

**BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 21, 2018**

TAB	DESCRIPTION	ACTION
1	CHIEF EXECUTIVE OFFICER COMPENSATION	Motion to approve
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2	AMENDMENTS TO SUPPLEMENTAL RETIREMENT PLAN 403B	Motion to approve
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BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 21, 2018

SUBJECT

Chief Executive Officer Salaries

REFERENCE

June 2017

The Idaho State Board of Education (Board) approved Chief Executive Officer salaries.

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section I.E.2.e.
Idaho Code §33-102A

ALIGNMENT WITH STRATEGIC PLAN

Chief Executive Officer salary adjustments are a non-strategic Board governance agenda item.

BACKGROUND/DISCUSSION

The Board's Executive Director has completed annual performance evaluations for the administrator of the Division of Career Technical Education, the administrator of the Division of Vocational Rehabilitation, and the general manager of Idaho Public Television. Salary recommendations for these positions are based on the evaluations and the individual agencies' Division of Financial Management-approved compensation plans for FY2019.

Agency heads' salaries are entered into the state payroll system based on the equivalent hourly amount. The Board's consideration of salary changes at this time will allow for any approved changes to be entered into the state payroll system prior to the start of the payroll fiscal year.

IMPACT

Approval of the proposed salaries will allow staff to enter the salaries for FY2019 into the state payroll system.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the hourly rates and equivalent salaries listed below.

BOARD ACTION

I move to approve an hourly rate of \$_____ (annual salary of \$_____) for Matt Freeman as Executive Director of the State Board of Education, effective June 17, 2018.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

AND

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I move to approve an hourly rate of \$54.17 (annual salary of \$112,674) for Jane Donnellan as Administrator of the Division of Vocational Rehabilitation, effective June 17, 2018.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

AND

I move to approve an hourly rate of \$54.43 (annual salary of \$113,214) for Ron Pisaneschi as General Manager of Idaho Public Television, effective June 17, 2018.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

AND

I move to approve an hourly rate of \$57.65 (annual salary of \$119,912) for Dwight Johnson as Administrator of the Division of Career Technical Education, effective June 17, 2018.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
JUNE 21, 2018

SUBJECT

Supplemental Retirement 403(b) Plan

REFERENCE

June 2011	Idaho State Board of Education (Board) approved Supplemental Retirement 403(b) Plan document
August 2013	Board approved technical amendments to plan document
February 2014	Board approved amendments to the Supplemental Retirement Benefit Plan

ALIGNMENT WITH STRATEGIC PLAN

Non-strategic Board governance agenda item.

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section II.K.2. Sections 33-107C and 59-513 Idaho Code

BACKGROUND / DISCUSSION

Eligible participants in the Board's Supplemental 403(b) Retirement Plan ("Plan") are determined by the Board and listed by name in Appendix A to the Plan. In the event the Board desires to expand the Plan participants, it must do so by approving a revision to append Appendix A.

Eligible employees must make a one-time irrevocable election to participate in the Plan. The "includable compensation" upon which contributions to the Plan are based is an employee's contract base salary up to an IRS maximum. The Plan designates TIAA-CREF and VALIC as the Plan's exclusive vendors.

Employer and mandatory employee contributions to the Plan are specified in Appendix A. With the appointment of Dr. Martin Schimpf as interim president at Boise State University (BSU) commencing July 1, 2018 and terminating June 30, 2019, the addition of Dr. Schimpf in the Supplemental 403(b) Retirement Plan would only be for the period of one year with the same commencement and termination dates as his appointment of interim president.

IMPACT

Approval of this action is in accordance with the Board approved terms of Dr. Schimpf's appointment.

ATTACHMENTS

Attachment 1 – Supplemental Retirement 403(b) Plan document

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STAFF COMMENTS AND RECOMMENDATIONS

The inclusion of Dr. Schimpf in the Supplemental 403(b) Retirement Plan is only for the one-year term he serves as interim president. The institution and Dr. Schimpf have agreed to the terms set forth in Appendix A.

Staff recommends approval.

BOARD ACTION

I move to approve amendments to the Closed Supplemental Retirement 403(b) Plan Appendix A document set forth in Attachment 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

**Idaho State Board of Education
Supplemental Retirement 403(b) Plan**

A Defined Contribution Retirement Plan

**Effective June 23, 2011
Restated August 15, 2013
Restated Effective March 16, 2014
Appendix A Amended August 14, 2014**

Section 1 Definition of Terms Used

The following words and terms, when used in the Plan, have the meaning set forth below.

1.1 **"Account"**: The account or accumulation maintained for the benefit of any Participant or Beneficiary under an Annuity Contract or a Custodial Account.

1.2 **"Account Balance"**: The bookkeeping account maintained for each Participant which reflects the aggregate amount credited to the Participant's Account under all Accounts, including the Participant's Mandatory Contributions, Employer Contributions, the earnings or loss of each Annuity Contract or a Custodial Account (net of expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes any account established under Section 6 for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in section 414(p)(8) of the Code).

1.3 **"Administrator"**: The Idaho State Board of Education, located at 650 W. State Street, Boise, Idaho 83720, is the administrator of this Plan and has designated the following as responsible for enrolling Participants, sending Plan contributions for each Participant to the Fund Sponsor(s) selected by a Participant, and for performing other duties required for the operation of the Plan:

Chief Fiscal Officer
Office of the Idaho State Board of Education

Vice President for Finance and Administration
Boise State University

Vice President for Finance and Administration
Idaho State University

Vice President for Finance and Administration
University of Idaho

Vice President for Finance and Administration
Lewis-Clark State College

Vice President for Finance and Administration
Eastern Idaho Technical College

1.4 **"Annuity Contract"**: A nontransferable contract as defined in section 403(b)(1) of the Code, established for each Participant by the Employer, or by each Participant individually, that is issued by an insurance company qualified to issue annuities in Idaho and that includes payment in the form of an annuity.

1.5 **"Beneficiary"**: The designated person who is entitled to receive benefits under the Plan after the death of a Participant, subject to such additional rules as may be set forth in the Individual Agreements.

1.6 **"Custodial Account"**: The group or individual custodial account or accounts, as defined in section 403(b)(7) of the Code, established for each Participant by the Employer, or by each Participant individually, to hold assets of the Plan.

1.7 **"Code"**: The Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

1.8 **"Disabled"**: The definition of disability provided in the applicable Individual Agreement.

1.9 **"Eligible Employee"**: Each individual listed in Appendix A, who is a common law employee of the Employer performing services for a public school as an employee of the Employer. This definition is not applicable unless the employee's compensation for performing services for a public school is paid by the Employer. Further, a person occupying an elective or appointive public office is not an employee performing services for a public school unless such office is one to which an individual is elected or appointed only if the individual has received training, or is experienced, in the field of education. A public office includes any elective or appointive office of a State or local government.

1.10 **"Employer"**: Employer means the Board and employment units under its jurisdiction, namely:

Office of the Idaho State Board of Education
Boise State University
Idaho State University
University of Idaho
Lewis-Clark State College
Eastern Idaho Technical College

1.11 **"Employer Contributions"**: The Employer contributions made to the Plan by the Participant's Employer that do not reduce the Participant's cash compensation.

1.12 **"Funding Vehicles"**: The Annuity Contracts or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by Employer for use under the Plan.

1.13 **"Includible Compensation"**: An Employee's contract base salary (exclusive of taxable fringe benefits), but subject to a maximum of \$200,000 (or such higher maximum as may apply under section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code. The amount of Includible Compensation is determined without regard to any community property laws.

1.14 **"Individual Agreement"**: The agreements between a Vendor and the Employer or a Participant that constitutes or governs a Custodial Account or an Annuity Contract.

1.15 **"Mandatory Contributions"**: The Employer contributions required to be made to the Plan by the Participant in lieu of receiving cash compensation.

1.16 **"Participant"**: An individual for whom contributions are currently being made, or for whom contributions have previously been made, under the Plan and who has not received a distribution of his or her entire benefit under the Plan.

1.17 **"Plan"**: Idaho State Board of Education Supplemental Retirement 403(b) Plan.

1.18 **"Plan year"**: The calendar year, which is also the limitation year for purposes of Code section 415.

1.19 **"Related Employer"**: The Employer and any other entity which is under common control with the Employer under section 414(b) or (c) of the Code. For this purpose, the Employer shall determine which entities are Related Employers based on a reasonable, good faith standard and taking into account the special rules applicable under Notice 89-23, 1989-1 C.B. 654.

1.20 **"Severance from Employment"**: For purpose of the Plan, Severance from Employment means Severance from Employment with the Employer and any Related Entity. However, a Severance from Employment also occurs on any date on which an Employee ceases to be an employee of a public school, even though the Employee may continue to be employed by a Related Employer that is another unit of the State or local government that is not a public school or in a capacity that is not employment with a public school (e.g., ceasing to be an employee performing services for a public school but continuing to work for the same State or local government employer).

1.21 **"Vendor"**: The provider of an Annuity Contract or Custodial Account.

1.22 **"Valuation Date"**: Each business day.

Section 2 Participation and Contributions

2.1 **Notification.** The Employer will notify an Eligible Employee when he or she becomes an Eligible Employee listed in Appendix A. An Eligible Employee who complies with the requirements of this Plan to become a Participant is entitled to the benefits and is bound by all the terms, provisions, and conditions of this Plan, including any amendments that, from time to time, may be adopted, and including the terms, provisions and conditions of any Funding Vehicles to which Plan contributions for the Participant have been applied.

2.2 **Enrollment in Plan – One Time Irrevocable Election.** To participate in this Plan, an Eligible Employee must complete the necessary enrollment form(s) and return them to the Employer. An employee who has been notified that he or she is an Eligible Employee listed in Appendix A but who fails to return the enrollment forms within 30 days of receipt of the enrollment forms will be deemed to have waived all of his or her rights under the Plan. This procedure is designed to give an Eligible Employee a one time irrevocable option to participate in the Plan. The participation election shall also include designation of the Funding Vehicles and Accounts therein to which Plan contributions are to be made and a designation of Beneficiary. An Employee shall become a Participant as soon as administratively practicable following the date applicable under the employee's election.

2.3 **Information Provided by the Employee.** Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including any information required under the Individual Agreements.

2.4 **Change in Beneficiary or Investment.** Subject to the provisions of the applicable Individual Agreements, an Employee may at any time change his or her investment direction and his or her designated Beneficiary. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Vendor.

2.5 **Contribution Amounts.** Employer Contributions and Mandatory Contributions shall equal the percentage of the Participant's Includible Compensation indicated for the Participant on Appendix A.

2.6 **Contributions Made Promptly.** Mandatory Contributions under the Plan shall be transferred to the applicable Funding Vehicle as part of the Employer's biweekly payroll processing and within 15 business days following the end of the pay date in which the amount would otherwise have been paid to the Participant. Employer Contributions shall be credited to the applicable Funding Vehicle as part of the Employer's biweekly payroll processing and within 15 business days following the end of the pay date.

2.7 **Leave of Absence.** If an Employee is absent from work by leave of absence, Mandatory Contributions and Employer Contributions under the Plan shall continue to the extent that Includible Compensation continues.

2.8 **Revenue Sharing Account.** The Plan shall record in an unallocated Plan account any amounts paid to the Plan by Vendors, and shall invest such unallocated account as directed by the Board or its delegate. As of the last day of each Plan Year, all assets remaining in the unallocated Plan account shall be allocated among the Accounts of Participants who have Accounts on the last day of the Plan Year. The allocation shall be made in proportion to the value of each Participant's Account invested in Funding Vehicles that generate revenue sharing, determined according to the Vendors' records as of the last day of the Plan Year.

Section 3 Limitations on Contributions

3.1 **Annual Limitation.** This Plan incorporates by reference the final Treasury Regulations under Code section 415 and applies the definition of compensation under Treasury Regulation section 1.415(c)-2(d)(3) for purposes of the Code section 415 limits. If a Participant's annual addition under this Plan and all other plans that must be aggregated with this Plan in accordance with the final Treasury Regulations under Code section 415 exceed the limit under such Regulations for a limitation year, the excess shall be attributed to this Plan, except that in the case of a Participant who also participates in the Boise State University Section 403(b) Base Plan (the "Base Plan") the excess annual additions that would otherwise be made to the Participant's Base Plan account shall be attributed to the Base Plan.

3.2 **Protection of Persons Who Serve in a Uniformed Service.** In the case of a Participant whose employment is interrupted by qualified military service under section 414(u) of the Code or who is on a leave of absence for qualified military service under section 414(u) of the Code this Plan will comply with all applicable requirements of Code section 414(u) and the Heroes Earnings Assistance and Relief Act of 2008 (the "HEART Act").

Section 4 Benefit Distributions

4.1 **Benefit Distributions At Severance from Employment or Other Distribution Event.** Except as permitted under Section 4.5 (relating to withdrawals of amounts rolled over into the Plan), or Section 7.3 (relating to termination of the Plan), distributions from a Participant's Account may not be made earlier than the earliest of the date on which the Participation has a Severance from Employment, dies, becomes Disabled, or attains age 59 ½. Distributions shall otherwise be made in accordance with the terms of the Individual Agreements.

4.2 **Small Account Balances.** The terms of the Individual Agreement may permit distributions to be made in the form of a lump-sum payment, without the consent of the Participant or Beneficiary, but no such payment may be made without the consent of the Participant or Beneficiary unless the Account Balance does not exceed \$5,000

(determined without regard to any separate account that holds rollover contributions under Section 6.1) and any such distribution shall comply with the requirements of section 401(a)(31)(B) of the Code (relating to automatic distribution as a direct rollover to an individual retirement plan for distributions in excess of \$1,000).

4.3 **Minimum Distributions.** Each Individual Agreement shall comply with the minimum distribution requirements of section 401(a)(9) of the Code and the regulations thereunder. For purposes of applying the distribution rules of section 401(a)(9) of the Code, each Individual Agreement is treated as an individual retirement account (IRA) and distributions shall be made in accordance with the provisions of § 1.408-8 of the Income Tax Regulations, except as provided in § 1.403(b)-6(e) of the Income Tax Regulations.

4.4 **In-Service Distributions From Rollover Account.** If a Participant has a separate account attributable to rollover contributions to the plan, to the extent permitted by the applicable Individual Agreement, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account.

4.5 **Rollover Distributions.**

(a) A Participant or the Beneficiary of a deceased Participant (or a Participant's spouse or former spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the Code) who is entitled to an eligible rollover distribution may elect to have any portion of an eligible rollover distribution (as defined in section 402(c)(4) of the Code) from the Plan paid directly to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Code) specified by the Participant in a direct rollover. In the case of a distribution to a Beneficiary who at the time of the Participant's death was neither the spouse of the Participant nor the spouse or former spouse of the participant who is an alternate payee under a domestic relations order, a direct rollover is payable only to an individual retirement account or individual retirement annuity (IRA) that has been established on behalf of the Beneficiary as an inherited IRA (within the meaning of section 408(d)(3)(C) of the Code).

(b) Each Vendor shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the Participant of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

Section 5 Rollovers to the Plan and Transfers

5.1 **Eligible Rollover Contributions to the Plan.**

(a) **Eligible Rollover Contributions.** To the extent provided in the Individual Agreements, an Employee who is a Participant who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. Such rollover contributions

shall be made in the form of cash only. The Vendor may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with section 402 of the Code and to confirm that such plan is an eligible retirement plan within the meaning of section 402(c)(8)(B) of the Code. However, in no event does the Plan accept a rollover contribution from a Roth IRA described in section 408A of the Code.

(b) **Eligible Rollover Distribution.** For purposes of Section 6.1(a), an eligible rollover distribution means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, except that an eligible rollover distribution does not include (1) any installment payment for a period of 10 years or more, (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee, or (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under section 401(a)(9) of the Code. In addition, an eligible retirement plan means an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, a qualified trust described in section 401(a) of the Code, an annuity plan described in section 403(a) or 403(b) of the Code, or an eligible governmental plan described in section 457(b) of the Code, that accepts the eligible rollover distribution.

(c) **Separate Accounts.** The Vendor shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan.

5.2 **Contract and Custodial Account Exchanges.**

(a) A Participant or Beneficiary is permitted to change the investment of his or her Account Balance among the Vendors under the Plan, subject to the terms of the Individual Agreements. However, an investment change that includes an investment with a Vendor that is not eligible to receive contributions under Section 3 (referred to below as an exchange) is not permitted unless the conditions in paragraphs (b) through (d) of this Section 5.2 are satisfied.

(b) The Participant or Beneficiary must have an Account Balance immediately after the exchange that is at least equal to the Account Balance of that Participant or Beneficiary immediately before the exchange (taking into account the Account Balance of that Participant or Beneficiary under both section 403(b) contracts or custodial accounts immediately before the exchange).

(c) The Individual Agreement with the receiving Vendor has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.

(d) The Employer enters into an agreement with the receiving Vendor for the other contract or custodial account under which the Employer and the Vendor will from time to time in the future provide each other with the following information:

(1) Information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by the Employer, to satisfy section 403(b) of the Code, including the following:

(i) the Employer providing information as to whether the Participant's employment with the Employer is continuing, and notifying the Vendor when the Participant has had a Severance from Employment (for purposes of the distribution restrictions in Section 4.1);

(ii) the Vendor providing information to the Employer or other Vendors concerning the Participant's or Beneficiary's section 403(b) contracts or custodial accounts or qualified employer plan benefits; and

(2) Information necessary in order for the resulting contract or custodial account and any other contract or custodial account to which contributions have been made for the Participant by the Employer to satisfy other tax requirements.

(e) If any Vendor ceases to be eligible to receive contributions under the Plan, the Employer will enter into an information sharing agreement as described in Section 5.2(d) to the extent the Employer's contract with the Vendor does not provide for the exchange of information described in Section 5.2(d)(1) and (2).

Section 6 Investment of Contributions

6.1 Manner of Investment. All amounts contributed to the Plan, all property and rights purchased with such amounts under the Funding Vehicles, and all income attributable to such amounts, property, or rights shall be held and invested in one or more Annuity Contracts or Custodial Accounts. Each Custodial Account shall provide for it to be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Custodial Account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

6.2 Investment of Contributions. Each Participant or Beneficiary shall direct the investment of his or her Account among the investment options available under the Annuity Contract or Custodial Account in accordance with the terms of the Individual Agreements. Transfers among Annuity Contracts and Custodial Accounts may be made to the extent provided in the Individual Agreements and permitted under applicable Income Tax Regulations.

6.3 Current and Former Vendors. The Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (TIAA-CREF) and the Variable Annuity Life Insurance Company (VALIC) shall be the exclusive Vendors under the Plan. Each Vendor and the Administrator shall exchange such information as may be necessary to satisfy section 403(b) of the Code or other requirements of applicable

law. In the case of a Vendor which is not eligible to receive contributions under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive contributions under the Plan and a Vendor holding assets under the Plan in accordance with Section 5.2), the Employer shall keep the Vendor informed of the name and contact information of the Administrator in order to coordinate information necessary to satisfy section 403(b) of the Code or other requirements of applicable law.

Section 7 Amendment and Plan Termination

7.1 **Termination of Contributions.** The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, the Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan at any time without any liability hereunder for any such discontinuance.

7.2 **Amendment and Termination.** The Employer reserves the authority to amend or terminate this Plan at any time.

7.3 **Distribution upon Termination of the Plan.** The Employer may provide that, in connection with a termination of the Plan and subject to any restrictions contained in the Individual Agreements, all Accounts will be distributed, provided that the Employer and any Related Employer on the date of termination do not make contributions to an alternative section 403(b) contract that is not part of the Plan during the period beginning on the date of plan termination and ending 12 months after the distribution of all assets from the Plan, except as permitted by the Income Tax Regulations.

Section 8 Miscellaneous

8.1 **Non-Assignability.** Except as provided in Section 8.2 and 8.3, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and neither the Participant nor any Beneficiary shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable.

8.2 **Domestic Relation Orders.** Notwithstanding Section 8.1, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any State ("domestic relations order"), then the amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Administrator shall establish reasonable procedures for determining the

status of any such decree or order and for effectuating distribution pursuant to the domestic relations order.

8.3 **IRS Levy.** Notwithstanding Section 8.1, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

8.4 **Tax Withholding.** Any benefit payment made under the Plan is subject to applicable income tax withholding requirements (including section 3401 of the Code and the Employment Tax Regulations thereunder). A payee shall provide such information as the Administrator may need to satisfy income tax withholding obligations, and any other information that may be required by guidance issued under the Code.

8.5 **Payments to Minors and Incompetents.** If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

8.6 **Mistaken Contributions.** If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

8.7 **Procedure When Distributee Cannot Be Located.** The Administrator shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means (a) the mailing by certified mail of a notice to the last known address shown on Idaho State Board of Education's or the Administrator's records, (b) notification sent to the Social Security Administration or the Pension Benefit Guaranty Corporation (under their program to identify payees under retirement plans), and (c) the payee has not responded within 6 months. If the Administrator is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the funding vehicle shall continue to hold the benefits due such person.

8.8 **Incorporation of Individual Agreements.** The Plan, together with the Individual Agreements, is intended to satisfy the requirements of section 403(b) of the Code and the Income Tax Regulations thereunder. Terms and conditions of the

Individual Agreements are hereby incorporated by reference into the Plan, excluding those terms that are inconsistent with the Plan or section 403(b) of the Code.

8.9 **Governing Law.** The Plan will be construed, administered and enforced according to the Code and the laws of the State in which the Employer has its principal place of business.

8.10 **Headings.** Headings of the Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

8.11 **Gender.** Pronouns used in the Plan in the masculine or feminine gender include both genders unless the context clearly indicates otherwise.

APPENDIX A
ELIGIBLE EMPLOYEES

The contribution percentages listed in this Appendix A are set by a formula established by the Employer. Each Eligible Employee has not exercised any control, direct or indirect, over the contribution percentages listed in this Appendix A.

1. For Calendar Years 2011 and 2012 the Contributions Amounts (as referenced in Section 2.5) shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
Robert Kustra	3.46%	2.60%
Arthur Vailas	2.98%	2.24%
Chris Petersen	10.52%	6.97%
Leon Rice	3.59%	2.70%

2. For Calendar Year 2011 the Contributions Amounts (as referenced in Section 2.5) shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
M. Duane Nellis	6.90%	5.19%

3. For Calendar Year 2012 the Contributions Amounts (as referenced in Section 2.5) shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
M. Duane Nellis	3.41%	2.56%

4. For Calendar Years 2013 and 2014 the Contributions Amounts (as referenced in Section 2.5) shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
Robert Kustra	3.56%	2.70%
Arthur Vailas	3.08%	2.34%
Chuck Staben	3.51%	2.66%
Mark Coyle	3.56%	2.70%
Bryan Harsin	3.69%	2.80%

Leon Rice	3.69%	2.80%
Kenneth Petersen	3.56%	2.70%

5. For eCalendar yYears 2015 and each calendar year thereafter, the Contributions Amounts (as referenced in Section 2.5) for each Eligible Employee listed below shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
Robert Kustra	3.50%	2.50%
Arthur Vailas	3.50%	2.50%
Chuck Staben	3.50%	2.50%
Mark Coyle	3.50%	2.50%
Bryan Harsin	3.50%	2.50%
Leon Rice	3.50%	2.50%
Kenneth Petersen	3.50%	2.50%

6. For Calendar Years 2018 and 2019 only, the Contributions Amounts (as referenced in Section 2.5) for each Eligible Employee listed below shall be as follows:

<u>Employee</u>	<u>Employer Contribution</u>	<u>Mandatory Employee Contribution</u>
<u>Martin Schimpf</u>	<u>3.50%</u>	<u>2.50%</u>

IN WITNESS WHEREOF, the Employer has caused this instrument to be executed by its duly authorized representative effective on this 16th day of March 2014.

Idaho State Board of Education

Name: _____

Signature: _____

Title: _____