROJECT)
(FEDERALLY TAXABLE)****INTRODUCTION**

The purpose of this Official Statement is to set forth information regarding the Idaho State Building Authority (the “Authority”) and the issuance by the Authority of its State Building Revenue Bonds, Series 2018A (State Board of Education Project) (Federally Taxable) (the “Bonds”). Capitalized terms as used herein, but not defined herein, shall have the same meaning given to them in the Bond Resolution defined under “DESCRIPTION OF THE BONDS—Authority to Issue the Bonds.” See “APPENDIX B—Bond Resolution.”

IDAHO STATE BUILDING AUTHORITY**General**

The Authority is a body corporate and politic of the State of Idaho (the “State”), created as a public instrumentality by the Idaho State Building Authority Act, being Title 67, Chapter 64, Idaho Code, as amended (the “Act”), for the purpose of assisting in the acquisition, construction, operation and financing of State governmental facilities and the facilities of community college districts. In accordance with the Act, the Authority is authorized to issue its bonds or notes to finance governmental facilities pursuant to agreements entered into with departments, boards, commissions or agencies of the State (“State Bodies” or “State Body”) or with community college districts (together with the State Bodies, collectively, the “lessees”), subject to prior approval of the legislature of the State (the “State Legislature”) by concurrent resolution. To that end, the Authority issues bonds secured by annual rent payments equal to debt service on such bonds for the applicable fiscal year, plus certain administrative costs of the Authority (the “Administrative Costs”) and any required deposits to reserve or operating funds or accounts for such fiscal year, payable by the State, acting by and through one or more lessees under the terms of facilities leases relating to the project or projects being financed or refinanced, as applicable, by such bonds. All facilities leases are subject to annual notice of intent to renew, and once renewed, the annual rent payments payable thereunder are subject to annual appropriation by the State, as appropriate. Annual rent payments for each facilities lease typically are due and payable in full within 30 days after commencement of each annual lease term. There is no specified maximum amount of indebtedness the Authority may incur. See “DESCRIPTION OF THE BONDS,” “SECURITY AND SOURCES OF PAYMENT,” and “STATE FINANCES- Budget and Appropriations Process” herein.

Commissioners

The powers of the Authority are vested in a board of seven commissioners appointed by the Governor of the State, with the advice and consent of a majority of the members of the State Senate. Appointments are for staggered five-year terms. The Commissioners annually select a chairman and vice-chairman from their number and employ an Executive Director, who also serves as Secretary of the Authority. The Executive Director administers, manages and directs the affairs and business of the Authority subject to the policy, control and direction of the Commissioners. Commissioners whose terms have expired continue to serve until a replacement is appointed and confirmed. The current Commissioners serving the Authority are set forth below.

(1) Preliminary, subject to change.

COMMISSIONERS

Board Member	Residence	Occupation	Term Expires
V.L. Bud Tracy, Chairman	Malta	Retired CEO, Electric Cooperative	January 1, 2021
James C. Hammond, Vice Chairman	Coeur d'Alene	Coeur d'Alene City Administrator, Retired Idaho State Senator	January 1, 2022
Candice Allphin	Boise	Retired Vice President & General Manager, U.S. Bank	January 1, 2019
Timothy Anderson	Pocatello	Certified Public Accountant, MAcc	January 1, 2018
Shelly Enderud	Post Falls	Post Falls City Administrator	January 1, 2021
John R. Ewing	Meridian	General Construction Contractor	January 1, 2019
Gregory J. Schade, DDS, MS	Boise	Retired Orthodontist	January 1, 2022

Executive Director and Secretary

Wayne Meuleman has served as Executive Director and Secretary of the Authority since 1980. Mr. Meuleman is a partner in the law firm of Meuleman Law Group PLLC, Boise, Idaho, which also serves as general legal counsel to the Authority. The Authority has no permanent full-time employees and contracts for professional services on a consulting basis as required.

Annual Budget

Pursuant to the bond resolution authorizing each series of the Authority's bonds, the Authority is required to prepare, not less than 30 days prior to the beginning of each fiscal year, an annual budget setting forth in reasonable detail the estimated receipts and expenditures of the Authority for the ensuing fiscal year.

Financing Authority

The Authority fulfills its statutory responsibilities to provide facilities for use by State Bodies or community college districts of the State through a variety of development activities, including master planning, land acquisition, financing, design and construction, and continuing maintenance and operation of facilities. In general, the Authority finances the acquisition and/or construction of facilities for use by State Bodies and community college districts with proceeds of bonds issued by the Authority for such purpose. The Authority's bonds are secured by annual rent payments payable to the Authority by the State, acting by and through one or more State Bodies or community college districts under the terms of separate facilities leases entered into at the time the Authority issues its bonds to finance the respective facilities. Prior to the issuance of bonds to finance a facility, the State Legislature, by concurrent resolution, must authorize a State Body or community college district to enter into a facilities lease or other agreement with the Authority to provide for the specific facility, and the Authority must make a determination that the facility or project will be of public use and will provide a public benefit.

Authority Projects

The Authority has multiple series of bonds and notes outstanding in the aggregate principal amount of \$128,647,884 as of June 30, 2017. Each series of bonds is separately secured by a facilities lease substantially similar to the facilities lease securing the Bonds. Each facilities lease provides, among other things, (i) annually renewable terms at the election of the State, acting through the lessee under the facilities lease, (ii) the right of the lessee to terminate the facilities lease in the event funds are not appropriated by the State for the annual rent payments, as necessary, and (iii) the obligation of the lessee to provide repairs, operations and maintenance of the subject facilities. Except for refunding bonds relating to the same project, and two series of bonds (taxable and tax-exempt) related to Project 13, no series of bonds is cross-collateralized with any other series.

Every lessee that is a party to a facilities lease with the Authority has paid all lease payments in each year under all facilities leases with the Authority, and the Authority has never failed to make any payment of principal or interest on its bonds when due.

The following table summarizes the construction and financing activities related to each outstanding bond issue of the Authority, as well as the outstanding principal amount of each issue as of June 30, 2017. See "Audited Financial Statements of the Authority" for year ended June 30, 2017 included herein as APPENDIX D. Except as noted in the following table, all bonds and notes require payments of principal on September 1 of each year and payments of interest on March 1 and September 1 of each year.

Project	Date of Facilities Lease	Bond or Note Status ⁽¹⁾	Final Maturity (September 1 or as indicated)
Prison Facilities, near Boise (operated under Management Contract with Corrections Corporation of America)	October 14, 1997	\$33,545,000 Series 2008A Refunding Bonds	2025
Southwest Idaho Treatment Center, Nampa ⁽²⁾	August 1, 2001	\$4,164,968 2012A Refunding Bonds	2024
Idaho Water Center, Boise	December 17, 2002	\$36,915,000 Series 2012B Refunding Bonds and \$9,970,000 Series 2003B Revenue Bonds (Taxable)	2040
Idaho State University, Pocatello	July 17, 2003	\$5,405,000 Series 2012C Refunding Bonds	2023
Boise State University, West Campus, Nampa	July 17, 2003	\$3,850,000 Series 2012D Refunding Bonds	2023
University of Idaho, Moscow	July 17, 2003	\$5,180,000 Series 2012E Refunding Bonds	2023
Lewis-Clark State College, Lewiston	July 17, 2003	\$4,445,000 Series 2012F Refunding Bonds	2023
North Idaho College, Coeur d'Alene	July 17, 2003	\$4,905,000 Series 2012G Refunding Bonds	2023
College of Southern Idaho, Twin Falls	July 17, 2003	\$2,390,000 Series 2012H Refunding Bonds	2023
Idaho State Police/POST Academy, Meridian	July 17, 2003	\$1,020,000 Series 2012I Refunding Bonds	2023
Eastern Idaho Technical College, Idaho Falls	August 25, 2005	\$6,355,000 Series 2013B Revenue Bonds	2026
Lava Hot Springs Foundation, City of Lava Hot Springs	September 12, 2008	\$307,916 Revenue Note, Series 2008	10/1/2023
Idaho Department of Parks and Recreation Office Building	September 25, 2012	\$2,160,000 Series 2012J Refunding Revenue Bonds (Taxable)	2021
Capitol Mall Parking Facility, Boise	December 13, 2012	\$8,035,000 Series 2013A Revenue Bonds	2033

(1) As of June 30, 2017.

(2) Formerly Idaho State School and Hospital, Nampa, Idaho; renamed Southwest Idaho Treatment Center by the 2011 State Legislature. Source: Audited Financial Statements of the Authority, attached hereto as Appendix D.

In addition, the Authority issued its State Building Revenue Bonds Series 2017A (State Office Campus Project) maturing in 2048, and its \$98,525,000 State Building Revenue Bonds, Series 2017B (State Office Campus Project) (Federally Taxable) on December 21, 2017, maturing in 2043.

The Authority's Audited Financial Statements, attached as Appendix D, list three additional projects, numbered in the Authority's Audited Financial Statements as 24, 25 and 26. The Authority has not issued bonds for those projects. See "APPENDIX D—Audited Financial Statements of the Authority."

Concerning the Prison Facilities near Boise project only, in June 2008 the Authority issued its \$53,130,000 Series 2008A Refunding Variable Rate Revenue Bonds (the "Variable Rate Bonds") to refund the Authority's State Building Revenue Bonds, 1998A. In connection with such refunding, the Authority implemented a fixed interest rate exchange contract (the "Contract"). The Authority applies the receipts from the Contract, plus other funds received as rent under the facilities lease relating to Project No. 8 and, if necessary, other funds of the Authority, to payment of debt service on the Variable Rate Bonds. For further description of the Contract, see "APPENDIX D—Audited Financial Statements of the Authority."

As with all financing transactions of the Authority, no series of bonds, other than bonds issued in more than one series but related to the same project, is cross-collateralized with any other (except that rent revenue from the facilities leases

is pledged to any outstanding bonds used to refund a prior series of bonds together with any non-refunded portion of the applicable bonds), and each series of bonds, or multiple series issued for the same project, is secured by a single and separate facilities lease, under which the annual rent payable by the State is subject to annual appropriation by the State Legislature, as necessary; provided, however, that the facilities lease for the Water Center Project secures payment of the State Building Revenue Bonds, Series 2003B, and State Building Refunding Revenue Bonds, Series 2012B. Accordingly, each series of such bonds, except as stated above, is secured by a single and separate facilities lease, the rent payable by the State under which is subject to annual appropriation by the State Legislature, as necessary, and each series of such bonds is not affected by the Contract or the Variable Rate Bonds' interest rate risk.

DESCRIPTION OF THE BONDS

Authority to Issue the Bonds

The Bonds are issued under and pursuant to the authority of the Constitution of the State of Idaho (the "Constitution"), the Act, Senate Concurrent Resolution No. 105, adopted by the State Legislature during the First Regular Session of the Sixty-Fourth Legislature, and Resolution 2018-__ of the Authority adopted on March 7, 2018 (the "Bond Resolution").

General

The Bonds will be dated the date of issuance and will bear interest from their dated date at the rates, and will mature in the principal amounts and in the years, noted on the inside cover page of this Official Statement. Interest on the Bonds will be payable on March 1, 2018, and semiannually thereafter on March 1 and September 1 of each year. The Bonds are issued as fully registered serial and/or term bonds, in book-entry form only, and, when issued, will be registered in the name of Cede & Co. as bondowner and as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for such Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. The principal of and interest on the Bonds will be payable by the Trustee in immediately available funds to DTC which, in turn, will remit such principal and interest to those financial institutions for whom DTC effects book-entry transfers and pledges of securities deposited with DTC, as such listing of participants exists at the time of such reference (the "DTC Participants") for subsequent disbursement to the Beneficial Owners of the Bonds. See "APPENDIX H—Depository Trust Company Information" attached hereto.

In the event the Authority elects to discontinue the book-entry system, the principal of and premium, if any, on the Bonds will be payable at the Principal Corporate Trust Office of the Trustee in Boise, Idaho. In such event, interest on the Bonds will be payable by check or draft mailed on the interest payment date to the Registered Owners at the addresses appearing on the Bond Register on the 15th day of the month preceding each interest payment date.

Redemption Provisions¹Optional Redemption.

[this is the taxable redemption language requested by BofA] The Bonds maturing on and after September 1, 20__, are subject to optional redemption on September 1, 20__, and on any date thereafter in whole or part (with bonds selected for redemption based on a “Pro Rata Pass-Through Distributions of Principal” basis, as described below) at the principal amount thereof, plus interest accrued to the date of redemption.

In addition, the Bonds are subject to redemption at the option of the Authority as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at a redemption price described below (the “Make-Whole Redemption Price”) with bonds selected for redemption based on a “Pro Rata Pass-Through Distributions of Principal” basis, as described below.

The Make-Whole Redemption Price is equal to the greater of (1) 100% of the principal amount of the Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date of which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus __ basis points (0. __ %); plus, in each case, accrued interest on the Bonds to be redeemed to the date on which the Bonds are to be redeemed.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2017B Bond, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second business day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Series 2017B Bond, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Series 2017B Bond to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Series 2017B Bond, (A) the average of the applicable Reference Treasury Deal Quotations for the redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers as designated by the Authority.

“Reference Treasury Dealer” means each of four firms, as designated by the Authority, and their respective successors; provided, however, that if any of them ceases to be a “Primary Treasury Dealer” (defined as a primary U.S. Government securities dealer in the City of New York), the Authority will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date for the Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Authority, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

“Business Day” means any day, other than a Saturday or Sunday, and other than a day on which the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

Mandatory Sinking Fund Redemption.

The Bonds maturing on September 1, 20__, shall be subject to mandatory redemption and retirement prior to maturity, in part, with Bonds selected for redemption based on a “Pro Rata Pass-Through Distributions of Principal” basis, as

¹ Preliminary, subject to change.

described below, on September 1, in the years _____ to _____, inclusive, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from deposits into the Debt Service Account in the amounts set forth below:

Mandatory Redemption Date September 1	Mandatory Redemption Amount
--	--------------------------------

Partial Redemption; Selection of Bonds

If less than all of the Bonds of a maturity and interest rate are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distributions of Principal” basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Trustee pursuant to DTC operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distributions of Principal basis or if DTC’s operational arrangements no longer provide for selection on a pro rata basis, the Bonds will be selected for redemption in accordance with DTC procedures by lot. If the Bonds are no longer held by DTC, they shall be selected for redemption on a pro rata basis.

The Trustee

By appointment of the Authority, ZB, National Association dba Zions Bank, shall act as trustee, bond registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds.

Except for the contents of this section, the Trustee assumes no responsibility for the nature, content, accuracy or completeness of the information set forth in this Official Statement.

USE OF PROCEEDS

The Bonds

The Bonds are being issued to provide long-term financing for the Facilities (as hereafter defined), to make a deposit of capitalized interest into the Debt Service Fund to make deposits into the Maintenance and Repair Fund and the General Reserve Fund, and to pay the costs of issuing the Bonds.

The Authority will acquire a leasehold interest expiring June 30, 2057 in real property and existing improvements owned by the State near the Idaho National Laboratory (the “INL”) Research and Education Campus in Idaho Falls, Idaho (the “Land”) by entering into a Ground Lease dated _____, 2018 (the “Ground Lease”) with the State, acting by and through the State Board of Education (the “SBOE”). No rent will be paid by the Authority under the Ground Lease.

Concurrent with its execution of the Ground Lease, the Authority will enter into a development agreement with the State acting by and through the SBOE dated _____, 2018 (the “Development Agreement”) under which the Authority agrees to design and construct improvements consisting of research and educational facilities to be known as the Idaho Cybercore Integration Center (the “Cybercore Center”) and the Idaho Collaborative Computing Center (the “Computing Center” and collectively with the Cybercore Center, the “Improvements”) utilizing Bond proceeds and other funds of BEA (defined below) on the Land in accordance with the terms of the Development Agreement. Together, the Improvements and the Land are referred to in this Official Statement as the “Facilities.” Pursuant to the Development Agreement, the Authority agrees to issue revenue bonds in an amount sufficient to finance its design, development, construction and equipment of the Improvements.

In connection with its financing of the Improvements, the Authority will enter into a separate annually renewable lease agreement with the State acting through the SBOE dated _____, 2018 (the “Facilities Lease”), under which the Authority agrees to finance the Improvements and lease the Facilities to the State, in exchange for payment of annual rent sufficient to pay the debt service on the Bonds and the Authority’s Administrative Costs allocable to the Facilities (“Annual Rent”). The terms of the Facilities Lease are described herein under “Security and Sources of Payment.”

Contemporaneous with its execution of the Facilities Lease, the State acting through the SBOE intends to enter into two sublease agreements relative to the Cybercore Center and Computing Center (collectively, the “Facilities Subleases”) under which the Facilities will be subleased to Battelle Entergy Alliance, LLC (“BEA”), a limited liability company acting under a prime contract for management and operation of INL (the “M&O Contract”) with the United States Department of Energy (“DOE”). As a condition of the Facilities Subleases, BEA, or its successor under the

M&O Contract (collectively, the “Operating Contractor”), are required to include and accommodate research and education opportunities with the State’s public higher education institutions. The rent paid by the Operating Contractor under the Facilities Subleases will be the source of repayment revenue for the Bonds for so long as the Facilities Subleases are in effect. The Operating Contractor’s rental payments under the Facilities Subleases are subject to Congressional appropriation to DOE of sufficient funds for payment of the same. For a further description of the terms of the Facilities Lease, the Facilities Subleases, and the Ground Lease see “APPENDIX B—Summary of Ground Lease, Facilities Lease and Facilities Subleases.”

Sources and Uses

The sources and uses of the proceeds of the Bonds are as shown below:

Source of Funds

Par Amount of the Bonds	\$ _____
Plus: Original Issue Premium	\$ _____
Less: Original Issue Discount	\$ _____
BEA Funded Upgrades	\$ _____
Total Source of Funds:	\$ _____

Use of Funds

Deposit to Construction Fund	\$ _____
Deposit to Debt Service Fund for Capitalized Interest	\$ _____
Deposit to the Maintenance and Repair Fund	\$ _____
Deposit to the General Reserve Fund	\$ _____
Costs of Issuance ⁽¹⁾	\$ _____
Contingency	\$ _____
Total Use of Funds:	\$ _____

⁽¹⁾ Includes rating agency fees, municipal advisor fees, underwriter’s discount, legal fees, printing costs, and other costs of issuing the Bonds.

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DEBT SERVICE REQUIREMENTS

The following table shows the annual debt service on the Bonds to be paid by the Authority:

DEBT SERVICE SCHEDULE			
Fiscal Year			
Ending June 30	Principal	Interest	Total Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			

[The remainder of this page intentionally left blank.]

SECURITY AND SOURCES OF PAYMENT

The Bond Resolution

Pledge for the Bonds

The Bonds are a special obligation of the Authority secured by and payable solely from a pledge of (i) all revenues, income, rents and receipts derived by the Authority from or attributable to the ownership or leasing of the Facilities, including all revenues attributable to the Facilities or to the payment of the costs thereof received by the Authority under the Facilities Lease, [(ii) all moneys held in funds created pursuant to the Board Resolution,] (ii) the proceeds of any insurance covering business interruption loss relating to the Facilities, and (iii) interest received on any money or securities held pursuant to the Bond Resolution, except for interest received on money or securities in the Administrative Fund (collectively, “Revenues”).

During the term of the Facilities Subleases, Annual Rent under the Facilities Lease is payable from funds, subject to appropriation annually by the State, from the rent receivable under the Facilities Subleases (the “Sublease Rent”) and other funds legally available therefor. In the event of a termination of the Facilities Subleases, to the extent necessary, Annual Rent would be payable from a general fund appropriation of the State. Under the Facilities Lease, Annual Rent is due in full within 30 days following the beginning of each annual lease term.

Annual Rent includes Basic Rent and Additional Rent. Basic Rent is an amount equal to principal and interest on the Bonds. Additional Rent includes other sums payable with respect to the Bonds and required reserve deposits.

No Cross-Collateralization

The Bonds are secured by a pledge of Revenues under the Bond Resolution, including Annual Rent under the Facilities Lease, which is pledged only to the Bonds. The Bonds are not cross-collateralized with any other series of bonds issued by the Authority, unless Additional Bonds are issued related to the Improvements.

Flow of Funds [potentially rework after further revised docs]

Upon receipt, all Revenues received by the Authority are to be deposited in the Revenue Fund established by the Bond Resolution. As soon as practicable in each month after the deposit of such Revenues, but in any case no later than the last Business Day of such month, [except in the event the Authority exercises its right to take actual possession of the Facilities upon the occurrence of an event of default as described below,] the Trustee shall withdraw from the Revenue Fund established by the Bond Resolution and deposit into the following funds for each series in the following order of priority the amounts set forth below:

First: Into the Debt Service Fund, the receipts of such Revenues so that the balance therein is sufficient to pay the total amount of principal, if any, and interest due on the next interest or principal and interest payment date on the Bonds and any Additional Bonds.

Second: Into the Administrative Fund, the sum budgeted for Operating Costs in the Annual Budget allocable to the Improvements for the applicable Fiscal Year, as directed in writing by an Authorized Officer.

Third: Into the General Reserve Fund, the remaining balance, if any, of money in the Revenue Fund after making the above deposits.

In the event that the Authority exercises its right to take actual possession of the Facilities upon the occurrence of an Event of Default or Event of Nonrenewal pursuant to the provisions of the Facilities Lease, the Trustee shall then withdraw from the Revenue Fund and deposit into the following funds for each series in the following order of priority the amounts set forth below:

First: Into the Administrative Fund, the sum budgeted for Operating Costs allocable to the Facilities for the then current Fiscal Year, as directed in writing by an Authorized Officer.

Second: Into the Debt Service Fund, the receipts of Revenues so that the balance therein shall be sufficient to pay the total amount of principal, if any, and interest due during the then current Fiscal Year, including amounts required for redemption of Bonds.

Third: Into the General Reserve Fund, the remaining balance, if any, of money in the Revenue Fund after making the above deposits.

No Debt Service Reserve Account for the Bonds

There is no debt service reserve account established for the Bonds.

Maintenance and Repair Fund

\$_____ of Bond proceeds will be used to fund the Maintenance and Repair Fund to be used for certain maintenance, repairs and improvements that SBOE deems necessary, with approval by the Authority.

Covenants

The Bond Resolution contains affirmative and negative covenants by the Authority including, but not limited to, covenants with respect to (i) restrictions on liens against the Revenues or other monies, securities, and funds pledged under the Bond Resolution; (ii) preparation of an Annual Budget to be filed with the Trustee; (iii) operation and maintenance of the Facilities; (iv) collection of rents, fees, and other charges for the Facilities; (v) maintenance of insurance coverage on the Facilities; (vi) preparation and maintenance of books of record and accounts relating to the Facilities and the funds and accounts under the Bond Resolution; (vii) preparation and provision of information reports; (viii) restrictions on the issuance of Additional Bonds; and (ix) restrictions on the assignment, mortgage, and subletting of the Facilities.

For a more detailed description of the provisions of the Bond Resolution, see “APPENDIX B—BOND RESOLUTION” attached hereto.

The Ground Lease

In order to acquire an interest in land upon which the Facilities are to be constructed, the State, acting through SBOE, as lessor, entered into the Ground Lease with the Authority, as lessee. In accordance with the Act, the Ground Lease provides that no rent be paid by the Authority. The Ground Lease expires on June 30, 2057. The State, however, has the right to terminate the Ground Lease at its option, provided that all sums owing for the Bonds have been paid or provisions have been made for such repayment. In the event that the Bonds remain unpaid, or the State fails to renew the Facilities Lease or fails to appropriate Annual Rent payable under the Facilities Lease, the Ground Lease continues through its stated term. Pursuant to the Bond Resolution, the Authority has granted certain of its rights in the Ground Lease to the Trustee in the event the Trustee pursues certain remedies following the occurrence of an Event of Default, as defined in the Bond Resolution.

The Facilities LeaseAnnual Rent

The primary source of Revenues for payment of the Bonds is Annual Rent payable to the Authority by the State acting by and through the SBOE, pursuant to the Facilities Lease. Such payment, subject to annual appropriation by the State, is from Sublease Rent payable by BEA to SBOE pursuant to the Facilities Subleases. In the event of a termination of the Facilities Subleases, to the extent necessary, Annual Rent would be payable from a general fund appropriation of the State. Pursuant to the Facilities Lease, Annual Rent is equal to (i) the principal (including sinking fund payments) and interest due on the Bonds and any Additional Bonds for the upcoming fiscal year, (ii) the Authority’s Administrative Costs allocable to the Facilities Lease (as defined therein), and (iii) the amount payable with respect to the Bonds and any Additional Bonds and the amount, if any, of deposits to any operating fund, and any other reserve or expense accounts required to meet all terms and conditions of the Bond Resolution. The Authority’s Administrative Costs are generally limited to administrative expenses incurred by the Authority under the Facilities Lease and, absent an event of default under such Facilities Lease, do not include the costs associated with operating, repairing and maintaining the Facilities, which costs are the responsibility of the State. Annual Rent is due in full in advance within 30 days after commencement of each annual lease term. See “APPENDIX C—Facilities Lease.”

As described below, the Facilities Lease requires payment of Annual Rent and performance of other obligations only to the extent that the cost and expense of such performance may have been provided for through an appropriation by the State Legislature or from any other legally available funds. See “STATE FINANCES— Appropriations for Authority Lease Payments.”

General Reserve Fund

\$_____ of Bond proceeds will be used to fund the General Reserve Fund. Such funds will be applied upon direction from the Authority to any lawful purpose of the Authority [related to the Bonds or the Facilities].

Term

The Facilities Lease is subject to annual renewal each year by giving notice of intent to renew (“Notice of Intent to Renew”). Additionally, and even assuming the State gives Notice of Intent to Renew the Facilities Lease, the obligation of the State to pay Annual Rent due under the Facilities Lease is subject to the State’s right not to appropriate funds to make such payments. No penalties are imposed for an election not to renew the Facilities Lease. The initial term of the Facilities Lease extends through June 30, 2018, and is subject to annual renewal thereafter by the State.

Appropriation Process

The State will pay Annual Rent under the Facilities Lease; provided, however, that the State’s obligation to make Annual Rent payments under the Facilities Lease is subject to annual appropriation or other funds legally available therefor. During the term of the Facilities Subleases, the source of funds utilized for the annual appropriation to pay Annual Rent is expected to be Sublease Rent. The State is not obligated to give Notice of Intent to Renew the Facilities Lease and the State is not obligated to make appropriations for the payment of Annual Rent or other obligations thereunder. There is no assurance that the Bonds will be paid in full if the State elects not to renew the Facilities Lease or the State Legislature fails to appropriate money to pay Annual Rent due under the Facilities Lease.

During the term of the Facilities Subleases, the Authority expects that the State Legislature will appropriate funds for Annual Rent in an amount equal to Sublease Rent, as one or more appropriation items in the budget for the SBOE. In the event of termination or expiration of the Facilities Subleases, the Authority expects, consistent with usual practice, that should SBOE elect to renew the Facilities Lease, Annual Rent would be added to SBOE’s budget based on a schedule prepared by the Legislative Services Office and funds available for Annual Rent would be then added to the funds available to the SBOE for that budget year from the general fund. The actual disbursement of the Annual Rent payment during July of each year is made by the State Controller to the Authority, and the State Controller debits the budget authorization for the SBOE at that time.

In the Fiscal Note to Concurrent Resolution No. 105, the State Legislature stated its intent to provide no State dollars for design, construction, financing, or operations of the Facilities. The State Legislature is not bound by the Fiscal Note and may elect to appropriate State funds to pay Annual Rent in the absence of sufficient Sublease Rent to pay the same.

Non-Renewal and Non-Appropriation; Remedies

If the State elects not to give its Notice of Intent to Renew the Facilities Lease, or if the State Legislature does not appropriate sufficient funds to pay the Annual Rent thereunder, the Authority may at the end of then current renewal term re-enter and take possession of the Facilities, and exercise reasonable diligence to re-let or sell its interest in the Facilities. There can be no assurance, however, that the Authority will be able to realize an amount sufficient to pay principal of and interest on the Bonds from the re-leasing or sale of its interest in the respective Facilities.

Lessee

The SBOE makes policy for kindergarten through higher education in Idaho. The SBOE consists of eight voting members, seven of which are appointed by the Governor of Idaho for a term of five years. The eighth member is the State Superintendent of Public Instruction, who is an ex-officio voting member elected to a term of four years. The SBOE has an approximately 27 member, full time professional staff headed by its Executive Director, Matt Freeman.

Facilities Subleases

As used in this Official Statement, the term “Facilities Subleases” collectively refers to two separate facility sublease agreements to be entered into between the SBOE, as sublessor, and BEA, as sublessee, relative to the Cybercore Center (the “Cybercore Sublease”) and the Computing Center (the “Computing Sublease”) to be constructed with Bond proceeds, together with certain funds of BEA, near the INL Research and Education Campus. As a condition of the Facilities Subleases, the Operating Contractor, is required to include and accommodate research and education opportunities with the State’s public higher education institutions.

The Operating Contractor will pay Sublease Rent equal to \$6,125,000 annually on the Rent commencement Date (as defined in the Facilities Subleases) and each year thereafter. The Sublease Rent paid by the Operating Contractor under the Facilities Subleases is expected to be the source of repayment revenue for the Bonds for so long as the Facilities Subleases are in effect. The Operating Contractor’s rental payments under the Facilities Subleases are subject to Congressional appropriation to DOE of sufficient funds for payment of the same as further described in the section “Term” below.

Term

The Facilities Subleases have fixed fifteen (15) year terms commencing at such time as the respective Improvements thereunder are determined to be substantially complete pursuant to the provisions of applicable Facilities Sublease. The initial terms of the Facilities Subleases expire prior to the final maturity of the Bonds, but are both subject to renewal terms. Each Facilities Sublease may be cancelled by the Operating Contractor upon three hundred sixty-five (365) days written notice in the event that Congress fails to appropriate to the DOE sufficient funds for the Sublease Rent due thereunder. In the event of cancellation, the Operating Contractor shall pay a cancellation penalty to the SBOE, in addition to the regular monthly Sublease Rent payments covering the remaining 365 days of each cancelled Facilities Sublease. The cancellation penalty shall be ten percent (10%) of the total remaining Sublease Rent amounts for the remaining years of the sublease term, and shall be paid at the time the 365 day written cancellation notice is given to the SBOE.

BEA and DOE, by and through its Idaho operations office, have, by a Letter of Representations dated October 5, 2017 (the "Letter of Representations"), agreed that (1) the Sublease Rent and any other costs for which BEA is responsible under the Facilities Subleases, are allowable costs under the M&O Contract, (2) DOE will seek, and BEA (or its successor) will, to the extent permitted by law and by the M&O Contract, assist DOE's efforts to seek, annual appropriation of monies sufficient to fund the Sublease Rent and the M&O Contract or the successor management and operation contract, (3) DOE will require any successor Operating Contractor to assume all obligations of BEA under the Facilities Subleases and to execute an assignment with respect to the same, and (4) in the event there is a period of time during which DOE operates and manages INL itself, it will assume the obligations of BEA or any successor under the Facilities Subleases. In addition, DOE anticipates its mission at INL and the Facilities will continue for a period of time ending no earlier than the full term of the Facilities Subleases.

Additional Bonds

Under the Bond Resolution, the Authority may issue Additional Bonds in order to provide funds to acquire, construct, reconstruct, install, or replace any equipment, facilities, additions, betterments, or other capital improvements to the Facilities for which it is authorized by law to issue revenue bonds or to refund outstanding revenue bonds, provided that the conditions set forth in the Bond Resolution are satisfied.

Destruction of the Facilities

If any useful portion of the Facilities shall be damaged or destroyed, the Authority shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless it is determined under the provisions of the Facilities Lease that such reconstruction and replacement are not to be undertaken. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption loss insurance, shall be held by the Trustee in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement.

The Authority shall not be required to rebuild, replace, restore and repair the Facilities if (1) the Authority shall reasonably determine, as evidenced by a certificate of an independent consulting engineer, that not to do so would not materially adversely affect the operation of the Facilities, or (2)(a) the Authority shall reasonably determine, as evidenced by a certificate of an independent certified public accountant that the proceeds of any insurance received by the Authority, together with other legally available money of the Authority, will be sufficient to pay the principal of, and premium and interest on the Bonds due up to and including such time as the Bonds may be called for optional redemption, and (b) the Authority irrevocably deposits such insurance proceeds and other money into an escrow fund to redeem the Bonds on the first date such Bonds may be redeemed.

Open Market Purchase

The Authority reserves the right to purchase any Bonds on the open market at any time and at a price (exclusive of accrued interest) not to exceed the principal amount outstanding, in accordance with Section 67-6414(f), Idaho Code.

THE FACILITIES**Summary**

The Facilities consist of two separate buildings—the Cybercore Center and the Computing Center. The Cybercore Center will be approximately 80,000 square feet and the Collaborative Computing Center facility will be approximately 67,000 square feet. The Cybercore Center will have approximately 200 lab researchers working on cybersecurity infrastructure protection. The Computing Center will be the home of INL's next supercomputer and will also house about 200 employees. The Computing Center will additionally contain student training areas and office

spaces for computer coders. Throughout the term of the Facilities Subleases, the Operating Contractor is required to include and accommodate research and educational opportunities with the State's public higher education institutions as mandated by Concurrent Resolution No. 105. The estimated construction costs of the Facilities to be contributed from the proceeds of the Bonds is approximately \$87,000,000. BEA will invest approximately \$13,500,000 in tenant improvements and technology in the two buildings, along with approximately \$5,500,000 in design. Operation and maintenance of the facilities will be the responsibility of BEA under the Facilities Subleases.

Construction

The Facilities are being constructed on land owned by the State and leased to the Authority pursuant to the Ground Lease. The Authority is undertaking the construction of the Facilities. Construction is anticipated to be complete in June 2019, however, interest has been capitalized through March 1, 2020, to provide for unanticipated construction delays. _____ has been selected by the Authority as the architect, and _____ has been selected by the Authority as the general contractor and construction manager.

[TO COME: Add Fixed Price contract disclosure; add penalties for delay; potential for noncompletion or nonappropriation prior to completion????]

Idaho National Laboratory

Idaho National Laboratory (INL) consists of an 890-square-mile area in southeastern Idaho typically referred to as the "INL Site," as well as laboratories and administrative buildings located at INL's Research and Education Campus approximately 35 miles to the east of the INL Site in the city of Idaho Falls. Day-to-day operations are conducted at three primary facility areas -- each hosting the complementary resources necessary to support national priority research. One area focuses on nuclear materials and processing, another on reactor technologies and the third on science, technology and education integration. INL is the fifth-largest employer in Idaho with 3,900 employees and more than 350 interns. In 2015, INL had a total business volume of \$917.1 million.

INL is part of the DOE's complex of national laboratories. INL performs work in each of the strategic goal areas of DOE: energy, national security, science and environment and is the nation's lead laboratory for nuclear energy research, development, demonstration and deployment. INL is managed by BEA for the DOE's Office of Nuclear Energy. BEA is a limited liability company wholly owned by Battelle Memorial Institute ("Battelle"). See "Battelle" below. BEA's contract was recently renewed and expires _____.

The Facilities will be located on property near INL's Research and Education Campus in Idaho Falls, Idaho. The Center for Advanced Energy Studies (CAES) facility [used for _____] and functionally-related INL and State Board of Education facilities are also on INL's Research Education Campus.

Battelle

BEA is organized as a non-profit corporation under the laws of the State of Ohio and has been a contractor or subcontractor to the government of the United States and its energy missions and laboratories for over [sixty] years. BEA has a substantial management role at seven national laboratories: six for the U.S. Department of Energy and one for the U.S. Department of Homeland Security. In addition to INL, BEA is the management and operations contractor at the Pacific Northwest National Laboratory and the National Biodefense Analysis and Countermeasures Center (managed by Battelle National Biodefense Institute, LLC -- BEA is the sole member) and is the co-manager of the Oak Ridge Laboratory (managed by UT-Battelle, LLC -- consisting of BEA and the University of Tennessee), the National Renewable Energy Laboratory (managed by Alliance for Sustainable Energy, LLC -- consisting of BEA and MRIGlobal), and Brookhaven National Laboratory (managed by Brookhaven Science Associates, LLC -- consisting of BEA and The Research Foundation of the State University of New York). BEA is also a subcontractor at the Lawrence Livermore National Library.

STATE FINANCES

State Budget and Appropriation Process

The State sets an annual budget based on the State's fiscal year which begins on July 1 and ends on the following June 30. Both the executive and legislative branches play a role in the budget setting process. All State agencies submit a budget request to the Division of Financial Management ("DFM") in the Governor's office and to the Legislative Services Office (the "LSO") not later than September 1 of each year. The Governor, through DFM, then prepares a proposed budget for the subsequent fiscal year, and submits this budget recommendation to the Legislature.

within five days after the commencement of the annual legislative session in early January. The Governor's budget recommendation is based on revenue projections developed by DFM.

A joint committee composed of the Senate Finance Committee and the House Appropriations Committee ("JFAC") then initiates legislative action on the State budget. Taking into account the Governor's recommendation, JFAC hears presentations of, or reviews without hearings, budget requests by all State agencies and drafts a series of appropriation bills that are sent to the entire legislative body. Upon passage by each legislative body, the appropriation bills for each agency are sent to the Governor for signature. The Governor has "line-item" veto power for distinct appropriations. The Idaho Constitution requires a balanced budget, stating that appropriations must match the projected revenues currently provided for by law.

The State Legislature usually adjourns before April 1, once it has adopted a budget, set appropriations for the upcoming fiscal year, and, if necessary, revised the current fiscal year's budget. The appropriations, as enacted by the State Legislature, constitute the limit for each agency's authorized expenditures, subject to limited flexibility for emergency situations and/or unanticipated revenue.

If, in the course of a fiscal year prior to the commencement of the legislative session, the Governor determines that the expenditures authorized by the State 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 State Controller for any department, agency or institution of the State.

Annual Rent due under the Facilities Lease from the State to the Authority is due in full in advance within 30 days after commencement of each annual lease term. See "APPENDIX C—Facilities Lease" attached hereto.

(Remainder of page intentionally left blank.)

State Revenues, Expenditures and Fund Balance

The following table shows the State's Revenues, Expenditures and Changes in Fund Balances for fiscal years ended June 30, 2016 through 2017:

REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

	2017 ⁽¹⁾	2016 ⁽²⁾
REVENUES		
Sales Tax	\$ 1,631,295	\$ 1,572,965
Individual and Corporate Taxes	1,854,351	1,696,814
Other Taxes	59,845	58,274
Licenses, Permits, and Fees	25,421	23,001
Sale of Goods and Services	26,549	30,598
Grants and Contributions	16,262	12,327
Investment Income	47,915	16,318
Tobacco Settlement	22,964	25,297
Other Income	36,623	44,038
Total Revenues	\$ 3,721,225	\$ 3,479,632
EXPENDITURES		
Current		
General Government	\$ 139,844	\$ 133,860
Public Safety and Correction	316,286	300,189
Health and Human Services	24,696	26,445
Education	1,817,866	1,690,567
Economic Development	48,163	47,789
Natural Resources	55,636	\$ 62,562
Capital Outlay	99,907	49,300
Intergovernmental Revenue Sharing	267,921	252,426
Debt Service	12,071	12,607
Total Expenditures	\$ 2,782,390	\$ 2,575,745
Revenues Over (Under) Expenditures	938,835	\$ 903,887
OTHER FINANCING SOURCES (USES)		
Capital Lease Acquisitions		\$ 7
Sale of Capital Assets	2,655	383
Transfers In	252,679	209,079
Transfers Out	(1,033,052)	(979,266)
Total Other Financing Sources (Uses)	\$ (777,718)	\$ (769,797)
Net Change in Fund Balances	\$ 161,117	\$ 134,090
FUND BALANCES		
Fund Balance-Beginning of Year, as Restated	\$ 1,315,057	\$ 1,164,436
Fund Balance-End of Year	1,476,174	1,298,526

⁽¹⁾ Unaudited

⁽²⁾ 2016 Comprehensive Annual Financial Report; Division of Financial Management.

State Reserve Funds

The balances in the State's four primary reserve funds, the Budget Stabilization Fund (the "BSF"), the Economic Recovery Reserve Fund (the "ERRF"), the Public Education Stabilization Fund (the "PESF"), and the Higher Education Stabilization Fund (the "HESF") at fiscal year-end are shown below for years 2014 through 2017 and estimated for 2018. A full description of each fund is included below.

STATE RESERVE FUNDS

Fiscal Year	Budget Stabilization Fund⁽¹⁾	Public Education Stabilization Fund	Higher Education Stabilization Fund
2014 ⁽²⁾	\$ 161.6	\$ 72.9	\$ 3.2
2015 ⁽²⁾	243.9	90.9	3.5
2016 ⁽²⁾	283.4	88.6	3.1
2017 ⁽³⁾	319.1	85.0	8.9
2018 ⁽⁴⁾	319.2	65.2	5.3

(1) Includes Economic Recovery Reserve Fund.

(2) Comprehensive Annual Financial Report, Fiscal Years 2014-2016.

(3) Unaudited.

(4) Estimated by Division of Financial Management.

Budget Stabilization Fund

Section 57-814, Idaho Code, creates the BSF in the State Treasury for the purpose of meeting General Fund revenue shortfalls and to meet expenses incurred as the result of a major disaster declared by the Governor. Interest earnings from the investment of moneys in this fund by the State Treasurer will be credited to the Permanent Building Account subject to the provisions of Section 67-1210, Idaho Code. The Budget Stabilization Fund is funded with a portion of excess receipts from the General Fund each fiscal year, as well as a portion of excess in the General Fund after all obligations have been met for the fiscal year.

Economic Recovery Reserve Fund

Section 67-3520, Idaho Code, creates the ERRF in the State Treasury for the purpose of meeting General Fund revenue shortfalls, meeting expenses incurred as the result of a major disaster declared by the Governor, or providing one-time tax relief payments to the citizens of the State. Moneys in the ERRF consist of moneys remitted pursuant to Section 63-2520, Idaho Code. Interest earnings from the investment of moneys in this fund by the State Treasurer will be retained in the ERRF.

Public Education Stabilization Fund

Section 33-907, Idaho Code, created the PESF in the State Treasury as a fund detail of the Public School Income Fund. The PESF consists of moneys transferred to the fund according to the provisions of Sections 33-905 and 33-1018, Idaho Code, and any other moneys made available through legislative transfers or appropriations. Moneys in the PESF are continuously appropriated for the purposes stated in Sections 33-1018 and 33-1018B, Idaho Code, and may only be expended for the purposes stated in Sections 33-1018, 33-1018A and 33-1018B, Idaho Code. Interest earned from the investment of moneys in the PESF will be retained in the PESF. Any accumulated balances in the PESF that are in excess of 8.334% of the current fiscal year's total appropriation of State funds for public school support will be transferred to the State Bond Levy Equalization Support Program Fund. Senate Bill 1041, passed in the 2017 legislative session, added a new Section 33-1018C, Idaho Code, which specifies that in the event that moneys are withdrawn from the PESF for the circumstances authorized pursuant to Section 33-1018 or Section 33-1018B, Idaho Code, then the joint finance-appropriations committee will consider transferring the amount of the withdrawal as a supplemental appropriation to the PESF for the current fiscal year.

Higher Education Stabilization Fund

Section 33-3726, Idaho Code, created the HESF in the State Treasury as a strategic reserve to be utilized as a mitigation tool to minimize the impact of economic downturns on higher education in the State. Funding for the HESF is generated from two revenue sources, flowing into three accounts. The first account is established through the interest generated from the submission of tuition and fees to the State General Account. The second and third accounts are funded through the appropriation of surplus monies in times of economic abundance. House Bill 459 in the 2016 legislative session established a fourth account, the Community College Start-up Account. Additionally, Senate Bill 1429 from the 2016 legislative session transferred \$5 million from the General Fund to the Community College Start-up Account.

Outstanding Obligations of the State and its Independent Agencies

The State has no outstanding general obligation bond debt and its capital lease obligations total less than one percent of the State's budget. In addition to the Authority's bonds described above under "Idaho State Building Authority – Authority Projects," the following is a brief description of State indebtedness.

Idaho Housing and Finance Association

The Idaho Housing and Finance Association ("IHFA") is authorized by State statute to issue revenue bonds for single and multifamily housing projects and highway transportation projects through the Grant Anticipation Revenue Vehicle ("GARVEE") program pursuant to Title 23 of the United States Code. IHFA is governed by seven commissioners, appointed for alternating four-year terms by the Governor of the State, one of whom is selected chairman by the Governor. IHFA has no taxing power and neither the State nor any political subdivision thereof is liable for its bonds or other indebtedness. IHFA's mortgage loans are either guaranteed by Federal agencies, insured by private mortgage guarantee policies, or collateralized by IHFA's net assets. IHFA's GARVEE obligations are primarily funded with future federal aid highway apportionments. The GARVEE bond legislation does not authorize or pledge State general fund revenues to make payments on bonds or notes.

State Universities

The State's colleges and universities utilize revenue bonds to finance and refinance construction projects. These revenue bonds are secured by student fees, revenues from sale of goods and services, contributions, and certain other revenues. The foundations of the State's colleges and universities also issue revenue bonds secured by donations, leases and other revenues. State general fund revenues are not pledged or used to support bonds of the State's colleges and universities or bonds issued by their foundations.

Idaho Bond Bank Authority

The Idaho Bond Bank Authority ("IBBA") was created as an independent public body corporate and politic in 2001 to issue revenue bonds to make loans to municipalities including cities, counties, school districts, and other political subdivisions. The IBBA Board consists of five members: the State Treasurer or his or her designee, one member of the State Senate appointed by the president *pro tempore* of the Senate, one member of the State House of Representatives appointed by the Speaker of the House, and two members appointed by the Governor.

IBBA bonds are secured by the revenues pledged by the underlying municipalities and the State sales tax, but are intended to be paid by the underlying municipality. In the event the municipality does not make payment on the applicable bond, the State Treasurer may make payments on the bonds from the State sales tax account and intercept the receipt of any payment of sales tax moneys to be distributed to the defaulting municipality or any other source of operating moneys provided by the State to the defaulting municipality. Such State intercept operates by force of law and not by consent of the municipality. The State sales tax has never been needed to make payments on IBBA bonds.

State Tax Anticipation Notes

The State typically issues tax anticipation notes annually for cash flow purposes. Currently, the State has \$485,770,000 outstanding, which is due June 29, 2018.

School Bond Guaranty

Idaho Code Section 33-5303 requires the State to guarantee the bonds of any school district qualified by the State Treasurer. If the State is required to make the bond payment of any school district, the State will redirect distribution normally made to the school district to reimburse the State.

For more information on State obligations, see “APPENDIX E—State of Idaho Comprehensive Annual Financial Report--Note 13 “Bonds, Notes and Other Long-Term Liabilities” and Note 16 “Litigation, Contingencies Commitments and Encumbrances.”

2017 Legislative Actions

The 2017 State Legislature, which met January through March 2017, budgeted a total General Fund appropriation of \$3,450.6 million for Fiscal Year 2018, a 5.270% increase from Fiscal Year 2017. The 2018 State Legislature may make adjustments, if needed, to the Fiscal Year 2018 budget and appropriations, and will set the budget and appropriations for the fiscal year beginning July 1, 2018, and ending June 30, 2019.

The General Fund Revenue Book (“GFRB”) is an annual publication prepared by the DFM which provides input into the Governor's proposed budget. It consists of General Fund projections by source, the economic forecast upon which the revenue forecasts are based, and a section devoted to the State's tax structure. The January 2017 GFRB forecast \$3,507.4 million of General Fund revenues for Fiscal Year 2018. The DFM revised this forecast upward to \$3,579.3 million in the August 2017 publication of its Idaho General Fund Revenue Report (“GFRR”). DFM's September 2017 GFRR, indicates that through August 2017, two months into Fiscal Year 2018, revenue collections were approximately \$574.0 million, or approximately 3.3% above projected revenues of \$555.0 million.

The GFRB and GFRR are available on the internet at

https://dfm.idaho.gov/publications/eab/econ_index.html

(which website is not incorporated into this Official Statement by such reference and is not a part hereof).

Appropriations for Authority Lease Payments

The State Legislature has never failed to appropriate lease payments for facilities leases between agencies of the State and the Authority.

PUBLIC EMPLOYEE RETIREMENT SYSTEM

The Public Employee Retirement System of Idaho (“PERSI”) is the administrator of a multiple-employer cost-sharing defined benefit public employee retirement system that includes the State's employees. All benefit-eligible State 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: PERSI or the Optional Retirement Program (“ORP”), described below. A retirement board (the “PERSI Board”), appointed by the Governor and confirmed by the State Legislature, manages the system, including selecting investment managers to direct the investment, exchange, and liquidation of assets in the managed accounts and to establish policy for asset allocation and other investment guidelines. The retirement board is charged with the fiduciary responsibility of administering the plan.

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”) and the Firefighters' Retirement Fund and the Judge's Retirement Fund; 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. As of June 30, 2017, PERSI had 70,073 active members, 34,151 inactive members (of whom 12,669 are entitled to benefits), and 45,468 annuitants. In addition, as of June 30, 2017, there were 783 participating employers in the PERSI Base Plan and total membership in PERSI was 149,692.

The net position for all pension and other funds administered by PERSI increased \$1.6 billion during Fiscal Year 2017 and decreased \$40.6 million during Fiscal Year 2016. The increase in the defined benefit plans reflects the total of

contributions received and an investment return of more than benefits paid and administrative expenses. All of the plans experienced investment gains in Fiscal Year 2017 as a result of positive market performance. Net investment income for all of the funds administered by PERSI for the Fiscal Years ended June 30, 2017 and 2016 was \$1.9 billion and \$228 million, respectively.

Based on the July 1, 2017 actuarial valuation, PERSI's actuarial gain is \$439.5 million resulting in a change in funding status from 86.3% on July 1, 2016 to 89.6% on June 30, 2017. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability. Below is a table that details the analysis of actuarial gains and losses.

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**ANALYSIS OF ACTUARIAL GAINS OR LOSSES
(ALL DOLLAR AMOUNTS IN MILLIONS)**

	Gain (Loss) for Period		
	2014-2015	2015-2016	2016-2017
Investment Income			
Investment income was greater (less) than expected.	\$ (587.5)	\$ (742.9)	\$ 772.1
Pay Increases			
Pay increases were less (greater) than expected.	91.7	165.5	(198.0)
Membership Growth			
(Additional) liability for new members.	(17.9)	(13.6)	(18.9)
Return to Employment			
Less (more) reserves were required for terminated members returning to work.	(12.4)	(11.3)	(10.2)
Death After Retirement			
Retirees died younger (lived longer) than expected.	22.5	11.8	17.6
Cost of Living Adjustment (COLA)			
Different Automatic COLA than expected. ⁽¹⁾	68.5	NA	NA
Other			
Miscellaneous gains (and losses) resulting from other causes. ⁽²⁾	(46.3)	(44.0)	(68.3)
Total Gain (Loss) During the Period From Actuarial Experience	\$ (481.4)	\$ (634.5)	\$ 494.3
Contribution Income			
Actual contributions were greater (less) than the normal cost and interest on the Unfunded Actuarial Accrued Liability.	43.5	0.3	(42.5)
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss) ⁽³⁾	None	(13.2)	None
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss) ⁽⁴⁾	None	(68.5)	(9.0)
Changes to Contribution Rate Increase Schedule	None	None	(3.3)
Composite Gain (Loss) During the Period	\$ (437.9)	\$ (715.9)	\$ 439.5

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the actuarial accrued liability.

(1) For 2015, this reflects the increase in CPI of 0.20%.

(2) Reflects losses on active and inactive member experience.

(3) For 2015-2016, this reflects changes made to the demographic assumptions adopted according to the 2016 Experience Study.

(4) For 2015-2016, this reflects the 0.80% retroactive COLA, effective March 1, 2016. For 2016-2017 this reflects the 0.10% discretionary COLA, effective March 1, 2017.

Source: Public Employee Retirement System of Idaho, 2017 Comprehensive Annual Financial Report, Milliman Actuarial Section, Exhibit 6.

Annual actuarial valuations for PERSI are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for PERSI since PERSI's inception. As a result of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, the PERSI Board, at its October 18, 2016 meeting, approved a total contribution rate increase of 1% scheduled to take effect July 1, 2018. However, PERSI ended Fiscal Year 2017 with a 12.25% net investment return, providing the PERSI Board with the ability to reconsider the increase. During its October 2017 meeting, the PERSI Board voted to delay implementation of the 1.0% contribution rate increase for one year, making the new effective date July 1, 2019. Until July 1, 2019, PERSI contribution rates will remain unchanged. The contribution rates for the year ended June 30, 2017 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, 2017 - 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.

Beginning in Fiscal Year 2015, employers are required to record a liability and expense equal to their proportionate share of the collective net pension liability and expense of PERSI due to the implementation of GASB 68. The Authority has no employed staff and engages outside professional services as needed in conducting the business of the Authority. Accordingly, the Authority has no net pension liability under PERSI as of June 30, 2017.

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).

Optional Retirement Program

Certain employees of State higher education institutions are eligible to participate in an ORP established under Sections 33-107A and 33-107B, Idaho Code, by the State Board of Education. Commencing July 1, 2007, 1.49% of the payroll of higher education faculty and staff covered by the ORP is payable to PERSI until July 1, 2025. From July 1, 1997 to July 1, 2011, 3.83% of the payroll of faculty and staff at post-secondary professional-technical education institutions covered by the ORP was payable to PERSI. Effective July 1, 2011, this 3.83% is payable to the ORP. The payments to PERSI are in lieu of amortization payments and withdrawal contributions otherwise required under PERSI statutes related to future payments to higher education employees who elected to remain in PERSI. The ORP is a portable, multiple-employer, defined contribution retirement plan in accordance with Internal Revenue Code section 401(a), with options offered by Teachers Insurance and Annuity Association/College Retirement Equities Fund ("TIAA/CREF") and Variable Annuity Life Insurance Company ("VALIC"). The total contribution rate is the same for all employees, with a portion of the employer's contribution for ORP members that are four-year institutions (pursuant to Idaho Code §33-107A) being credited to the employee's account and a portion to the PERSI unfunded liability until 2025. See "APPENDIX E—State of Idaho Comprehensive Annual Financial Report" for additional information.

Other Post-employment Benefits

The ISBA administers post-employment benefits for health, disability, and life insurance for retired or disabled employees of State agencies, public health districts, state colleges and universities, and other political subdivisions that participate in the plans. PERSI participates in the State's post-employment benefit programs. The State administers the retiree healthcare plan, which allows eligible retirees to purchase health insurance coverage for themselves and their eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized up to a maximum benefit amount of \$1,860 per retiree per year.

The plan provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60% of monthly pre-disability salary or \$4,000, whichever is less. Disabled employees may continue healthcare coverage for up to 30 months following the date of disability. The State

reports the liability for retiree healthcare and long-term disability benefits using the most recent actuarial valuation, which is as of July 1, 2014.

The plan also provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. Basic life insurance is provided to eligible retirees of certain institutions of higher education, the Judicial Department, and the Department of Labor.

Specific details of these other post-employment benefits are available in the State's Comprehensive Annual Financial Report, which may be accessed at www.sco.idaho.gov (which website is provided purely for convenience and is not incorporated or made a part of this Official Statement by this reference).

The following table shows the Schedule of Funding Progress for all OPEB Plans:

SCHEDULE OF FUNDING PROGRESS (\$ THOUSANDS)							
OTHER POSTEMPLOYMENT BENEFITS							
Schedule of Funding Progress (<i>dollars in thousands</i>)							
OBEP PLAN	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratios (a) : (b)	(e) Annual Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c) : (e)
Retiree Healthcare	7/1/2013	\$ 0	\$ 15,208	\$ 15,208	0.0%	\$ 862,810	1.8%
	7/1/2014	\$ 0	\$ 23,260	\$ 23,260	0.0%	\$ 907,637	2.6%
	7/1/2015	\$ 0	\$ 23,312	\$ 23,312	0.0%	\$ 944,555	2.5%
	7/1/2016	\$ 0	\$ 32,470	\$ 32,470	0.0%	\$ 1,001,562	3.2%
Long-Term Disability Healthcare	7/1/2013	\$ 0	\$ 6,921	\$ 6,921	0.0%	\$ 862,810	0.8%
	7/1/2014	\$ 0	\$ 7,958	\$ 7,958	0.0%	\$ 907,637	0.9%
	7/1/2015	\$ 0	\$ 7,645	\$ 7,645	0.0%	\$ 944,555	0.8%
	7/1/2016	\$ 0	\$ 3,713	\$ 3,713	0.0%	\$ 1,001,562	0.4%
Life Insurance	7/1/2013	\$ 0	\$ 5,400	\$ 5,400	0.0%	\$ 862,810	0.6%
	7/1/2014	\$ 0	\$ 4,408	\$ 4,408	0.0%	\$ 907,637	0.5%
	7/1/2015	\$ 0	\$ 3,720	\$ 3,720	0.0%	\$ 944,555	0.4%
	7/1/2016	\$ 0	\$ 3,091	\$ 3,091	0.0%	\$ 1,001,562	0.3%
Income	7/1/2013	\$ 0	\$ 3,622	\$ 3,622	0.0%	\$ 862,810	0.4%
	7/1/2014	\$ 0	\$ 3,088	\$ 3,088	0.0%	\$ 907,637	0.3%
	7/1/2015	\$ 0	\$ 2,690	\$ 2,690	0.0%	\$ 944,555	0.3%
	7/1/2016	\$ 0	\$ 2,372	\$ 2,372	0.0%	\$ 1,001,562	0.2%
Retiree Life Insurance	7/1/2013	\$ 0	\$ 42,353	\$ 42,353	0.0%	\$ 271,768	15.6%
	7/1/2014	\$ 0	\$ 36,444	\$ 36,444	0.0%	\$ 285,407	12.8%
	7/1/2015	\$ 0	\$ 50,672	\$ 50,672	0.0%	\$ 296,982	17.1%
	7/1/2016	\$ 0	\$ 50,160	\$ 50,160	0.0%	\$ 309,654	18.1%
University of Idaho *	7/1/2013	\$ 28,271	\$ 61,476	\$ 33,205	46.0%	\$ 132,777	25.0%
	7/1/2014	\$ 29,768	\$ 62,465	\$ 32,697	47.7%	\$ 140,728	23.2%
	7/1/2015	\$ 30,528	\$ 58,201	\$ 27,673	52.5%	\$ 150,995	18.3%

*The University of Idaho's most recent valuation date is July 1, 2015

Source: State of Idaho Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016. 2016 data is unaudited.

RISKS TO BONDHOLDERS

Prospective purchasers of the Bonds should consider carefully all possible factors that may affect both the operations and revenues of the Facilities and consequently create the possibility that payment on the Bonds will not be made, or that the Bonds will be redeemed prior to maturity. The following discussion, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Bonds. There can be no assurance that other risk factors will not become material in the future.

Limited Obligations

The Bonds are limited obligations of the Authority payable from and secured solely by the revenues, funds, and securities pledged therefor under the Bond Resolution. The Bonds, and the interest payable thereon, do not constitute a debt or liability or a pledge or lending of the faith and credit of the State, the State Legislature, or any political subdivisions, or agencies of the State, other than the Authority to the extent herein described. Except to the extent the State is obligated to pay Annual Rent under the Facilities Lease and the State has appropriated funds for such lease payments, the issuance of the Bonds does not directly, indirectly, or contingently obligate the Authority, the State, the State Legislature, or any political subdivision of the State to levy or collect any form of taxation or to make any appropriation for the payment thereof, and any such levy is prohibited. The Bonds and the interest payable thereon do not now and never will constitute a debt of the State within the meaning of the Constitution or the statutes of the State and do not now and never will constitute a charge against the credit or taxing power of the State or any political subdivision thereof.

Limitations on Enforceability

Upon the occurrence of an Event of Default under the Bond Resolution, the Trustee may, and shall, upon the request of the owners of at least 25% in aggregate principal amount of the Bonds, declare all of the principal and interest on the Bonds due and payable. Upon such declaration, the Authority and the Trustee shall immediately declare all rental payments due under the Facilities Lease to be immediately due and payable as provided therein. All the rental payments due at any time under the Facilities Lease will not be greater than one year's rental payments, as such obligation under the Facilities Lease is subject to annual appropriation. Upon the occurrence of any Event of Default or an Event of Nonrenewal under the Facilities Lease, the Authority shall take actual possession of the Facilities at the end of the then current renewal term under the Facilities Lease and the Authority may sell the Facilities or hold, operate and manage the same. Notwithstanding these remedies, the enforceability of the rights and remedies available to the Trustee with respect to the Bonds may be subject to certain limitations, including, but not limited to, applicable real property, bankruptcy, insolvency, moratorium, reorganization, or other laws relating to or affecting the enforcement under the State law of certain remedies, the reasonable and necessary exercise of the State's police power in matters of public safety, and other legitimate public purposes. Any such proceedings or the exercise of public powers by State or federal governments, if initiated, could subject owners of the Bonds to judicial discretion and interpretation of their rights which, in turn, may result in risks of delay, limitation or modification of their rights. The Authority does not have the power to levy taxes of any kind.

State's Obligations Subject to Annual Renewal and Appropriation

The State may elect not to give a Notice of Intent to Renew under the Facilities Lease. Additionally, and even assuming the State gives its Notice of Intent to Renew the Facilities Lease, the obligation of the State to pay the Annual Rent due under the Facilities Lease is subject to the State's right not to appropriate funds to make such payments. If the State chooses not to renew the Facilities Lease, or if the State Legislature does not appropriate sufficient funds to pay the Annual Rent due thereunder, resulting in nonpayment of such Annual Rent, then the Authority and the Trustee may exercise certain rights and remedies with respect to the Facilities for which Annual Rent has not been appropriated in order to obtain funds to pay debt service on the Bonds.

Dependency on Appropriations Process of the United States Congress

During the terms of Facilities Subleases, the BEA's obligation to pay Sublease Rent will be sufficient to pay the principal of and interest on the Bonds, as well as other costs to be payable by the SBOE under the Facilities Lease. The initial terms of the Facilities Subleases are fifteen years, which, although subject to renewal options, expire prior to the final maturity of the Bonds. In the Letter of Representations, DOE acknowledges that the rental obligations of the BEA under the Facilities Subleases are an allowable expense under the M&O Contract.

DOE's access to funds requires appropriations by the United States Congress. DOE's ability to make payments under the M&O Contract, and in-turn BEA's ability to pay Sublease Rent, requires such appropriation to the general operating expenses budget of DOE from which the reimbursable expenses under the M&O Contract, as well as other

expense and operating payments of DOE, will be paid. There can be no assurance that the United States Congress will make such appropriations for DOE operations or for INL and its programs, including the Facilities, or that such appropriations will be made timely in any fiscal year. In the event the United States Congress does not make such appropriations and DOE does not have sufficient available funds to continue operations, the Authority's ability to provide sufficient funds to pay the debt service on the Bonds could be adversely affected. [Most of the money appropriated for DOE remains available until expended. Also, funds allotted to the Operating Contractor may be used by the Operating Contractor to pay expenses incurred after the end of the fiscal year. These moneys, if not expended, are frequently carried over from one fiscal year to another.]

Continued availability of funding for INL and its programs depends upon the long term commitment of DOE to INL. There is no guarantee that the United States Congress would not choose to fund facilities competing with INL or relocate the activities conducted at the INL to other laboratories. DOE anticipates its mission at the INL and the Facilities will continue for a period of time ending no earlier than the full term of the Facilities Subleases.

Special Use Facilities

The State Legislature stated its intent to provide no State dollars for design, construction, financing, or operations of the Facilities. Thus, in the event the Facilities Subleases are terminated, the State may decide to non renew the Facilities Lease. In that case, the Authority may have no source of funds to pay debt service on the Bonds.

Fiscal Note to Concurrent Resolution No. 105

In the event of a termination of the Facilities Sublease and a nonrenewal by the State under the Facilities Lease, the Authority's ability to relet the Facilities to other tenants will depend on the market demand for such Facilities. Given the specialized nature of the Facilities, the likelihood of finding a tenant to replace BEA at the Facilities, as currently designed, is unclear. Additionally, it is unlikely that the Authority would be able to modify the Facilities to fit the needs of another tenant as the Authority has no source of funds for such a project, and such space could only be converted to other uses with significant additional expense. Accordingly, there is no assurance that the Bonds will be paid in full if BEA terminates its obligations under the Facilities Subleases and the State fails to renew and appropriate sufficient monies to pay the Annual Rent due under the Facilities Lease.

CONTINUING DISCLOSURE

The Authority will enter into a continuing disclosure undertaking (the "Undertaking") for the benefit of the Bondholders. Pursuant to the Undertaking, the Authority 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 F to this Official Statement.

Any failure by the Authority or the State to perform the above described obligations shall not constitute an Event of Default under the Bond Resolution or the Bonds; rather, the right to enforce such provisions is limited to the right to compel performance.

Except as described hereunder, the Authority 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. For Fiscal Year 2012, the Authority filed its audited financial statements with the MSRB eight days late. The Authority filed a notice of late filing with the MSRB on April 25, 2013.

In connection with its 2017 financing, the Authority discovered (i) certain CUSIPs were not properly linked to the Authority's and State's audited financials, (ii) certain audited financial statements of PERSI were filed without an accountant's signature and (iii) certain financial information of underlying lessees in previous Authority transactions were not filed as required. On November 28, 2017, the Authority filed a Notice of Late Filing and in the days prior thereto all appropriate information was filed and properly linked to all CUSIPs. A failure by the Authority 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 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

TAX MATTERS [Bond counsel to update]

In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from State of Idaho income taxes. HOWEVER, INTEREST ON THE BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE BONDS.

Circular 230. THE FOREGOING DISCUSSION OF TAX MATTERS REGARDING THE BONDS WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE BONDS. THE FOREGOING DISCUSSION OF TAX MATTERS WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE BONDS. EACH PROSPECTIVE PURCHASER OF THE BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

[Bond Premium]

Certain maturities of the Bonds may be issued at original offering prices in excess of their original principal amount. The difference between the original offering price and the principal amount payable at maturity represents bond premium under the Internal Revenue Code of 1986, as amended. As a result of requirements of the Code relating to the amortization of bond premium, under certain circumstances an initial owner of a Bond may realize a taxable gain upon disposition of such 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 Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning and disposing of Bonds, whether the disposition is pursuant to a sale of the Bonds or other transfer, or a redemption.

Owners who purchase Bonds in the initial offering at a price in excess of the par amount of such Bonds or at a price other than the original offering price shown on the inside cover page of this Official Statement and owners who purchase the Bonds after the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Bonds. Owners of the Bonds also should consult their own tax advisors with respect to the state and local tax consequences of owning the Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue premium on the Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

[Original Issue Discount]

The initial public offering price of certain maturities of the Bonds (the "Discount Bonds"), as shown on the inside cover page hereof, is less than the amount payable on such 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 March 1 and September 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.

RATINGS

Moody's Investor Service and S&P Global Ratings, Inc. have assigned municipal bond ratings of "____," and "____," respectively, to the Bonds. The ratings reflect only the views of the rating agencies and an explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Wells Fargo Securities, acting as the underwriter (the "Underwriter"). The purchase contract provides that the Underwriter will purchase all of the Bonds, if any are purchased, at an aggregate price of \$_____, representing \$_____ principal amount of the Bonds, [plus [net] original issue premium of \$_____] and less underwriter's discount of \$_____.

MUNICIPAL ADVISOR

The Authority has retained Piper Jaffray & Co., Boise, Idaho, as municipal advisor (the "Municipal Advisor") in connection with the preparation of the Authority's financing plans and with respect to the authorization and issuance of the Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make any independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is a full service investment banking firm that provides financial advisory and underwriting services to state and local governmental entities. While under contract to the Authority the Municipal Advisor may not participate in the underwriting of any Authority debt.

INDEPENDENT AUDITORS

The financial statements of the Authority as of and for the year ended June 30, 2017, which appears in APPENDIX D to this Official Statement, has been audited by Eide Bailly LLP, Boise, Idaho, independent auditors.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Authority are subject to the approval of Skinner Fawcett LLP, Boise, Idaho, as Bond Counsel, whose approving opinion will be delivered with the Bonds in the form attached as APPENDIX G. Certain legal matters will be passed upon for the Authority by its counsel, Meuleman Law Group PLLC, Boise, Idaho, and for the State by the Attorney General of the State of Idaho. Certain legal matters will be passed upon for the Underwriter by Hawley Troxell Ennis & Hawley LLP, as Underwriter's counsel.

LEGALITY OF THE BONDS FOR INVESTMENT

Pursuant to the Act, the Bonds are eligible for investment in Idaho by State and municipal officers, banks, trust companies, savings banks and savings associations, savings and loan associations, national banking associations, insurance companies, executors, trustees and other fiduciaries, and all other persons who are authorized to invest in bonds or other obligations of the State.

PENDING AND THREATENED LITIGATION

No litigation is pending or, to the knowledge of the Authority, threatened in any court or before any administrative body (1) to restrain or enjoin the issuance or delivery of the Bonds; (2) in any way contesting or affecting the validity of the Bonds, the Bond Resolution, the Facilities Lease, or the related documents, or the Authority's power to collect and pledge the revenues; or (3) that would otherwise affect the ability of the Authority to pay the principal of or interest on the Bonds when due.

ADDITIONAL INFORMATION

The references in this Official Statement to the Act, the Bond Resolution, the Ground Lease, the Facilities Lease and the Facilities Subleases are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to the Act, the Bonds, the Bond Resolution, the Ground Lease, the Facilities Lease, and the Facilities Subleases for full and complete statements of such and all provisions contained therein. The agreements of the Authority with the bondowners are fully set forth in the Bond Resolution, and neither any advertisement of the Bonds nor this Official Statement are to be construed as an agreement with the bondowners.

The execution and delivery of this Official Statement on behalf of the Authority by one of its authorized officers has been duly authorized by the Authority.

IDAHO STATE BUILDING AUTHORITY

By /s/ V.L. Bud Tracy
V.L. Bud Tracy
Chairman

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APPENDIX A

SELECTED DATA ON THE STATE OF IDAHO

Idaho State Government

State Government in Idaho originates from the State Constitution adopted at the constitutional convention of August 6, 1889, and ratified by the people in November of the same year. The United States Congress approved the Constitution and admitted the State to the Union on July 3, 1890.

The Executive Department

The Idaho Executive Department consists of seven constitutionally empowered elected officials: Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction.

The Governor is vested with the “supreme executive power.” The Governor appoints department heads and members of boards and commissions. On extraordinary occasions, the Governor can convene special sessions of the Legislature. The Governor gives final approval, by signing, of bills passed by the Legislature, and has the power to veto bills but must list the objections. The Legislature can override a veto by a two-thirds vote of each chamber.

The Lieutenant Governor presides over the State Senate and, when the Governor is absent from the State, serves as Acting Governor. In case of vacancy for any reason in the Governor’s office, the Lieutenant Governor succeeds to that office.

The Secretary of State is primarily a ministerial official. The Secretary of State is the custodian of records, including those of corporations, and of the Great Seal of the State of Idaho. The Secretary of State is the State’s Chief Election Officer and has administrative duties as a member of the Board of Examiners, the State Land Board, and State Board of Canvassers.

The State Controller, as Chief Accounting Officer, is responsible for the accounting records and is the State’s cash disbursement officer. The State Controller is also responsible for maintaining the Statewide system of internal control procedures. The State Controller is the State Administrator of Social Security, a member of the State Land Board, *ex officio* Secretary of the Board of Examiners, and a member of the State Board of Canvassers.

The State Treasurer, as Chief Financial Officer, receives all State revenues and fees and is cash manager and investor for all State revenues. The State Treasurer pays all State bills by redeeming State warrants and is custodian of the Worker’s Compensation Fund and the Public School Endowment Fund. The State Treasurer also is a member of the State Board of Canvassers, and serves as advisor to the Idaho Housing and Finance Association.

The Attorney General is the Chief State Legal Officer and represents State officers and agencies in legal matters. The Attorney General must provide legal opinions in writing when requested by government officials. The Attorney General is required to supervise all county prosecuting attorneys and to assist them in law enforcement if they so request. The Attorney General is in charge of consumer protection laws and has jurisdiction to enforce State antitrust laws. The Attorney General is a member of the Board of Examiners and the State Land Board.

The State Superintendent of Public Instruction is an *ex officio* and voting member of the State Board of Education, the executive officer of the State Department of Education and advisor to school districts on all aspects of education. The State Superintendent also is a member of the State Land Board and serves as *ex officio* member of the State Library Board.

Description of Area

Located in the northwestern portion of the United States, the State is bordered by Washington, Oregon, Nevada, Utah, Wyoming, Montana and Canada. The State’s land area consists of 82,751 square miles of varied terrain.

The State has substantial water resources which have dominated its history and development. There are 26,000 miles of rivers and streams and more than 2,000 natural lakes. Three of the State’s rivers—the Clearwater, the Kootenai and the Salmon—are more than half as large as the Colorado River. The Snake River Plain Aquifer is one of the largest fractured basalt aquifers in the world. Equally important to quantity is the quality of the State’s waters, which remains outstanding. The drop in elevation of rivers like the Snake allows valuable hydropower production, affording the State some of the lowest electricity rates in the nation.

The State enjoys a broad base of economic wealth ranging from extensive mining and timber resources to notably productive agricultural lands, which benefit from a highly developed series of man-made reservoirs and irrigation systems. More than four million acres are irrigated in the Snake River Basin, placing the State fourth in the nation for irrigated acreage.

The State traditionally has been an agricultural state. Livestock, beef and dairy cattle, and sheep are important to the economy, while the major crops of the State's farmers include potatoes, wheat, barley, sugar beets, peas, lentils, seed crops and fruit. Major manufacturing industries include food processing, forest products, phosphate processing, and electronics. Mining has played an important role in the development of the State, with phosphate rock, silver, lead, zinc and molybdenum among the resources mined.

Idaho Economic Overview and Outlook

The Idaho Economic Forecast ("IEF"), a quarterly publication prepared by the Division of Financial Management ("DFM"), provides historical and forecast values for the State's economy. The historical and forecast data are presented at both quarterly and annual frequencies. The IEF is published in January, April, July, and October of each year. Data covered in the IEF include population, housing, personal income, and nonfarm employment. The most recent IEF was published in October 2017. It estimates total nonfarm employment to increase by 54,600 jobs over the next four years, maintaining a 1.9% expansion rate. The next IEF is scheduled to be released in January 2018.

The tables on the following pages provide historical economic and demographic data for the State.

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IDAHO ECONOMIC INDICATORS

	Actual		Projected		
	2015	2016	2017	2018	2019
Idaho Economic Indicators					
Personal Income (\$ millions)	\$ 64,209	\$ 66,433	\$ 69,118	\$ 71,962	\$ 79,109
Percent Change	5.7%	3.5%	4.0%	4.1%	4.6%
Total Nonfarm Employment	672,492	693,840	715,537	730,511	741,910
Percent Change	2.8%	3.2%	3.1%	2.1%	1.6%
Goods-Producing Employment	104,316	109,950	114,630	118,220	120,479
Percent Change	4.3%	5.4%	4.3%	3.1%	1.9%
Nongoods-Producing Employment	568,176	583,889	600,908	612,292	621,432
Percent Change	2.5%	2.8%	2.9%	1.9%	1.5%
Population (thousands)	1,653	1,683	1,708	1,734	1,760
Percent Change	1.2%	1.8%	1.5%	1.5%	1.5%
Housing Starts-Single Unit	8,257	10,034	10,832	11,924	12,519
Housing Starts-Multiple Unit	2,034	2,381	2,311	2,031	1,748
Selected US Production Indices (2012=100.0)					
Lumber and Wood Products	112.1	116.5	120.8	126.4	129.5
Computer and Electronic Products	109.0	110.5	113.8	119.0	124.2
Semiconductors and Other Components	135.4	138.8	144.1	154.1	164.0
Food	104.8	107.6	111.8	114.1	116.3
Paper	97.5	95.2	94.5	93.2	92.6
Agricultural Chemicals	103.0	114.6	125.3	133.9	141.7
Metal Ore Mining	100.3	101.3	104.8	106.3	107.2
Selected US Producer Prices (1982=1.000)					
All Items	1.904	1.854	1.928	1.956	1.999
Lumber and Wood Products	2.219	2.227	2.286	2.299	2.319
Machinery and Equipment	1.369	1.369	1.381	1.395	1.400
Farm	1.738	1.570	1.603	1.626	1.672
Pulp, Paper and Allied Products	2.488	2.477	2.541	2.554	2.567
Chemicals	2.659	2.651	2.810	2.864	2.914

Source: IHS Economics, and Idaho Division of Financial Management. October Economic Forecast.

**STATE OF IDAHO
POPULATION TRENDS**

Year	Population
2000 ⁽¹⁾	1,299,430
2010 ⁽¹⁾	1,571,010
2011	1,584,143
2012	1,595,911
2013	1,612,011
2014	1,633,532
2015	1,652,828
2016	1,683,140

(1) Census data.
Source: US Census Bureau.

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STATE OF IDAHO
LABOR FORCE AND NONFARM PAYROLL JOBS ANNUAL ⁽¹⁾

	2011	2012	2013	2014	2015	2016	2010	2009	2008	2007	2006	2005	2004
Civilian Labor Force	765,178	769,256	771,892	780,872	797,049	814,571	761,056	757,131	755,153	754,438	747,377	731,670	703,062
Unemployment	63,712	55,552	47,455	37,883	33,647	31,137	68,230	66,409	38,500	23,203	26,031	29,379	34,621
Percent of Labor Force Unemployed	8.3%	7.2%	6.1%	4.9%	4.2%	3.8%	9.0	8.8	5.1	3.1	3.5	4.0	4.9
Total Employment	701,466	713,704	724,437	742,989	763,402	783,434	692,826	690,722	716,653	731,235	721,346	702,291	668,441
Nonfarm Payroll Jobs-NAICS⁽²⁾	610,700	622,200	637,900	654,500	672,400	696,200	603,600	609,900	648,800	654,900	638,400	611,300	587,900
Goods Producing	89,000	92,400	97,200	100,000	104,200	110,200	87,900	92,300	112,100	122,700	122,300	112,700	106,100
Natural Resources and Mining	3,900	4,000	4,000	3,800	3,800	3,800	3,500	3,200	4,200	4,400	4,200	4,100	4,000
Construction	30,400	31,400	33,600	35,800	38,200	41,700	31,300	34,300	44,900	52,000	52,000	45,000	39,900
Manufacturing	54,800	57,000	59,600	60,400	62,200	64,700	53,200	54,800	63,000	66,300	66,100	63,600	62,200
Durable Goods	31,400	33,000	34,400	34,800	36,100	37,400	29,900	31,100	38,400	42,400	42,800	40,500	39,100
Non-Durable Goods	23,400	24,000	25,300	25,500	26,100	27,300	23,300	23,600	24,600	23,900	23,300	23,000	23,200
Service Providing	521,700	529,800	540,800	554,500	568,100	586,000	515,700	517,500	536,700	532,300	516,200	498,600	481,800
Trade, Transportation and Utilities	121,800	125,100	127,700	130,800	135,100	137,700	120,300	121,800	130,800	131,600	126,900	121,900	117,100
Trade	100,600	103,600	106,100	108,400	111,700	114,100	99,600	101,100	109,100	110,000	106,000	101,900	97,500
Transportation, Warehousing and Utilities	21,200	21,500	21,500	22,400	23,400	23,700	20,700	20,700	21,700	21,600	20,800	20,000	19,600
Information	9,500	9,400	9,300	9,300	9,300	9,000	9,600	10,000	11,000	10,900	10,600	10,300	9,700
Financial Activities	29,900	30,300	31,200	32,700	33,300	34,100	29,200	29,600	31,700	32,400	31,700	29,700	28,000
Professional and Business Services	76,400	76,700	78,700	80,700	81,900	86,300	75,200	75,900	81,900	83,900	82,000	78,300	73,600
Professional and Technical Services	30,500	30,700	30,400	31,900	33,400	35,400	29,700	29,900	31,700	31,600	30,500	28,300	27,300
Management of Companies and Entrepreneurs	5,600	5,400	5,300	5,500	5,500	5,400	5,800	6,000	6,600	7,200	7,000	7,000	6,700
Administrative, Support, Waste Management	40,300	40,700	43,000	43,400	43,000	45,600	39,700	39,900	43,600	45,100	44,500	43,000	39,600
Educational and Health Services	86,500	88,400	91,000	94,200	97,500	101,000	83,800	81,000	77,700	74,000	70,200	67,600	65,300
Leisure and Hospitality	59,300	61,200	63,500	65,900	68,400	72,200	58,000	58,700	63,200	63,300	59,800	57,200	55,600
Other Services	21,200	21,500	22,000	22,600	23,400	24,300	21,100	21,200	21,200	19,400	19,000	18,500	18,300
Total Government	117,200	117,300	117,400	118,200	119,200	121,500	118,600	119,500	119,200	116,800	116,100	115,200	114,200
Federal Government	12,700	12,600	12,400	12,300	12,600	12,900	13,700	13,500	13,200	12,900	12,900	13,100	13,300
State and Local Government	104,500	104,600	105,000	105,900	106,600	108,600	104,900	106,000	106,000	103,900	103,300	102,100	100,900
State Government	28,600	28,700	28,900	29,000	29,500	29,800	28,500	30,000	29,800	29,300	29,100	29,000	29,100
Local Government	75,900	75,900	76,100	76,900	77,100	78,800	76,400	76,000	76,200	74,600	74,200	73,100	71,800

(1) Benchmarked data.

(2) Estimates include all full-or part time wage and salary workers who worked or received pay in the industry groups pay period ending the 12th of the month

Source: Idaho Department of Labor, Communication & Research Division.

STATE OF IDAHO
NONFARM PAYROLL JOBS—BY PLACE OF WORK⁽¹⁾

	Feb 2017	Jan 2017⁽¹⁾	Feb 2016	Percent Change	
				From Last Month	From Last Year
Nonfarm Payroll Jobs-NAICS⁽²⁾	699,400	693,100	676,500	0.9%	3.4%
Goods Producing	108,500	108,500	104,300	0.0%	4.0%
Natural Resources	3,700	3,700	3,600	0.0%	2.8%
Construction	40,400	40,000	37,200	1.0%	8.6%
Manufacturing	64,400	64,800	63,500	-0.6%	1.4%
Durable Goods	37,400	37,600	36,700	-0.5%	1.9%
Nondurable Goods	27,000	27,200	26,800	-0.7%	0.7%
Service Providing	590,900	584,600	572,200	1.1%	3.3%
Trade, Transportation, And Utilities	136,100	138,100	134,500	-1.4%	1.2%
Trade	29,300	29,200	28,400	0.3%	3.2%
Transportation, Warehousing, And Utilities	23,300	24,100	23,500	-3.3%	-0.9%
Information	9,200	9,200	8,900	0.0%	3.4%
Financial Activities	35,000	34,700	33,100	0.9%	5.7%
Professional and Business Services	86,700	86,000	82,200	0.8%	5.5%
Professional and Technical Services	36,300	36,400	34,700	-0.3%	4.6%
Management of Companies and Enterprises	5,400	5,400	5,400	0.0%	0.0%
Administrative, Support, Waste Management	45,000	44,200	42,100	1.8%	6.9%
Education and Health Services	103,800	102,200	100,000	1.6%	3.8%
Leisure and Hospitality	69,700	68,500	68,300	1.8%	2.0%
Other Services	24,400	24,200	23,500	0.8%	3.8%
Total Government	126,000	121,700	121,700	3.5%	3.5%
Federal Government	12,000	12,000	11,800	0.0%	1.7%
State and Local Government	114,000	109,700	109,900	3.9%	3.7%
State Government	32,400	29,800	30,700	8.7%	5.5%
Local Government	81,600	79,900	79,200	2.1%	3.0%

(1) Benchmarked data.

(2) Estimates include all full- or part-time wage and salary workers who worked or received pay in the industry group's pay period ending the 12th of the month.

Source: Idaho Department of Labor, Communication & Research Division.

STATE OF IDAHO
AGRICULTURAL EMPLOYMENT ESTIMATES

	Feb 2017	Jan 2017	Feb 2016	Percent Change	
				From Last Month	From Last Year
Total Agricultural Employment	43,901	43,035	43,432	2.0%	1.1%
Operators and Unpaid Family	13,740	13,728	13,545	0.1%	1.4%
Hired Workers	30,161	29,307	29,887	2.9%	0.9%

Source: Idaho Department of Labor, Communication & Research Division.

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**STATE OF IDAHO
LARGEST EMPLOYERS**

Employer	Number of Employees	Industry
St. Luke's Regional Medical Center	13,600 - 13,649	Health Care
Wal-Mart	7,850 - 7,899	Retail Trade
Micron Technology	6,700 - 6,749	Manufacturing
Brigham Young University - Idaho	5,250 - 5,299	Education, Private
Boise State University	4,950 - 4,999	Education, State
St. Alphonsus Regional Medical Center	4,750 - 4,799	Health Care
University of Idaho	4,600 - 4,649	Education, State
West Ada Joint School District No. 2	4,300 - 4,349	Education, Local
Battelle Energy Alliance	4,000 - 4,049	Professional and Technical Services
Boise Independent School District No. 1	3,850 - 3,899	Education, Local
Idaho State University	3,600 - 3,649	Education, State
Idaho Department of Health & Welfare	2,850 - 2,899	State, Administration
Kootenai Medical Center	2,700 - 2,749	Health Care
J.R. Simplot Company	2,700 - 2,749	Manufacturing
U.S Forest Service and Natural Resources Conservation Service	2,550 - 2,599	Federal Government
U.S. Postal Service	2,500 - 2,549	Federal Government

*NOTE: Not all companies are listed, affecting the rank order. Only employers that have given the Department permission to release employment range data are listed.

Source: *Quarterly Census of Employment & Wages, Preliminary Annual Average 2016.*

Idaho Department of Labor, Communications & Research Division.

**STATE OF IDAHO
COMPARISON OF IDAHO AND NATIONAL AVERAGE ANNUAL WAGE**

Calendar Year	Idaho Average Annual Wage	National Average Annual Wage
2006	34,327	44,389
2007	35,245	46,342
2008	35,569	47,597
2009	35,842	47,617
2010	36,607	48,924
2011	37,069	50,274
2012	37,353	51,651
2013	38,060	52,181
2014	39,228	53,812
2015	40,184	55,415
2016	41,045	56,028

Source: *IHS Economics and Idaho Division of Financial Management.*

**APPENDIX B
Bond Resolution**

(See attached.)

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**APPENDIX C
Facilities Lease**

(See attached.)

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APPENDIX D
Audited Financial Statements of the Authority

(See attached.)

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APPENDIX E
State of Idaho Comprehensive Annual Financial Report
(See attached.)

APPENDIX F
Form of Continuing Disclosure Agreement

(See attached.)

APPENDIX G
Form of Opinion of Bond Counsel

(See attached.)

APPENDIX H

Depository Trust Company Information

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner(s)") 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, as paying agent (the "Paying Agent"), on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, 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 the Authority or the Paying 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.

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

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

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

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LEGISLATURE OF THE STATE OF IDAHO
Sixty-fourth Legislature First Regular Session - 2017

IN THE SENATE

SENATE CONCURRENT RESOLUTION NO. 105

BY EDUCATION COMMITTEE

A CONCURRENT RESOLUTION

STATING FINDINGS OF THE LEGISLATURE AND AUTHORIZING THE STATE BOARD OF EDUCATION TO ENTER INTO AGREEMENTS WITH THE IDAHO STATE BUILDING AUTHORITY TO FINANCE THE CONSTRUCTION OF THE IDAHO CYBERCORE INTEGRATION CENTER AND IDAHO COLLABORATIVE COMPUTING CENTER.

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

WHEREAS, the State Board of Education has directed Idaho's institutions of higher education through board policy to be a driving force in innovation and economic development in the State of Idaho through collaboration and research programs in strategic areas and to serve as catalysts and engines to spur the creation of new knowledge, technologies, products and industries that in turn will lead to new advancements and opportunities for the State of Idaho; and

WHEREAS, the State Board of Education's higher education research policy emphasizes the need for extensive and rapid dissemination of new knowledge and the establishment of knowledge networks that facilitate public, private and academic institution interaction and collaborative relationships between academia and varied stakeholders outside of academia; and

WHEREAS, the State Board of Education desires to increase the quality and quantity of research and to encourage continued public and private support of research in Idaho; and

WHEREAS, the Idaho National Laboratory has proven to be an integral partner in advancing the research efforts of the State of Idaho in collaboration with Idaho's public institutions; and

WHEREAS, the existing consortium of the Idaho National Laboratory and Idaho's public research institutions at the Center for Advanced Energy Studies has proven to be of public use and provides a public benefit to Idaho; and

WHEREAS, it is in the best interest of the state for the Idaho State Building Authority to provide the facilities to be known as the "Idaho Cybercore Integration Center" and the "Idaho Collaborative Computing Center" for use by the Idaho National Laboratory, the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, College of Southern Idaho, College of Western Idaho, North Idaho College, Eastern Idaho Technical College, other public agencies, and private companies to promote their educational, service and business needs; and

WHEREAS, the total par amount of bonds for the Idaho Cybercore Integration Center and the Idaho Collaborative Computing Center shall not exceed \$90 million; and

WHEREAS, the State Board of Education and the State Building Authority will report final lease terms and financial details to the Joint Finance-Appropriations Committee, the Senate Education Committee and the House of Representatives Education Committee; and

1 WHEREAS, a collaboration between the Idaho National Laboratory and
2 Idaho's public higher education institutions for research and educational
3 opportunities at the Idaho Cybercore Integration Center and the Idaho Col-
4 laborative Computing Center will be of public use and will provide a public
5 benefit to Idaho.

6 NOW, THEREFORE, BE IT RESOLVED by the members of the First Regular Ses-
7 sion of the Sixty-fourth Idaho Legislature, the Senate and the House of Rep-
8 resentatives concurring therein, that the Legislature hereby authorizes and
9 provides approval for the State Board of Education to enter into an agreement
10 or agreements, either separately or together, with the Idaho State Build-
11 ing Authority, under such terms and conditions as may be reasonable and nec-
12 essary, to provide for the financing and development of research and educa-
13 tional facilities, and related facilities, at Idaho Falls, Idaho, for their
14 uses and the uses of other public and/or private entities that may have af-
15 filiated, related or collaborative purposes.

16 BE IT FURTHER RESOLVED that this resolution constitutes authorization
17 required by the provisions of Section 67-6410, Idaho Code.

October 5, 2017

CCN 241352

LETTER OF REPRESENTATIONS

Mr. Chester (Chet) Herbst
Idaho State Board of Education
650 West State Street # 307
Boise, ID 83720

SUBJECT: Cybercore Integration Center and Collaborative Computing Center Facilities
Sublease Agreements; Representations by Battelle Energy Alliance, LLC and the
U.S. Department of Energy, Idaho Operations Office

Dear Mr. Herbst:

THIS LETTER OF REPRESENTATIONS (this “Representation Letter”) is executed in connection with the leasing, construction, and financing of certain research and educational facilities at the Idaho National Laboratory (the “INL”) to be known as the Cybercore Integration Center and the Collaborative Computing Center (collectively, the “Facilities”). The Idaho State Board of Education (“SBOE”) and Wells Fargo Securities (the “Underwriter”) have requested the representations contained below in this letter from Battelle Energy Alliance, LLC (“BEA”) and the Department of Energy, Idaho Operations Office (“DOE-ID”).

BACKGROUND

- A. BEA is a limited liability company acting as the prime contractor under that certain Management and Operating Contract (Contract Number DE-AC07-05ID14517) with DOE-ID as amended, modified, and supplemented (“Prime Contract”) for management of the INL.
- B. In accordance with the provisions of Idaho Code, Section 67-6410(a), the Idaho Legislature, pursuant to Senate Concurrent Resolution No. 105, First Regular Session of the Sixty-Fourth Legislature, has authorized the SBOE to enter into agreements as may be reasonable and necessary with the Idaho State Building Authority (the “Authority”) for the purpose of financing and developing the Facilities.

Mr. Chet Herbst
October 5, 2017
CCN 241352
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- C. The Authority will acquire a leasehold interest in certain land (the “Land”) owned by the State of Idaho (the “State”) by entering into a Ground Lease with the State, acting by and through the SBOE.
- D. The Authority will then undertake the financing, development and construction of the Facilities on the Land together with the procurement and installation of certain upgrades to the Facilities to be funded by BEA (the “BEA Upgrades”).
- E. The Authority will enter into an annually renewable agreement to lease the completed Facilities to the State, acting by and through SBOE (the “Facilities Lease”).
- F. The SBOE, in-turn, will enter into two sublease agreements with BEA, one for each Facility (the “Facilities Subleases”).
- G. As a condition of the Facilities Subleases, BEA, or any successor Management and Operating (“M&O”) contractor (collectively, the “Operating Contractor”), is required to include and accommodate research and education opportunities, as described in the Facilities Subleases, with the State’s public higher education institutions.
- H. For so long as the Facilities Subleases are in effect, the rent paid by the Operating Contractor under the Facilities Subleases (the “Sublease Rent”) will be the source of repayment revenue for the bonds (the “Bonds”) to be issued by the Authority to finance the Facilities.
- I. BEA intends to fund payment of the Sublease Rent and any other obligations under the Facilities Subleases with funding it receives from DOE-ID under the Prime Contract.

REPRESENTATIONS

- 1. BEA understands that all Sublease Rent and the right, power and authority to collect such Sublease Rent under the Facilities Subleases will be assigned to ZB, National Association dba Zions Bank, as the Bond Trustee.
- 2. DOE represents, as of the date hereof, that the BEA Upgrades, as well as the Sublease Rent and any other costs for which BEA is responsible under the Facilities Subleases, are allowable costs under BEA’s Prime Contract with DOE-ID.

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October 5, 2017
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3. DOE-ID will seek, and BEA (or its successor) will, to the extent permitted by law and by the Prime Contract, assist DOE-ID's efforts to seek, annual appropriation of monies sufficient to fund the Sublease Rent and the Prime Contract or the successor M&O contract.
4. DOE-ID will require any successor M&O contractor to BEA to assume all obligations of BEA under the Facilities Subleases and to execute an assignment with respect to the same.
5. In the event there is a period of time during which DOE-ID operates and manages the INL itself, it will assume the obligations of BEA or any successor under the Facilities Subleases.
6. BEA intends to use the Facilities for Permitted Uses as defined in the Facilities Subleases.
7. DOE-ID anticipates its mission at the INL and the Facilities will continue for a period of time ending no earlier than the full term of the Facilities Subleases.

By signing below, BEA and DOE-ID acknowledge that the representations contained in this Representation Letter are (i) accurate and based on the information reasonably available to BEA and DOE-ID as of the date of this letter and (ii) for the benefit of and will be relied upon by the State, SBOE, the Underwriter, the Bond Trustee and the holders of the Bonds.

Battelle Energy Alliance, LLC

Michelle Wiest

Date: October 5, 2017

Name: Michelle Wiest

Title: Director, Acquisition and Contracts Management

U.S. Department of Energy, Idaho Operations Office

Michael L. Adams

Date: 10/5/17

Name: Michael L. Adams

Title: Contracting Officer, Contract Management Division

Mr. Chet Herbst
October 5, 2017
CCN 241352
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cc: INL

J. Alvarez
A. D. Andersen
K. J. Beierschmitt
D. R. Newby
M. D. Olsen
M. T. Peters

cc: Hawley Troxell
Danielle Quade

October 3, 2017

CCN 241326

Mr. Matt Freeman
Executive Director
Idaho State Board of Education
650 W. State Street, Suite 307
Boise, ID 83720-0037

SUBJECT: Acknowledgment of Preliminary Plan for Collaboration between Idaho State Board of Education and Battelle Energy Alliance, LLC

Dear Mr. Freeman:

I reviewed the enclosed preliminary plan for collaboration ("Preliminary Plan") between the Idaho State Board of Education, representing its institutions of higher education (collectively "SBOE"), and Battelle Energy Alliance, LLC (BEA), as management and operating contractor of the Idaho National Laboratory ("INL").

The Preliminary Plan reflects the areas of collaboration that INL intends with SBOE, including the expectation that the areas of collaboration will evolve over time to reflect the needs of the Parties, as well as the government agency sponsors for much of the work expected to be performed in the Cybercore Integration Center and Idaho Collaboration Computing Center facilities. Therefore, as contemplated by the terms of the draft leases, BEA anticipates INL will meet regularly with SBOE to "identify and agree upon specific collaborative purposes as may be of interest to the Parties."

Sincerely,



Dr. Mark T. Peters
Director, Idaho National Laboratory
and President, Battelle Energy Alliance LLC

BJS:MRR

Enclosure:
Preliminary Plan of Collaboration

cc: NE-ID
A. L. Gunn, MS 1235
J. C. Fogg, MS 1221

INL
A. Andersen, MS 3898
J. Alvarez, MS 3695
K. J. Beierschmitt, MS 3695
R. M. Hillier, MS 3790
M. D. Olsen, MS 3899
B. J. Stacey, MS 3750
Z. D. Tudor, MS 3750

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MEMORANDUM OF UNDERSTANDING

Between

THE IDAHO NATIONAL LABORATORY

and THE IDAHO UNIVERSITIES FOR COOPERATION

**To Enhance Idaho's Educational Opportunities Through Collaborations
Associated with the Cybercore Integration Center and Collaborative Computing Center**

The purpose of this Memorandum of Understanding (MOU) is to describe certain mutual understandings between the Idaho National Laboratory (INL), which is managed and operated by Battelle Energy Alliance, LLC (BEA) for the United States Department of Energy under DOE Contract No. DE-AC07-05ID14517, and the Idaho universities which include: Boise State University, Idaho State University, and the University of Idaho regarding the Participants' intentions to collaborate and facilitate state-wide education and research focused on advancing control systems cybersecurity, and high performance computing.

The Participants intend that coordination and discussions between the Participants are to be on the basis of mutual benefit and reciprocity.

RECITALS

WHEREAS, the INL and the Universities desire to work together to advance control systems cybersecurity through both collaborative research and state-wide academic cooperation and computing science in the areas of High Performance Computing (HPC);

WHEREAS, each of the parties has unique capabilities and resources to bring to bear in a cooperative educational endeavor and chooses to share those collaboratively and;

WHEREAS, it is mutually deemed sound, desirable, practicable, and beneficial for the parties to assist each other to make this Understanding work in accordance with these terms.

This MOU builds upon the capabilities of each institution to form a regional educational ecosystem that would not otherwise be possible nor affordable by the efforts of one of the parties alone.

Article 1: OBJECTIVES

The intended objective of this MOU is to facilitate collaborations, and project estimates describe annual targets of cooperation between the Participants initially in the areas of control systems cybersecurity and high performance computing. The parties to this MOU agree that no provision of this MOU, collectively or individually, is contractual or otherwise legally enforceable in any way by either party and may be terminated at any time by any of the Participants.

Article 2: AREAS OF COOPERATION

Areas of cooperation include, but are not limited to, the following:

- 2.1 Academic collaboration through a multidisciplinary approach to advance curriculum and training to meet the next generation of national challenges;
- 2.2 Collaborative research on national challenges to recruit and develop top talent through joint appointments and research projects in a world class environment;
- 2.3 Computation, modeling and simulation to accelerate research and learning across all disciplines of science and;
- 2.4 Support of the Idaho Regional Optical Network to ensure the continued availability of extremely high speed computer network connectivity to enable this partnership across all of Idaho's institutions of higher education.

Additional topics of potential cooperation may be considered based on mutual written consent by the Participants.

Article 3: FORMS OF COOPERATION

Planned areas of collaboration under this MOU include:

- 3.1 Exchange of publicly available scientific and engineering information, results and methods of R&D across the Universities;
- 3.2 Organization of and participation in seminars or other meetings on specific topics;
- 3.3 Integration of university and INL lab facilities, demonstration environments, equipment for education, research or professional exchanges, subject to the prior agreement of the Participants;
- 3.4 Joint national grand challenge projects in which the Participants agree to share the work and/or costs;
- 3.5 Academic enhancements or Science, Technology, Engineering and Math (STEM) advancement to support Idaho students' preparedness for higher education;
- 3.6 Exchanges of personnel, proprietary/confidential information, or the undertaking of joint or separate R&D projects identified by the Participants may be undertaken, pursuant to an appropriate written agreement;
- 3.7 Sustain the Idaho Regional Optical Network as a critical resource to provide active engagement across the Participants and;

- 3.8. Exchange of innovative technology and curriculum as appropriate to the areas of cooperation listed in Article 2 of this MOU and as agreed to by the Participants.

Planned areas of collaboration under this MOU for the Cybercore Integration Center are intended to include the following:

- Increase internships to support engagement and development of Idaho students.
- Provide postdoctoral, undergraduate and graduate students with meaningful national challenge research opportunities and capstone projects.
- Support joint appointments to bring world class educational environments to Idaho institutions. Engage INL Graduate Fellows in research programs that enhance Idaho's national reputation for innovation.
- Advance INL employee education opportunities to meet emerging needs as outlined in Article 2 of this MOU.

These objects are subject to the prior agreement and strategic targets of the Participants.

Planned areas of collaboration under this MOU for the Collaborative Computing Center are intended to include the following:

Remote access and use of the Participants' high performance computation, modeling and simulation capabilities for education, research or professional exchange, is subject to a prior agreement of the Participants.

Article 4: MANAGEMENT OF THE COOPERATION

This Understanding is an evolving collaboration requiring the information to be updated yearly. The Coordinators or their designees (s) are to record and track the progress related to this MOU and collect periodic status reports. In order to meet the strategic long-term objectives as detailed in Addendum A, Participants' will determine annual targets and progression of collaboration each year, through annual addendums to this MOU, starting in calendar year 2018. This Understanding is intended to foster annual milestones to increase existing collaboration with the Participants and does not limit expanded future collaborative endeavors.

The Coordinators are as follows:

For INL: Dr. Kelly Beierschmitt
Title: INL Deputy Director
 Science & Technology

For BSU: Dr. Mark Rudin
Title: Vice President for Research

For ISU: Dr. Cornelis Van Der Schyf
Title: Vice President for Research

For U of I: Dr. Janet Nelson
Title: Vice President for Research & Economic
 Development

Each Participant should conduct the activities contemplated by this MOU in accordance with all applicable laws, regulations and other requirements to which it is subject, including, without

limitation, export control laws and environment, health and safety laws and regulations, and international agreements to which its Government is party.

Article 5: FINANCIAL OBLIGATIONS

Except as the Participants may otherwise agree in writing, each Participant is to be responsible for the costs it incurs in participating in cooperative activities under this MOU. The conduct of cooperative activities under this MOU is subject to the availability of personnel, appropriated funds, and other resources. Nothing in (i) this MOU or (ii) discussions or correspondence leading up to or relating to this MOU creates any legally binding obligations between the Participants.

Independent Entities: The Participants understand that nothing contained herein is intended to authorize any Participant to bind or act for, or assume any obligations or responsibilities on behalf of, the other Participant. The Participants do not intend for this MOU to create any responsibility or liability for an indebtedness or obligation of the other Participants. In no event is this MOU intended to be construed to create a partnership, joint venture, alliance or any other affiliation between the Participants.

Liability: In no event is this MOU to be construed to cause the Participants to be liable to the other Entity or its affiliates for loss of profits, loss of products, loss of use or for indirect, consequential or special damages.

Consent: This MOU is not intended to commit nor obligate the Participants to provide any products, or perform any services, or accept any responsibilities, without the other Participant's prior written consent.

Article 6: INFORMATION AND INTELLECTUAL PROPERTY

If it appears that cooperative activities under this MOU result in the creation of intellectual property, the Participants should enter into a written legal agreement that structures the cooperative relationship associated with the intellectual property.

Article 7: DURATION, AMENDMENT, AND TERMINATION

- 7.1 Activities under this MOU may commence upon signature and may continue for ten (10) years unless discontinued in accordance with paragraph 3 of this Article. This MOU may be modified or extended by mutual written consent of the Participants.
- 7.2 The Participants intend that any questions of interpretation or implementation relating to this MOU arising during its term re to be resolved by consultations between them.
- 7.3 This MOU may be discontinued at any time by mutual written consent of the

Participants. Alternatively, any Participant that wishes to discontinue its participation in this MOU should endeavor to provide at least [90] days advance written notice to the other Participants. The Participants intend that any discontinuance of this MOU should be without prejudice to any rights and obligations that may have accrued under separate executed agreements to effectuate the intended collaborations, activities and exchanges contemplated under this MOU.

- 7.4 The Participants understand that INL may assign or transfer this MOU to the U.S. Department of Energy or to its designee without notice or prior consent to IRSN.

FOR IDAHO NATIONAL LABORATORY:

SIGNATURE:

NAME: [Signature]
TITLE: INL Deputy Director

DATE: 2/12/18

FOR BOISE STATE UNIVERSITY:

SIGNATURE:

NAME: [Signature]
TITLE: Vice President for Research

DATE: 2/12/18

FOR IDAHO STATE UNIVERSITY:

SIGNATURE:

NAME: [Signature]
TITLE: Vice President for Research

DATE: 2/12/18

FOR UNIVERSITY OF IDAHO:

SIGNATURE:

NAME: [Signature]
TITLE: Vice President for Research & Economic Development

DATE: 2/7/18

Addendum A
THE IDAHO NATIONAL LABORATORY
& THE IDAHO UNIVERSITIES FOR COOPERATION

Vision for Idaho's Control Systems Cybersecurity and High Performance Computing Educational Ecosystem

As Idaho looks to the future of educational investments and providing the talent pools required to attract and expand investment in the state's economy; it is clear that strategic alignment is required across INL, Idaho universities, and colleges. To establish an educational ecosystem in Idaho a measured approach to resource sharing, multidisciplinary teaming with world-renowned experts, curriculum expansion and industry/government integration, additional facility, interns, joint appointments, and remote educational opportunities is underway. The planning for investment and collaboration and expansion of capabilities is strategically aligned to the institutions unique strengths.

- Boise State University is aligned to provide the Center for Advanced Materials (Microelectronics), Computing, Modeling & Simulation Algorithms, and a Cyber Lab for Control Systems.
- Idaho State University is focused on programs addressing an Informatics Research Institute, National Information Assurance, Training & Education Center, cyber Physical Labs, and a Polytechnic Initiative.
- The University of Idaho is leading a National Security Administration and Department of Homeland Security Certified Center for Secure & Dependable Systems, Power Engineering, and research and development employing the Real Time Digital Simulator.

The ecosystem is enabled through partnership with INL on access to capabilities and expertise in nuclear physics, engineering, cybersecurity and computational science and advanced vehicle research. INL also hosts Super Computing facilities available remotely to Idaho's education ecosystem as a charter associate of the Idaho Regional Optical Network (IRON). IRON provides the bandwidth essential for sharing big, data analytics, advanced modeling and simulations, power systems data and technology and infrastructure dependencies information.

Idaho universities and colleges , and INL strongly believe partnering will dramatically enhance educational offerings at Idaho institutions of higher learning, ensure a strong and vibrant future in the areas of cyber security and super-computing, and provide a critical talent pipeline for the state, INL, and other employers. There is a strong nexus between the INL's mission and Idaho universities and colleges to expand the educational ecosystem. Integrating research assets through IRON enables graduate level classes to study the interdependence of infrastructure and technology through a multi-disciplinary, hands-on approach. Students are able to go from concept to bench scale and then to full scale tests in a matter of weeks. This fits perfectly into an accelerated semester based program. Fusing university and college capabilities with INL's full-scale, integrated test beds and critical infrastructure test range creates a virtual education environment that does not exist anywhere else in the United States.

The Partners are in support this integrated strategy, so that by 2025 collectively they increase the number of interns and joint appointments (to a total of 200 new opportunities), integrate capabilities, and advance curriculum to aggressively mature an education pipeline to meet hiring opportunities in Idaho and across the nation. Idaho's Educational Ecosystem transforms current efforts which team the Partners to develop a fully connective environment with engagement across the state's public universities and colleges.

Addendum B
THE IDAHO NATIONAL LABORATORY
& THE IDAHO UNIVERSITIES FOR COOPERATION

Collaboration Targets Boise State University

B.1

Calendar Year 2018 Focus

Boise State University (BSU) is prepared to fully realize the potential for educational integration with the Cybercore Integration Center, Collaborative Computer Center and the greater Idaho educational ecosystem.



**BOISE STATE
UNIVERSITY**

BSU milestones for calendar year 2018 include:

- Complete degree bearing curriculum development in process control cyber security at the undergraduate and graduates levels to produce a dependable pipeline of highly qualified graduates.
- Invest University resources to complete design and construction of the Cyber Laboratory for Industrial Control Systems (CLICS) by spring of 2018 that will complement the equipment and facilities in the Cybercore Integration center.
- Complete a high performance computing strategic plan that integrates and couples high performance computing (HPC) research at Boise State University with the Collaborative Computer Center to ultimately drive the revolution of HPC in science, engineering and society

In addition, BSU will provide a certificate and minor in process control cyber security customized for mechanical and electrical engineering majors and related fields with the first graduates from the program beginning in Spring of 2019.

BSU will conduct complimentary research to enable the greater educational and research ecosystem in the following areas:

- o Cyber physical vulnerabilities
- o Risk based approach for advanced engineering of industrial control
- o Analysis of control systems incidents
- o Assessment of system design and install vulnerabilities
- o Assessment of network designs

Collaboration Targets Idaho State University

B.2

Calendar Year 2018 Focus

Idaho State
UNIVERSITY

Idaho State University (ISU) is prepared to fully realize the potential for educational integration with the Cybercore Integration Center, Collaborative Computer Center and the greater Idaho educational ecosystem. Currently the Informatics Research Institute (IRI) coordinates cyber research and teaching with INL.

BSU milestones for calendar year 2018 include:

- Enable ISU's two faculty members as joint appointments; in cyber physical and industrial control systems and cyber forensics.
- Bring additional cyber expertise to the University, the individual has 20 years of experience in the Intelligence community and has a passion for under-represented individuals in science technology, engineering and math. She will be asked to evaluate additional demand for education in control

systems cybersecurity.

- Revise curriculum to more directly match the needs of INL and enable current roles. ISU offers a course focused on the Intelligence community and cyber physical threat analysis. Our forensics course has been recast as an Incidence Response and Cyber Forensics emphasis and is recognized as a Center of Excellence in ICS/SCADA. Using that designation we are expanding the program to build a shared 301 type course.
- Expand courses in Cyber Physical Security and Industrial Control Systems, using the Polytechnic Initiative in Idaho Falls as a springboard. Other areas for shared curriculum and advancement are incidence response, risk/threat analysis, and malware analysis.
- Support the CyberSimulator project designed to support research and instruction state-wide. Expanded access to IRON is essential, as it allows INL/IRI to offer a broader range on hands on work in cyber defense.

In addition over the next 18 months ISU/INL will jointly recruit a senior faculty member in CS/EE to address continues curriculum expansion. By 2019, ISU would anticipate having an additional faculty member hired to implement these initiatives. ISU is developing curriculum for cyber physical security labs to facilitate day-to-day physical and virtual contact with our university and INL collaborators, anticipated to include the polytechnic initiative facilities. The IRI with the NIATEC offers a two year intensive IA program that depends on NSF funding to provide IA professionals nation-wide. ISU will explore developing an in-state focused program to support INL and other employers; this represents an investment beyond normal internships.

Collaboration Targets University of Idaho

B.3

Calendar Year 2018 Focus



University of Idaho (U of I) is prepared to fully realize the potential for educational integration with the Cybercore Integration Center, Collaborative Computer Center and the greater Idaho educational ecosystem working with INL and the other state universities and colleges.

U of I as stated in Goal 1 of its strategic plan is committed to scholarly and creative products of the highest quality and scope, resulting in significant positive impact for the region and the world. Collaborations with the INL, Boise State University and Idaho State University through the Cybercore Integration Center and Collaborative Computing Center promotes building a culture of collaboration that increases scholarly and creative productivity through interdisciplinary, regional, national and global partnerships (Objective A); and creating, validating and applying knowledge through the coproduction of scholarly and creative works by students, staff, faculty and diverse external partners (Objective B).

The implementation and accomplishment of UI goals will be done in collaboration with BSU, ISU, and INL to ensure maximum effective and eliminate unnecessary overlap or duplication. Specific U of I milestones for calendar year 2018 include:

- Complete the installation of the Distributed Test Bed located on the Moscow, Idaho Falls, and Coeur d'Alene UI campuses. The test bed is an \$875,000 project funded by Idaho and the Murdock Foundation. This test bed should complement the equipment and facilities in the Cybercore Integration center and could potentially include other distributed nodes.
- Hire two computer science faculty members in the area of Cyber Physical Systems, one located in Moscow and the other in Idaho Falls, to start fall 2018. These two appointments will complement two electrical engineering faculty members hired last year at U of I in the area of Cyber Physical Systems and will increase the state's overall Cyber Physical expertise and U of I's capacity to

collaborate with the faculty member being hired by BSU and that reside in shared labs in Idaho Falls. They will join four established cybersecurity faculty that were hired in 2014.

- Apply for a joint UI/INL faculty appointment for Dakota Roberson, the EE faculty hired in Idaho Falls last year. He will join Michael Haney as a UI/INL joint appointment. Expand course offerings in the area of Cyber Physical Systems due to the increase of faculty in this area.
- Facilitate cybersecurity faculty development of a proposal to expand the Center for Secure and Dependable Systems (CSDS) into the Institute for Secure and Dependable Systems (ISDS). This expansion would increase the capacity of the UI to conduct cybersecurity research in both software systems and cyber physical systems in areas such as power, industrial, and transportation systems; increasing collaboration with ISU in the area of National Information Assurances Training.
- Explore applying to the National Science Foundation for an Industry/University Cooperative Research Center in Cybersecurity, which could include partnerships with the national labs and state universities as well as industry.
- Place one of the U of I cybersecurity faculty into a summer faculty internship with Micron in Boise. The purpose is to assess the cybersecurity needs of Micron in the context of their manufacturing and control operations and develop research projects for on-going collaboration. A goal of the internship will to bring back a project that will utilize the Distributed Test Bed (see above).
- Place 6 U of I students (3 CS and 3 EE) into summer internships with regional companies to assess their cybersecurity needs and develop projects that can be implemented on the new distributed test bed (see above) in collaboration with an industry partner.
- Assess University of Idaho curriculum to meet student and employer demand for education in the areas of advancing cybersecurity, high performance computing and related fields to compliment or enhance offerings already in place at Idaho institutions.

Collaboration Targets Idaho National Laboratory

B.4

Calendar Year 2018 Focus



INL is prepared to fully realize the potential for educational integration with the Cybercore Integration Center, Collaborative Computer Center and the greater Idaho educational ecosystem working with Idaho's universities and colleges.

INL is increasing its national leadership and experiencing rapid growth in both high performance computing and control systems cybersecurity. This growth depends on a strong talent pipeline focused on developing a highly competent and educated workforce to address significant national challenges. As the Partners initiate collaboration in calendar year 2018 the INL focus includes:

- Working with each Idaho University in their focus areas for 2018
- Advise and cultivate an enhanced multidisciplinary and hands-on curriculum with Idaho universities and colleges. This includes providing curriculum review and technical expertise to support Idaho professors. Successful engagement equates to advancement of curriculum in control systems cybersecurity at the Idaho universities.
- Create a plan working with the Idaho universities to double N&HS/HPC interns and joint appointments.
- Ensure effective connectivity and contemporary content exchange between INL, Idaho Universities, colleges and technical schools employing the Idaho Regional Optical Network to

enable the Idaho Education Ecosystem vision. The first step is INL providing connectivity to its current high performance computing environment for collaborative work driven by Idaho universities.

- Complete a high performance computing strategic plan for INL that integrates and couples high performance computing (HPC) with Idaho Universities to ultimately help drive the revolution of HPC in our collective mission and academic areas.

	Preliminary			
	3.1.18 Rev 1			
	Description	C3	Cyber	Total
PROJECT COSTS				
DESIGN	A/E Construction Admin only	125,000.00	125,000.00	250,000.00
CONSTRUCTION GMP	2.15.18 GMP Proposal	43,400,363.00	37,840,946.00	81,241,309.00
Other ISBA Costs	ISBA Owner's Rep	325,000.00	325,000.00	650,000.00
	Building Commissioning	250,000.00	250,000.00	500,000.00
	Third Party Testing	150,000.00	150,000.00	300,000.00
	Owner Design Contingency	600,000.00	600,000.00	1,200,000.00
	Owner Construction Contingency	870,000.00	750,000.00	1,620,000.00
	Reimburse ISBA Costs To Date	125,000.00	125,000.00	250,000.00
	Land Acquisition	500,000.00	500,000.00	1,000,000.00
Total Project Budget		\$ 46,345,363.00	\$ 40,665,946.00	\$ 87,011,309.00
Funds Available From Bonds				\$ 73,500,000.00
Balance to be funded by BEA				\$ 13,511,309.00
To Be Paid by BEA				
	Special Features	5,272,027.00	7,650,821.00	\$ 12,922,848.00
	Personal Property included in GMP	369,135.00	296,935.00	\$ 666,070.00
	Subtotal	5,641,162.00	7,947,756.00	\$ 13,588,918.00
NOTE: Design Fees and Cost Previously Paid by BEA. Includes Plan Review and Building Permit Fees charged by Division of Building Safety	A/E Design Fees and Costs Paid by BEA			\$ 5,677,575.00

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State Board of Education Office of the State Board of Education	Agency Request		Governor's Rec		Motion for Representatives Horman, King, and Wintrow and Senator Mortimer				
	General	Total	General	Total	FTP	General	Dedicated	Federal	Total
FY 2018 Original Appropriation	5,584,900	9,036,500	5,584,900	9,036,500	31.25	5,584,900	715,200	2,736,400	9,036,500
Reappropriation	0	9,225,900	0	9,225,900	0.00	0	5,097,300	4,128,600	9,225,900
FY 2018 Total Appropriation	5,584,900	18,262,400	5,584,900	18,262,400	31.25	5,584,900	5,812,500	6,865,000	18,262,400
	0	0	0	0	0.00	0	0	0	0
FY 2018 Estimated Expenditures	5,584,900	18,262,400	5,584,900	18,262,400	31.25	5,584,900	5,812,500	6,865,000	18,262,400
Removal of Onetime Expenditures	(93,200)	(9,319,100)	(93,200)	(9,319,100)	0.00	(93,200)	(5,097,300)	(4,128,600)	(9,319,100)
FY 2019 Base	5,491,700	8,943,300	5,491,700	8,943,300	31.25	5,491,700	715,200	2,736,400	8,943,300
Benefit Costs	(42,100)	(47,600)	(34,100)	(39,300)	0.00	(34,100)	(4,900)	(300)	(39,300)
Inflationary Adjustments	4,000	4,000	4,000	4,000	0.00	4,000	0	0	4,000
Replacement Items	14,400	14,400	14,400	14,400	0.00	14,400	0	0	14,400
Statewide Cost Allocation	(45,800)	(45,800)	(45,800)	(45,200)	0.00	(45,800)	600	0	(45,200)
Change in Employee Compensation	22,000	26,700	64,900	79,200	0.00	64,900	10,300	4,000	79,200
FY 2019 Program Maintenance	5,444,200	8,895,000	5,495,100	8,956,400	31.25	5,495,100	721,200	2,740,100	8,956,400
1. IT/Telecommunications	11,000	11,000	0	0	0.00	11,000	0	0	11,000
2. Accreditation for Psychology Internships	125,000	125,000	125,000	125,000	0.00	125,000	0	0	125,000
3. Graduate Medical Education Council	114,000	114,000	0	0	0.00	80,000	0	0	80,000
4. Systems Integration Consultant	0	0	500,000	500,000	0.00	250,000	0	0	250,000
5. Transfer CIS to Board of Education	0	0	389,300	389,300	3.00	413,800	0	0	413,800
6. EO of the State Board of Education	0	0	269,500	269,500	0.00	0	0	0	0
7. INL Lease Payments	0	0	0	0	0.00	0	6,125,000	0	6,125,000
FY 2019 Total	5,694,200	9,145,000	6,778,900	10,240,200	34.25	6,374,900	6,846,200	2,740,100	15,961,200
Difference from FY 2018 Approp.	109,300	108,500	1,194,000	1,203,700	3.00	790,000	6,131,000	3,700	6,924,700
	2.0%	1.2%	21.4%	13.3%	9.6%	14.1%	857.2%	0.1%	76.6%

Motion: I move for the **Office of the State Board of Education**, beginning with the FY 2019 Base, a reduction of \$39,300 for benefit costs, an increase of \$4,000 for inflationary adjustments, an increase of \$14,400 for replacement items, a decrease of \$45,200 for statewide cost allocation, and an increase of \$79,200 for change in employee compensation. Also included are following line items: add \$11,000 for IT/Telecommunications as requested in line item 1; add \$125,000 for Accreditation for Psychology Internships as requested in line item 2; add \$80,000 for the Graduate Medical Education Council in line item 3; add \$250,000 for a Systems Integration Consultant as described in line item 4; add 3.00 FTP and \$413,800 for the Transfer of Career Information System (CIS) to the Board of Education in line item 5; and add \$6,125,000 for the annual lease payments from the Idaho National Laboratory in line item 7. The totals for this motion for FY 2019 are 34.25 FTP, \$6,374,900 from the General Fund, \$6,846,200 from dedicated funds, and \$2,740,100 from federal funds for a grand total of \$15,961,200.

Discussion:

For replacement items, the agency requested \$14,400 of onetime capital outlay from the General Fund to replace computer equipment, including one laptop computer (\$1,400), one desktop computer (\$800), one iPad (\$1,000), and one server (\$11,200).

Line item 1 provides \$11,000 from the General Fund (\$4,400 ongoing, \$6,600 onetime) for cybersecurity upgrades, including network security monitoring and purchase of software.

Line item 2 provides \$125,000 ongoing from the General Fund to establish accreditation standards for psychology internships and fund subsequent psychology internships in cooperating with the Western Interstate Commission for Higher Education (WICHE). After establishing these standards in FY 2019, funding will be used to support psychology internships throughout the state.

Line item 3 provides \$80,000 ongoing from the General Fund for a Graduate Medical Education Council to oversee the implementation of new programs and advise decision-makers on the medical education pipeline.

Line item 4 provides \$250,000 onetime from the General Fund for a contracted systems integration consultant to study and report on how best to implement the Higher Education Task Force recommendations regarding the integration and systemization of back office functions.

Line item 5 provides 3.00 FTP and \$413,800 from the General Fund (\$385,300 ongoing, \$28,500 onetime) to transfer the Career Information System (CIS) from the Department of Labor to the Office of the State Board of Education (OSBE).

Line item 7 provides \$6,125,000 ongoing from the Miscellaneous Revenue Fund, a dedicated fund, for annual sub-lease payments from the Idaho National Laboratory. In 2017, the Legislature adopted Senate Concurrent Resolution 105 authorizing the Office of the State Board of Education to enter into agreements for the development of research and educational facilities in Idaho Falls. The building will be constructed via bonding through the Idaho State Building Authority, leased by the Office of the State Board, and then subleased to a third party. The appropriation would enable the Office of the State Board to accept sublessee payments and submit lease payments to the Building Authority until the bond is paid. None of the sublease payment will remain with the Office of the State Board. No payments are expected to be received by the office until FY 2020, however, lease terms negotiated with the Idaho State Building Authority require appropriation in FY 2019. This line item was added at the recommendation of the State Controller's Office, and in recognition of the need for this income to be appropriately recorded.

There is intent language for this motion.

FY 2019. Office of the State Board of Education, Standard Intent Language

SECTION 3. LEGISLATIVE INTENT. There is hereby appropriated to the Office of the State Board of Education any unexpended and unencumbered balance of moneys in the Federal Grant Fund as appropriated or reappropriated for fiscal year 2018, to be used for nonrecurring expenditures, for the period July 1, 2018, through June 30, 2019.

SECTION 4. LEGISLATIVE INTENT. There is hereby reappropriated to the Office of the State Board of Education any unexpended and unencumbered balance of moneys in the Public Charter School Authorizers Fund as appropriated or reappropriated for fiscal year 2018, to be used for nonrecurring expenditures, for the period July 1, 2018, through June 30, 2019.

FY 2019. Office of the State Board of Education, Non-Standard Intent Language

SECTION 5. LEGISLATIVE INTENT. It is the intent of the Legislature that the President of State Board of Education shall provide a written report to the Joint Finance-Appropriations Committee, the Senate Education Committee, and the House Education Committee on the utilization of dual credit by students in Idaho high schools. The Board shall provide a history for the state funding for dual credit enrollment, data regarding the short-term achievement of students engaged in dual credit enrollment, and the costs incurred by institutions of higher education providing dual credits with the opportunity for input from said institutions. Reporting to the Legislature should occur no later than February 1, 2019 and shall be formatted in such a manner that allows consistent comparison across all institutions.

SECTION 6. LEGISLATIVE INTENT. The State Board of Education shall provide an annual update to the Joint Finance and Appropriations Committee of all sublease rent payments made and any amount due and outstanding related to Senate Concurrent Resolution No. 105 (2017).

University Boulevard

Center for
Advanced
Energy
StudiesEnergy
Innovation
LaboratoryCollaborative
Computing
Center

108 Stalls

114 Stalls

Cybercore
Integration
Center

Union Pacific Rail Corridor

Overall Parking Calculations**Collaborative Computing Center**

Level 1: 23,316 NSF

Level 2: 12,412 NSF

Total: 35,728 NSF

Parking requirement at 3/1000 SF = 108 Stalls

Cybercore Integration Center

Level 1: 10,264 NSF

Level 2: 27,446 NSF

Total: 37,710 NSF

Parking requirement at 3/1000 SF = 114 Stalls

Total Parking Requirement = 222 Stalls

North



0

150'

300'

**Collaborative Computing Center / Cybercore Integration Center -
City of Idaho Falls Approved Overall Site Plan and Parking Layout**

Flad Architects

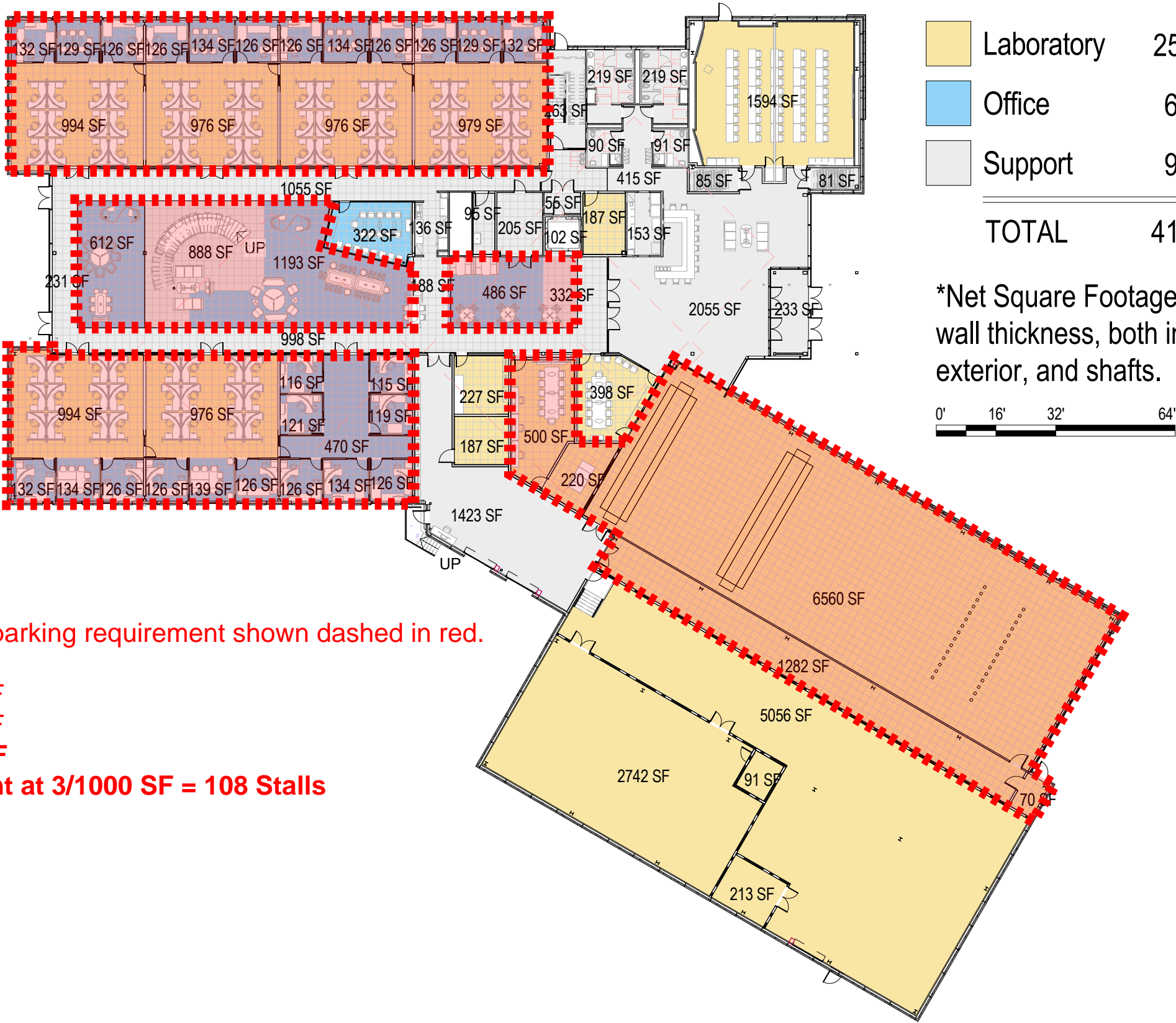
02/27/2018

BAHR - SECTION II

TAB 1 Page 271

Collaborative Computing Center - Level 1
Floor Plan Analysis for Parking Requirement
Flad Architects
02/27/2018

Laboratory vs Support



Laboratory	25,224 NSF
Office	6,274 NSF
Support	9,612 NSF
<hr/>	
TOTAL	41,110 NSF*

*Net Square Footage excludes wall thickness, both interior and exterior, and shafts.

SF applied towards parking requirement shown dashed in red.

Level 1: 23,316 NSF
Level 2: 12,412 NSF
Total: **35,728 NSF**
Parking requirement at 3/1000 SF = 108 Stalls

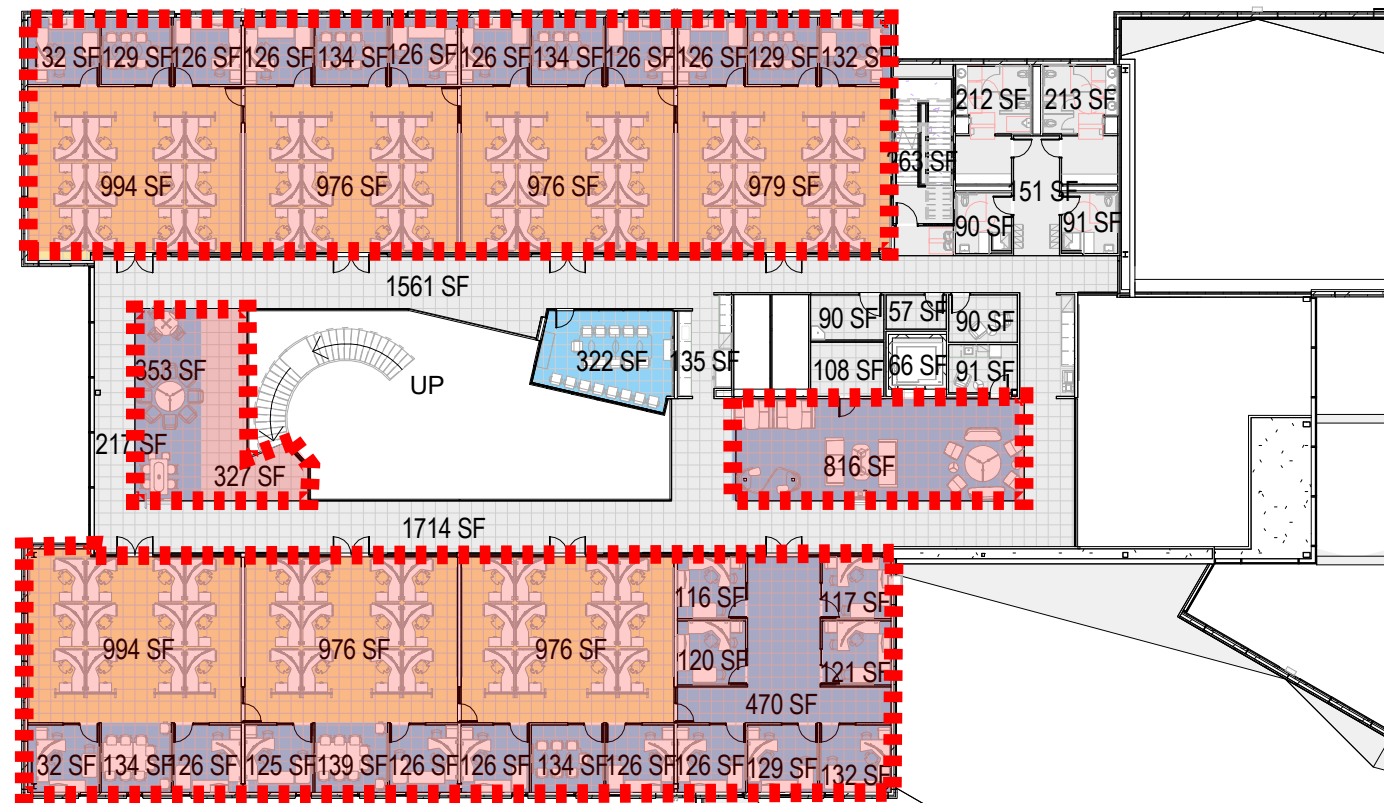
Collaborative Computing Center - Level 2

Floor Plan Analysis for Parking Requirement

Flad Architects

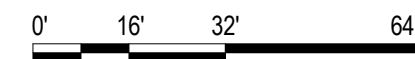
02/27/2018

Laboratory vs Support



Laboratory	6,872 NSF
Office	5,542 NSF
Support	5,475 NSF
<hr/>	
TOTAL	17,889 NSF*

*Net Square Footage excludes wall thickness, both interior and exterior, and shafts.



SF applied towards parking requirement shown dashed in red.

Level 1: 23,316 NSF

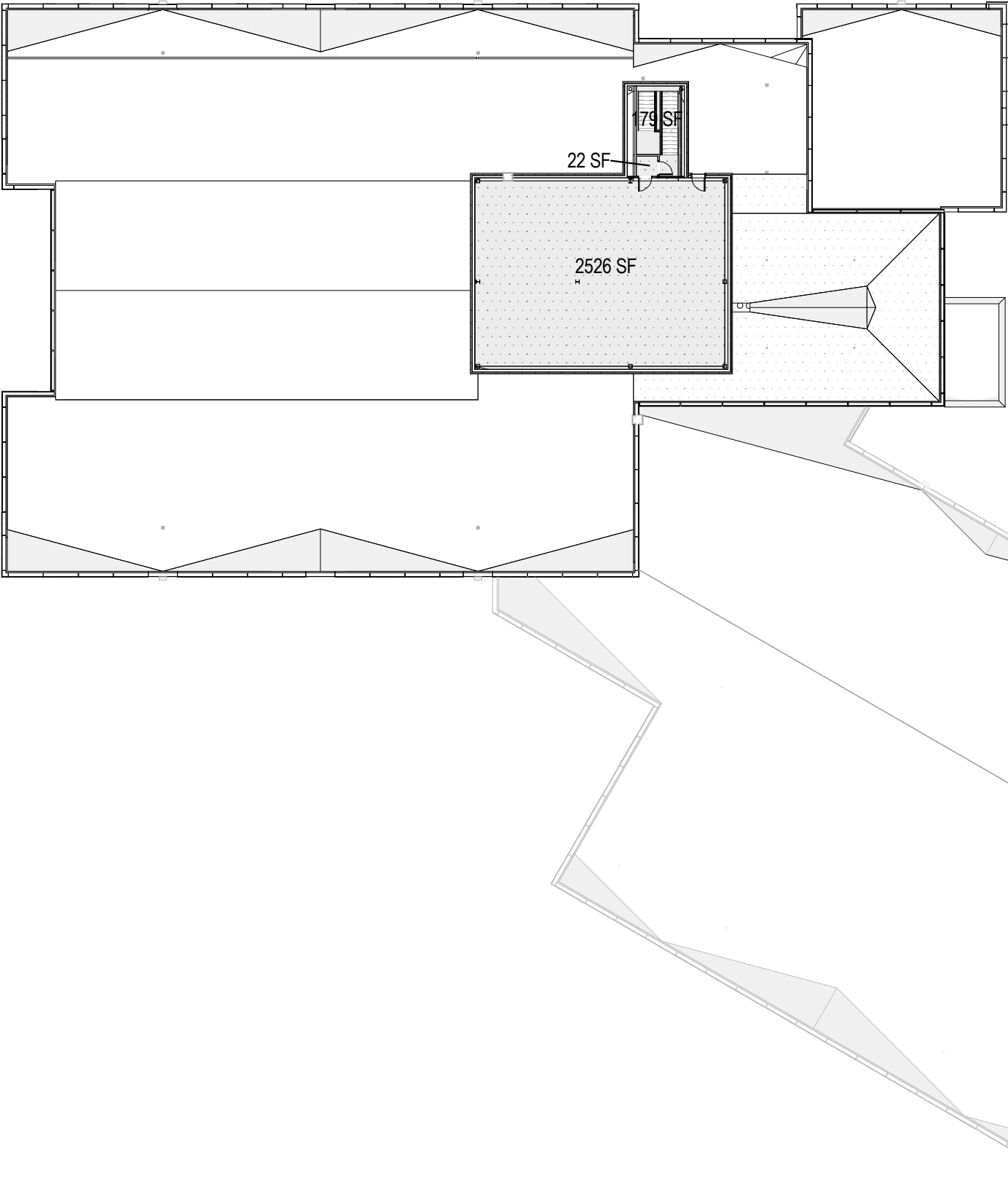
Level 2: 12,412 NSF

Total: 35,728 NSF

Parking requirement at 3/1000 SF = 108 Stalls

Collaborative Computing Center - Penthouse
Floor Plan Analysis for Parking Requirement
Flad Architects
02/27/2018

Laboratory vs Support



Support 25,224 NSF*

*Net Square Footage excludes wall thickness, both interior and exterior, and shafts.



Cybercore Integration Center - Level 1
Floor Plan Analysis for Parking Requirement
Flad Architects
02/27/2018



Laboratory vs Support

Laboratory	13,731 NSF
Office	5,489 NSF
Support	18,729 NSF
<hr/>	
TOTAL	37,949 NSF*

*Net Square Footage excludes wall thickness, both interior and exterior, and shafts.



SF applied towards parking requirement shown dashed in red.

Level 1: 10,264 NSF
Level 2: 27,446 NSF
Total: **37,710 NSF**
Parking requirement at 3/1000 SF = 114 Stalls

Cybercore Integration Center - Level 2
Floor Plan Analysis for Parking Requirement
Flad Architects
02/27/2018



Laboratory vs Support

Laboratory	13,667 NSF
Office	17,215 NSF
Support	6,190 NSF
<hr/>	
TOTAL	37,072 NSF*

*Net Square Footage excludes wall thickness, both interior and exterior, and shafts.



SF applied towards parking requirement shown dashed in red.

Level 1: 10,264 NSF
Level 2: 27,446 NSF
Total: **37,710 NSF**
Parking requirement at 3/1000 SF = 114 Stalls

What is the Cybercore Integration Center (Cybercore) and why is it needed?

The Cybercore Integration Center (Cybercore) is an approximately 80,000 square foot state-of-the-art facility designed to sustain and grow INL's world-class capabilities in the area of cybersecurity and the protection of our nation's critical infrastructure – including dams, power plants, the electrical grid and military ships and vehicles. INL is among a small group of world leaders in this critical area of cybersecurity. The demand for INL's expertise has outgrown our space to support the research across the government, within the private sector, and in collaboration with our colleges and universities.

Cybercore will allow INL to expand both its workforce and capabilities to better respond to the growing demand for its services. Expanding INL's unique capabilities helps ensure its cyber expertise remains a robust line of business for the Lab for many years, even decades, to come.

Through INL, Cybercore will expand partnerships with industry, government and academia to systematically engineer cyber and physical security with innovative technologies into the most critical processes, integrate and train workers on operational best practices, and support regional and national response to emerging events.

Perhaps most importantly, Cybercore, its capabilities, and its workforce will be available for enhanced partnerships with Idaho's institutions of higher learning. INL has a steady need for new talent in the cyber arena. Working with Idaho colleges and universities we will develop that talent right here in Idaho.

What is the Collaborative Computing Center (C3) and why is it needed?

The Collaborative Computing Center (C3) will be an approximately 60,000 square foot facility designed to house INL's next generation super computer and advance the computational science needs of the lab in collaboration with academia and industry. C3 will provide INL's educational and industry partners with unprecedented access to high-performance computing. In Fiscal Year 2015, Idaho's universities utilized 10 million core hours of computation research in collaboration with the lab – free of charge. The lab is out of space in their data center and needs to expand this capability to meet increasing computational needs. INL is an international leader in computational code development for nuclear energy innovation. The computational hours available for INL research and our partners including Idaho university collaboration will significantly increase as C3 and its new super computer become available in 2019.

INL is leading the nation in innovation and technology development for the next generation of nuclear reactors through our core research programs, the National Science User Facilities housed at the Lab, and through the National University Consortium. INL supports the expansion of course offerings at Idaho's colleges and universities to meet emerging opportunities. C3 is critical to our collaborative efforts to protect and expand Idaho's global leadership in nuclear energy research, development, and demonstration and grow educational opportunities in nuclear engineering, mechanical engineering, materials science, chemical engineering and computer science.

While the benefits of investing in C3 are clear and tangible, the risks associated with not moving forward are stark for INL's leadership in nuclear modeling and simulation. INL's computational capability will peak in 2017 without the ability to expand. INL's business volume will level off and then decline as key leadership and business opportunities in computational science are missed.

The Lab's mission customers will hesitate to send additional business to Idaho and it will be difficult to attract or retain talent without appropriate facilities.

How much will the state bond for the two facilities?

While figures are not yet finalized, the total bond for the two facilities is projected to be between \$80 and \$85 million. The Concurrent Resolution will limit total par bonding to no more than \$90 million.

Why use the state's bonding authority instead of going through the private sector?

It has been concluded that the most beneficial method of accomplishing these initiatives is to facilitate a relationship with the Idaho State Board of Education for the leasing of Cybercore and C3 in support of INL mission growth, expansion and advancing education alignment. Securing leases through the Idaho State Board of Education will allow INL to more quickly support growth of its Research and Education Campus at a preferred location. These preferred locations are owned by the Idaho State Board of Education and are at the center of INL's Research and Education Campus. This facility siting joins together in both mission and location the Idaho State University and University of Idaho Joint Campus with the INL Research and Education Campus.

To support INL's mission and vision of collaborating with the universities the leased buildings need to be in close proximity to allow students, faculty, staff, researchers and scientists to move between campuses quickly and easily.

The utilization of the state's bonding authority will provide a quicker path to completion of the two buildings and, we believe, allow them to be built and financed for less money – thereby achieving a costs savings for taxpayers. Government funded line item would cost in the range 44%-97% more when compared to the cost of an operating lease and occupancy would be 5 to 7 years later and the economic and educational benefits to the State of Idaho would be missed.

Finally, this partnership builds on the immensely successful Center for Advanced Energy Studies (CAES) collaboration between the state and INL.

Why can't INL just ask Congress to pay for the new buildings through appropriations?

The federal appropriations process can take 5-7 years to have a functional facility. Those timelines will not accommodate the demanding schedule necessary to provide the unique research capabilities and develop solutions to the nation's control system challenges or accommodate the FY 2019 need for increased electrical capacity, distribution piping, and cooling capacity for INL's planned uprating of its high-performance super computer. The risks of cyber exploitation of controls systems is imminent, requiring the U.S. to immediately build and maintain a coordinated capability and capacity for research, development, demonstration, and deployment. The risk of not investing in a new facility immediately is that INL's growth in computational science will peak in FY 2017 without the ability to expand. Associated business volume will level off and then decline as key leadership opportunities in computational sciences are missed.

How much will INL be contributing to the two facilities?

INL is prepared for significant additional expenditures above the cost of the bonding for each of the facilities. In the case of Cybercore, we anticipate costs of at least \$5,000,000 in infrastructure and

equipment that will not be included in the bond. In the case of the C3, we anticipate costs of at least an additional \$4 M. These additional costs do NOT include the costs of computers, desks, chairs, and other essential equipment nor do they include the salary and benefit costs of the employees who will work in each facility (average wage of workers in these facilities is estimated at over \$126,000/year). Finally, these additional costs do NOT include the cost of the new super computer to be located in C3.

What are some examples of successful state bonding?

While this is a unique project for the State Building Authority, the processes being utilized have a proven track record of success. According to the State Building Authority, since 1978 they have financed over 25 projects for the state applying the same lease and bond agreements as proposed for these projects. Those projects include:

- Capitol Mall Parking Facilities
- Renovation and Expansion of the Idaho State Capitol
- Higher education projects on the campuses of the University of Idaho, Idaho State University, Boise State University, North Idaho College, Lewis & Clark State College, College of Southern Idaho, and Eastern Idaho Technical College
- Multiple examples of similar projects in states of Washington for Pacific Northwest National Laboratory (PNNL), and Tennessee with Oak Ridge National Laboratory (ORNL)

Does this proposal have any impact on the general fund?

No. There is no general fund appropriation required to move forward with the project.

Can the State authorize bonding for these buildings under Idaho's Constitution?

The Idaho Constitution prohibits the state from taking on debt for outside entities. In this situation, the State Building Authority will own the two facilities, lease them to the State Board of Education until the bonds are repaid, and the State Board of Education will sublease the buildings to INL. There is no Constitutional issue with this arrangement.

What are the bonding details? What is the term of the lease? Who will own the buildings?

Financing, design and construction would be accomplished by the Idaho State Building Authority for the Idaho State Board of Education. Details of the financing will not be known until the time of bonding due to interest rates and other market assumptions. The Idaho State Board of Education would own each facility and lease each facility to INL for a period of at least 15 years.

How can the State be assured that INL will have the funding to fulfill the terms of the lease?

- INL has never defaulted on the terms of its leases. Even during the economic downturn that began in 2007/2008 and the loss of hundreds of jobs, INL made all of its lease payments and continued to support its core programs in Nuclear Energy and Cybersecurity.
- INL's current business volume exceeds \$1 billion/year. Roughly two thirds of that budget is dedicated to our Nuclear Energy and National/Homeland Security missions. These buildings enhance our core strengths and areas of national and international need for many years to come.

- INL's projected lease costs on the two buildings would represent a fraction of one percent of the Lab's annual budget.
- INL is in the final year of paying off bonding for the State-owned Center for Advanced Energy Studies (CAES) in Idaho Falls.

What are the safety nets, off ramps, and penalties in the event that INL cannot or does not fulfill the terms of the lease?

The lease terms have not yet been finalized but when issued termination clauses will be included.

What are the projected INL payments for the next 15 years?

See below for the approved INL Maximum Lease Payments for the initial 15 year lease:

	Years	CIC	C3	Total
Max Annual Rent		\$ 2,940,000	\$ 3,180,000	\$ 6,120,000
Cumulative Max Rent at 5 Years	5	\$ 14,700,000	\$ 15,900,000	\$ 30,600,000
Cumulative Max Rent at 10 Years	10	\$ 29,400,000	\$ 31,800,000	\$ 61,200,000
Cumulative Max Rent at 15 Years	15	\$ 44,100,000	\$ 47,700,000	\$ 91,800,000

If the final terms of the lease are not available when the House or Senate vote, how can we be assured that the terms will be consistent with what we know right now?

The Board of Education will review the final terms of the lease to ensure they are consistent with what has been proposed and only then will the Board vote to approve moving forward to issue bonds. The Resolution requires the State Board of Education to report the final terms of the lease to the House and Senate Education Committees.

Who is supporting the Resolution?

Endorsement letters for the new buildings have been offered by:

- Each of Idaho's five colleges and universities
- Governor's Leadership in Nuclear Energy (LINE) Commission
- Regional Economic Development of Eastern Idaho (REDI)
- Idaho Falls Mayor Rebecca Casper along with the Idaho Falls City Council
- Idaho Regional Optical Network (IRON)
- Idaho Falls Chamber of Commerce

What are the economic benefits of building the two facilities?

A recent economic analysis estimated that by 2020, the two new facilities will add an annual economic impact of \$101.7 million to Idaho's economy. A total of 545 jobs will be created or sustained as a result of both facilities. And construction of the buildings will create or sustain 987 jobs over the 300-day construction phases. Construction of the facilities will have a total economic impact of more than \$130 million. The two facilities would increase statewide personal income by a combined amount of \$41.5 million each year and the average annual salary for employees at the two facilities is expected to be over \$126,000.

Will these buildings be usable as educational buildings for the State of Idaho in the future?

Yes, both buildings will be designed in ways that allow them to meet educational purposes. The facilities will include lab, collaborative, meeting, and conference room spaces along with office and common areas. They will be adjacent to the state-owned CAES facility and the university place facilities in Idaho Falls. INL anticipates utilizing the facilities well past the initial 15-year lease, but each could be leased to other entities or easily converted for educational purposes in the future.

Will additional appropriations be required for university collaboration with INL in the new buildings?

There is already strong collaboration with Idaho's three universities and colleges in these research areas. Any decision to expand programs at the three universities and seek additional appropriations will be up to the universities, the State Board of Education, the Governor and the State Legislature. INL will NOT require additional appropriations for the universities in order to expand our collaboration with them in these critical areas. However, we see great potential for positive growth in programs and capabilities at each of the universities.

Can you detail for us the benefits of these two facilities to Idaho's universities and the educational disciplines that will be enhanced or utilized?

Recently all three Idaho universities' Vice Presidents of Research (VPRs) have supported an integrated strategy to increase interns and invest in joint appointments, graduating fellows, and post docs to aggressively grow an education pipeline to meet hiring opportunities in Idaho. The universities' VPRs are also prepared to support the Idaho Regional Optical Network (IRON) as a fundamental infrastructure for research and education. Details will be forth coming.

Cybercore enables education via:

- Fusing Boise State University's Cyberlab, University of Idaho's Idaho Global Entrepreneurial Mission (IGEM) project, and Idaho State University's Energy Systems Technology and Education Center (ESTEC) to Idaho National Laboratory's (INL) full-scale integrated test beds and critical infrastructure test range, creating a virtual education environment that does not exist anywhere else in the United States.
- Integrating all four entities' assets through IRON enables graduate level classes to study the interdependence of infrastructure and technology through a multi-disciplinary, hands-on approach. Students are able to go from concept to bench scale and then to full scale tests in a matter of weeks. This fits perfectly into an accelerated semester based program.
- Access to INL's Real Time Digital Simulator (RTDS), a physics-based "hardware in the loop" system that is specifically tuned to critical infrastructure modeling and simulation. RTDS is a unique capability, used by advanced industry researchers and developers, that few US universities have access to, and will provide students and faculty the skills needed to compete for specialized power and control system jobs.
- Facilitating a new multi-disciplinary approach that includes an apprentice, journeyman, and master level program integrating the strength of all three universities and INL's capabilities and

unique talents. This is a new state of the art approach sponsored by INL for the Naval Post Graduate School, Westpoint, Cyber Command, and SANS institute training.

- Allows recruiting of new faculty with an integrated hiring package that includes access to INL research infrastructure, exciting programs, and the other universities multifaceted tools and techniques.

As a nation we need to recognize that cyber-physical security is different, that digital is ~25% of the solution, that current approaches are not working, and proactively address the severe workforce shortage (1M unfilled jobs worldwide). Idaho is uniquely positioned to meet this national challenge with its practical/hands-on workforce, engineering base, and new research and education programs.

Cybercore projected University Impact through 2020 - 2025

The strategic targets project greater engagement of the Idaho universities in the cyber mission through additional course offerings and new faculty and more Joint Appointments with the lab.

BSU projects in 2020, 8 Joint appointments and 8 new facility members will support cyber curriculum and collaborative research opportunities. BSU projects an increase 2025, to a total of 10 Joint appointments and 10 new facility members.

ISU projects in 2020, 4 Joint appointments and 2 new facility members will support cyber curriculum and collaborative research opportunities. ISU projects an increase 2025, to a total of 5 Joint appointments and 3 new facility members.

U of I projects in 2020, 8 Joint appointments and 8 new facility members will support cyber curriculum and collaborative research opportunities. U of I projects an increase in 2025, to a total of 10 Joint appointments and 17 new facility members.

Idaho Students will have additional opportunities through expanded undergraduate internships, Postdoctoral and a New Graduate Fellow program.

BSU projects in 2020, 20 undergraduate internships, 4 Postdoctoral and 5 in the New Graduate Fellow program in response to its investment in the cyber curriculum. BSU projects an increase 2025, to a total of 30 undergraduate internships, 5 Postdoctoral and 10 Graduate Fellows.

ISU projects in 2020, 25 undergraduate internships, 3 Postdoctoral and 8 in the New Graduate Fellow program in response to its investment in the cyber curriculum. ISU projects an increase 2025, to a total of 50 undergraduate internships, 10 Graduate Fellows and retaining 5 Postdoctoral students.

U of I projects in 2020, 30 undergraduate internships, 4 Postdoctoral and 5 in the New Graduate Fellow program in response to its investment in the cyber curriculum. U of I projects an increase 2025, to a total of 40 undergraduate internships, 5 Postdoctoral and 10 Graduate Fellows.

How was the Center for Advanced Energy Studies (CAES) funded and operated?

The Center for Advanced Energy Studies is a building owned by the State of Idaho. \$4.9 million of its funding came from 1995 Idaho Settlement Agreement funds. It was also funded through the

utilization of two grants from the U.S. Department of Housing and Urban Development totaling \$1.642 million. In addition, Idaho State University issued bonds for \$10 million with INL being responsible for paying off those bonds. INL has made those payments since the third quarters of 2008 and will complete payment of the bond obligations in 2017. The majority of the CAES building expenses are paid by INL through a 20-year lease that covers 70% of the building's available space. In addition, INL has contributed millions of dollars in equipment, instrumentation, and other assets to CAES. The State of Idaho appropriates \$1 million per year to each of Idaho's three universities toward their participation in CAES.

What is IRON? How does IRON tie into the new buildings – C3 and Cybercore?

The Idaho Regional Optical Network (IRON) is a high-speed regional optical network that focuses on increasing both speed and reliability, for education, health care, and research. IRON is nonprofit with the primary purpose to enable researchers and educators in the transfer of “big data” between research entities, the national laboratory system and the health sector.

IRON's charter associates include the University of Idaho, Boise State University, Idaho State University, Brigham Young University-Idaho, the Idaho Hospital Association, the Center for Advanced Energy Studies, the State of Idaho and its Department of Administration, Washington State University, and Idaho National Laboratory (INL).

Integrating C3 and Cybercore into the education environment in the State of Idaho is dependent on a high speed affordable network structure. IRON provides that cost effective and resilient infrastructure for the state education and research community.

Examples:

C3 -- High Performance Computing is expensive:

Approximately 1/3 of the cost is buildings (power, etc.), 1/3 of the cost is the people, and 1/3 of the cost is the computer. Two-thirds of the overall cost can be saved by utilizing INL facilities and infrastructure allowing for more money to be spent on super computers and modeling/simulation tools. These are tools for faculty and student recruitment.

Cybercore – a scenario - BSU Cybersecurity Lab:

Students can study cybersecurity in a book, then move to a bench scale project on the wall, and finally move to a full scale, innovative, projects research environment at INL all within one semester. This is something they currently cannot do. Cybercore provides an educational environment that currently doesn't exist anywhere in the world – and the opportunity is a unique teaming between INL and the Idaho Universities.

What is the IRON sustainability model?

The sustainability model will be enhanced by INL's initial investment in infrastructure with the stand-up of the two buildings – universities and other partners will provide ongoing maintenance and operations. Recreating an environment that has shown demonstrated success in other areas.

Does IRON support CIC and C3?

Yes. INL and the universities make up IRON. Discussions independently and collectively have resulted in strong commitment to support this project

Are other states with national laboratories assisting those labs in similar ways?

In Tennessee alone there are five projects of this nature between the state and Oak Ridge National Laboratory (ORNL). The projects have the state providing millions of dollars to advance collaborative research capabilities. In the west, Oregon and Washington are providing space for Pacific Northwest National Laboratory (PNNL) to conduct research collaborations. These projects include millions in state investments to advance collaborative research capabilities in support of PNNL's mission. These examples illustrate the commitments many states are making to support the national labs, as economic and educational assets to their region.

1. Joint Institute for Computational Sciences – Tennessee

The State of Tennessee pledged \$26 million in funding toward the facility and is just the latest in examples of collaboration between the State, its universities, and the National Laboratory. The University's partnership with ORNL today includes more than 200 faculty members and ORNL staff who have joint appointments, along with more than 150 students who work at the lab.

2. Joint Institute for Neutron Sciences - Tennessee

The Joint Institute for Neutron Sciences (JINS) promotes worldwide neutron scattering collaboration among researchers in biological and life sciences, energy sciences, polymer science, condensed matter physics and computational sciences.

3. Joint Institute for Biological Sciences - Tennessee

The Joint Institute for Biological Sciences (JIBS) supports interdisciplinary, crosscutting research that accelerates progress in complex bioenergy and bioenvironmental systems. It also aids access by UT-ORNL faculty, staff, and students to state-of-the-art capability in genomic, transcriptomic, proteomic and metabolomic analysis of biological and environmental systems

4. Joint Institute for Advanced Materials - Tennessee

The Joint Institute for Advanced Materials (JIAM) promotes interdisciplinary research and education related to developing new materials with superior properties (such as greater toughness and high-temperature strength) or those that can be tailored to support new technologies (such as pocket-sized supercomputers).

5. Energy Sciences Capability Project - Tennessee

PNNL is planning to build a new facility in concert with the State of Washington. It is an example of collaborative State and Lab efforts to enhance PNNL's capabilities in its core mission areas.

The Energy Sciences Capability Project could be about 100,000 square feet and provide labs and work stations for about 150 PNNL staff, as well as a few dozen collaborators.

Work in the proposed facility is planned to lead to the development of advanced catalysts and materials for use in new energy and transportation technologies, new industrial catalysts and advances in clean energy, among other innovations, according to PNNL.

The state is being asked to pay for two sophisticated pieces of equipment, each costing about \$4 million.

One is a specific type of next generation electron microscope and the other is a state-of-the-art nuclear magnetic resonance machine, similar to those used for medical magnetic resonance imaging.

6. Bioproducts, Sciences, and Engineering Laboratory (BSEL) - Washington

Located on the Washington State University (WSU) Tri-Cities campus in Richland, Washington, BSEL is a joint effort between WSU and PNNL. Inside the BSEL, researchers are developing technology for converting low-value agricultural byproducts and residues into value-added chemicals for products like plastics, solvents, fibers, pharmaceuticals, and fuel additives.

7. Microproducts Breakthrough Institute (MBI) - Oregon

The Microproducts Breakthrough Institute (MBI) is a collaboration between PNNL and Oregon State University. The facility, located on the Hewlett-Packard campus in Oregon, is uniquely tailored with capabilities focused for fabrication, modeling, and testing of nano and microchannel-based technologies. The mission of the MBI is to develop and commercialize nano and microchannel-based technologies for energy, medical, environmental and national security applications.

8. Applied Process Engineering Laboratory (APEL) – Washington

APEL is an eastern Washington technology business startup facility, sponsored in part by PNNL. APEL provides engineering- and manufacturing-scale space and chemical, biological, and electronic laboratories and equipment for developing, validating, and commercializing new products. Entrepreneurs, engineers, scientists, and university staff can access this facility. PNNL scientists, engineers, and other professional staff are available to APEL occupants for consulting, collaboration, or professional support.

Who sponsors APEL?

APEL is supported and sponsored by major institutions in the Tri-Cities including the Port of Benton, the Department of Energy, Energy Northwest, Washington State University, Battelle Memorial Institute and Pacific Northwest National Laboratory, the City of Richland and Tri-Cities Industrial Development Council.

The relationship between the University of Tennessee and Oak Ridge National Laboratory:

In Tennessee, federal and state leaders and a public research university have forged a unique relationship that promises to play a major role in setting the national and international science agenda.

The University of Tennessee manages and operates Oak Ridge National Laboratory through UT-Battelle with enthusiastic and substantial support from the state of Tennessee. The research enterprise consists of \$3 billion in research facilities, equipment and expertise in East Tennessee. These resources include the Spallation Neutron Source, a \$1.4 billion science project; several of the world's largest unclassified supercomputers; joint research centers; state tax exemptions; and funding for joint faculty appointments. They form a UT-Oak Ridge venture that is both unique and uniquely successful.

In 2015, the U.S. Department of Energy extended UT-Battelle's contract to manage Oak Ridge National Laboratory for another five years. The infusion of combined scientific capability UT and ORNL bring to the region enables addressing today's and tomorrow's most pressing scientific questions. The close proximity of UT's flagship campus and the national laboratory, strengthen the research and academic linkages further. The University's partnership with ORNL today includes more than 200 faculty members and ORNL staff who have joint appointments, along with more than 150 students who work at the lab.

Linking faculty expertise to world-class facilities brings enormous potential. In key areas like high-performance computing, neutron scattering, nanotechnology and materials science, UT and ORNL have put together the facilities, expertise and vision to be among the world's leaders. It is critical that our higher educational system take a leadership role in marshaling these resources, partners, and vision so our nation can remain competitive in science and research as we face growing international challenges from China and India and around the world.

What is so important about the fact the University of Tennessee manages Oak Ridge National Laboratory?

With the strong backing of the state, the UT-Oak Ridge enterprise is significant for several reasons:

- The university's venture with Oak Ridge National Laboratory yields world-leading expertise in the areas of high-performance computing, materials research, and nanotechnology. With UT as ORNL's managing entity through UT-Battelle, the university and lab are making major strides in science.
- Under UT management came the first state-funded construction of research facilities at a national lab.
- The Spallation Neutron Source (SNS) puts UT and ORNL into a global leadership position in neutron scattering -research—the key to increasing our understanding of particles at the smallest levels.
- The Center for Nanophase Materials Sciences at ORNL, along with the UT-ORNL Joint Institute for Neutron Sciences, make the SNS campus the top destination in the field. If scientists want the best to work with neutrons, they will come to East Tennessee.
- The National Institute for Computational Sciences is home to the third-most powerful computer in the world, and ORNL is building a machine to come online in 2018 that would be No. 1. This computing power allows scientists to effectively process and understand the massive data created by a project like SNS.
- As major projects come online, outstanding faculty are drawn from around the world to UT and ORNL. They are attracted by the scientific opportunities and by the advantages of holding joint appointments between the two institutions. Support from the state of

Tennessee has led to the creation of the Governor's Chair researcher positions that have drawn more than a dozen top scientists.

- UT-Oak Ridge has also paid dividends in economic development. Since UT began managing ORNL, the technology commercialization program has spun off more than 90 new companies. These companies lead to new jobs and opportunity in East Tennessee and beyond, and the program serves to draw the most talented researchers to the lab.
- UT and ORNL established the Bredesen Center for Interdisciplinary Research and Graduate Education in 2011 to increase the number of doctoral students in science, technology, engineering and math. Enrollment quickly grew to more than 100 students, becoming UT's largest PhD program.
- The university and the laboratory also cooperate to offer the Graduate School of Genome Science and Technology.

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Idaho State Building Authority
REVENUE BONDS, SERIES 2018 (Idaho Board of Education Project)
Preliminary Schedule of Events - (As of February 23, 2018)

Financing Team		
ISBA	Idaho State Building Authority	Issuer
SBOE	State Board of Education	Obligor
INL	Idaho National Laboratory	Sublease
BC	Skinner Fawcett LLP	Bond Counsel
UW	Wells Fargo Bank	Underwriter
UC	Hawley Troxell Ennis & Hawley LLP	Underwriters Counsel
FA	Piper Jaffray & Co.	Financial Advisor
T	Zions Bank, a division of ZB National Association	Trustee

	DATE	EVENT	PARTICIPANTS
√	2/9	Finance Team organizational call	ALL
√	2/12	Circulate updated draft of financing structure ("numbers update")	UW
√	2/14	Distribute revised drafts of the Facilities Lease, Facilities Sub-lease, Development Agreement and Bond Resolution ("Basic Documents")	BC, ISBA, SBOE
√	2/15	Establish GMP and finalize proposed bond sizing and structure	ISBA, FA, UW
√	2/22	Conference call to discuss Basic Documents and updated deal structure (Time: 1pm MT)	ALL
	2/27	Distribute second draft of Basic Documents	
	2/28	Distribute first draft of Preliminary Official Statement (POS)	UC
	2/28	Conference Call to discuss second draft of Basic Documents and (POS) (Time: 10:30am MT)	ALL
	3/1	Document package to SBOE in advance of 3/7 meeting	ISBA, BC UC,SBOE
	3/2	Conference Call to discuss POS (Time: 10am MT)	ALL
	3/7	Updated draft of Basic Documents & 2 nd draft POS to Rating Agency	BC, UC
	3/7	SBOE Board meeting (approvals)	ISBA, SBOE, FA, BC
	3/8	ISBA Board meeting (approvals)	ISBA, FA, BC, UW, UC
	3/12	Rating Agency Conference Calls (Time: 1-3pm MT - tentative)	ISBA, FA, UW
	3/15	Conference call to discuss second draft POS (Time: 10am)	ALL
	3/21	Due Diligence meeting/call prior to posting Preliminary Official Statement	ALL
	3/21	Facilities Subleases are approved and signed	SBOE, INL
	3/21	INL delivers construction funds to escrow account	INL, ISBA, T
	3/22	Receive Ratings	ALL
	3/22	Conference call to "Sign-off" on Preliminary Official Statement	ALL
	3/27	Post POS	UW, UC,
	4/3	Pre-Pricing call	ISBA, FA, UW
	4/4	Pricing/Finalize and sign Bond Purchase Agreement	ISBA, BC, FA, UW, UC
	4/13	Circulate Closing documents for review	BC, UC
	4/13	Post Official Statement	UW, UC
	4/18	Pre-Closing	ALL
	4/19	Close Series 2018 Bonds	ALL

Holidays & Important Dates:

3/21: Fed Meeting (Rate Announcement)

3/30: Good Friday (Market Close)

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