January 18th, 2019
Office of the State Board of Education
Len B. Jordan Building
650 W State Street, 3rd Floor
Boise, Idaho

Teleconference Number: (877) 820-7829
Public Participant Code: 9096313

Friday, January 18th, 2019, 8:00 AM, Mountain Time

BUSINESS AFFAIRS AND HUMAN RESOURCES
Section II

1. Idaho State University - Property Acquisition – Meridian Health Sciences Center
2. Huron Consulting Follow-up

PLANNING, POLICY AND GOVERNMENTAL AFFAIRS

3. STEM Action Center – STEM School Designation

STATE BOARD OF EDUCATION
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IDAHO STATE UNIVERSITY

SUBJECT
Property Acquisition Meridian Health Sciences Center

REFERENCE

February 2016	Idaho State Board of Education (Board) approved Collaborative Affiliation Agreement with Idaho College of Osteopathic Medicine (ICOM)
August 2016	Board approved execution of a Ground Lease to enable ICOM to build its medical education building on the ISU Meridian campus.
February 2017	Board approved the Anatomy and Physiology Laboratory (A/P Lab) addition on the ISU Meridian campus
August 2017	Board approved License Agreement between ISU and ICOM for A/P Lab space
October 2017	Board approved an amendment to the License Agreement for Space between ISU and ICOM for use of the ISU A/P Lab
December 2017	Board approved Ground Lease Amendment between ISU and ICOM
June 2018	Board approved construction phase of Anatomy and Physiology Lab building addition at ISU Meridian Health Science Center
August 2018	Board approved ISU 6-year Capital Improvement Budget

APPLICABLE STATUTE, RULE, OR POLICY
Idaho State Board of Education Governing Policies & Procedures, Section V.I.2.

ALIGNMENT WITH STRATEGIC PLAN
The request aligns with the following State Board of Education Strategic Plans: Goal 3: Deliver relevant education that meets the health care needs of Idaho and the region. The corresponding Objective is: Objective B: Medical Education.

BACKGROUND/DISCUSSION

In Meridian, the ISU Sam and Aline Skaggs Health Science Center shares the campus with the West Ada School District (WASD). Together, ISU and WASD function under an SBOE-approved Master Declaration Agreement and Joint Operations and Maintenance Agreement (JOMA).

Future expansion of health science programs in Meridian is in jeopardy, or will become more problematic, absent increased space for the academic programs, space for the ancillary support functions for those programs, as well as the parking needed. Parking has historically been distributed between ISU-designated, WASD-designated, and common ground parking.

While the long term need of space for program expansion is the mission priority for the land acquisition, parking at the site is currently over-taxed and represents an emergent need. ISU's program growth in Meridian has been substantial over recent years and more expansion is currently approved and underway for future years. New programs include the Doctorate of Physical Therapy (72 students), MS in Clinical Psychopharmacology (24 students), MS in Nutrition with Dietetic Internship (40 students), PhD in Rehabilitative and Communication Sciences (8-15 students) and an increase from 30 to 42 seats in the Accelerated Program in Nursing. The strategic plan adds Occupational Therapy (54 students) and Dental Hygiene (28 students) to meet ongoing workforce needs.

In addition, a land-lease agreement executed in 2016 between ISU/SBOE and the Idaho College of Osteopathic Medicine (ICOM) resulted in the loss of approximately 270 student parking spaces immediately adjacent to ISU's east entrance as well as some common ground parking. Further, due to the collaboration between ICOM and ISU to mutually solve the parking problems, ICOM has recently entered into a purchase agreement to secure a 2.3 acre parcel property across Central Drive, just northeast of campus. This will provide ICOM with 200-300 new and dedicated parking spots in 2019. Thus, between the ICOM purchase and the WASD purchase, the emergent parking needs should be resolved.

ISU seeks approval from the State Board of Education to purchase real property contiguous to and west of the current Meridian campus in order to meet current needs for parking and to support future growth of programs at Meridian. The property is currently owned by WASD. At present, this new parking area shall only by used by ISU students, faculty, and staff.

ISU presented a Letter of Intent (LOI) to WASD to purchase five buildable acres of this property (Meridian Property) with the intent to develop surface parking to meet immediate needs and for future expansion. Both parties have signed the LOI (Attachment 1). A letter outlining the purchase of the Meridian Property to WASD dated 11/30/2018 is attached (Attachment 2). WASD approved the sale of the Meridian Property to ISU at their Board of Trustees Meeting held 12/11/2018. Attached is a copy of the proposed Real Estate Purchase and Sale Agreement

(Attachment 3). Survey information to describe boundaries and schematic design is provided (Attachment 4). The engineering estimate for the parking lot development and construction is $1,710,000.

The first appraisal ISU received from Valbridge Property Advisors (Valbridge) on November 19, 2018 appraised the property, 5.69 acres, with a usable land area of 5.24 acres (19,602 sf is not usable because of an irrigation canal easement) at $1,830,000. It deducted the estimated cost to construct an access drive with roundabout, fees, and entrepreneurial incentives in the amount of $420,000, for a total appraised value of $1,410,000. The original appraisal did so because it determined that the Meridian Property was landlocked, making it worth less. However, both ISU and WASD recognized that the appraisal did not accurately reflect that access could be achieved through the existing ISU/WASD campus, which will be provided via an easement extending across the property adjacent to and east of the Meridian Property. Once that discrepancy was corrected, Valbridge sent a new appraisal on November 30, 2018, appraising the Meridian Property at $1,700,000 (Attachment 5).

The appraisal document includes “extraordinary assumptions” because the Meridian Property will need to be split from its current status as part of a larger parcel. Since the Meridian Property is an interior site located approximately 650 linear feet south of E. Central Drive, direct vehicular access will be more beneficial to ISU. The proposed access drive with roundabout, extending from E. Central Drive will provide ISU with a more direct route to the new parking area. This addresses the current safety issue of numerous vehicles using the WASD parking lane as a thoroughfare. A preferred walking pathway through the new and existing parking will be identified to promote pedestrian safety.

In both the initial LOI and the proposed Real Estate Purchase and Sale Agreement, ISU has agreed to pay for the new driveway and roundabout to be used by WASD and ISU. WASD and ISU have verbally agreed to create a new JOMA or amend the current JOMA, such that maintenance of the new driveway is shared. However, ISU will be solely responsible for the construction and maintenance of the Meridian Property.

In order to complete the lot split, civil engineering firm Keller and Associates is currently working on the formal description of the property. ISU is poised to move forward with the City of Meridian and WASD for the subdivision pending approval by the SBOE.

In support of this project, ISU is amending its 6-year capital outlay (Attachment 6).

IMPACT

Acquisition of the property will allow development to meet emergent parking needs and afford long term mission-driven expansion of Idaho State University health science programs to meet workforce needs of the entire state. Significant health sciences programmatic expansion is already underway and is likely to continue to occur in the next few years.

ATTACHMENTS

Attachment 1 – Signed LOI with West Ada School District
Attachment 2 – Letter to Purchase Meridian Property
Attachment 3 – Proposed Real Estate Purchase and Sale Agreement
Attachment 4 – Schematic Design with Proposed Property Boundary Map
Attachment 5 – Valbridge Property Advisors Appraisal Report of Nov. 30, 2018
Attachment 6 – Amended 6-Year Capital Improvement Budget

STAFF COMMENTS AND RECOMMENDATIONS

Board Policy V.I. requires that the Board approve any acquisition of real property valued at more than $1,000,000. Board Policy V.K. states, "if a major project is not included in [an institution's Board-approved six-year Plan] and an institution or agency under the governance of the Board desires to obtain approval of the major project, before seeking approval, it shall first bring an amended plan to the Board for approval at a regularly scheduled meeting of the Board."

This request was originally planned for Board approval at the regular December Board meeting, but did not meet the deadline for inclusion in the December meeting, due in part to action outside of ISU's control.

The purchase of the property will be done with institution reserves.

Approval of this item will both approve an amended 6-year capital plan and the purchase of the property in question. The project will create approximately 561 parking spaces, according to Attachment 4. ISU reported that additional parking was planned for the Meridian campus, especially as the buildout of programs occurred and not as a direct result of the construction of ICOM. There are still approximately 70 parking spaces that are part of the ground lease with ICOM. Those spaces are included in the lease payments from ICOM to ISU.

ICOM is purchasing a parcel of land across Central Drive. ICOM currently access parking spaces on West Ada School District property. The addition of these 200-300 parking spaces, in addition to the 70 spaces on the ISU property and additional parking utilized by ICOM on West Ada property, should be sufficient for ICOM students. While the class sizes at ICOM are approximately 160 students, the last two years of their medical training are focused on clinical rotations. The students in rotations are rarely required to be on campus.

West Ada School District approved the sale of this property at their December 11, 2018 Board Meeting.

Institution representatives will be available to answer questions from the Board.

Staff recommends approval.

BOARD ACTION

I move to approve Idaho State University acquiring property owned by West Ada School District as provided for in Attachments 1 through 5 with the purchase price not to exceed $1,710,000, and to proceed with the planning and design for a parking lot as presented in Attachment 4, and to amend the 6-year Capital Improvement Budget in accordance with Attachment 6.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

I move to delegate authority to Kevin Satterlee, President of Idaho State University, to execute the Real Estate Purchase and Sale Agreement as presented in Attachment 3.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

I move to authorize execution of the Non-Exclusive Access Easement by the Idaho State Board of Education President or designee, in substantial conformance to Exhibit C of the Real Estate Purchase and Sale Agreement, as presented in Attachment 3.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

LETTER OF INTENT
FOR PURCHASE OF REAL PROPERTY

September 25, 2018

Dr. Mary Ann Ranells
Superintendent, West Ada School District
1303 E. Central Drive
Meridian, ID 83642

RE: Purchase of a portion of parcel R4539350025, located at 915 E. Central Drive

Dear Dr. Ranells:

Subject to the execution of a definitive and mutually acceptable Purchase and Sale Agreement, Idaho State University ("Purchaser") offers to buy a certain piece of real property ("Parcel") which is part of R4539340025 ("Property"), as depicted in the attached Exhibit A, from Joint School District No. 2, dba West Ada School District ("Seller").

The parties recognize that the consummation of this transaction will require further negotiation, documentation and approvals. However, this Letter of Intent is being executed to evidence the intention to proceed, in good faith, to complete the necessary work to be able to negotiate a Purchase and Sale Agreement in the future.

The proposed terms and conditions include the following:

1. Purchase. The Purchaser will purchase a Parcel consisting of five (5) buildable acres of the Property from the Seller. The parties acknowledge that the actual Parcel may be more than five (5) acres because of easements and other considerations.

2. Purchase Price. The purchase price will be no less than the appraised value determined by an independent appraisal, conducted by a licensed appraiser acceptable to Seller, as required by Idaho Code §33-601. If either party is not satisfied with the appraised value, a second appraisal may be obtained at the expense of that party.

3. Costs. The Purchaser shall pay a) all costs associated with the appraisal, b) all costs associated with an ALTA Survey, c) all costs associated with any necessary subdivision of the Property, d) all costs of construction of a new entrance off Central Drive that will allow access to the current west parking lot and to the Parcel, and e) all of Seller's legal fees associated with a, b, c, and d above.

4. Contingencies. Purchaser's obligation to purchase the Parcel shall be contingent upon, among other things: (i) the completion by the Purchaser, to its satisfaction, of due diligence on the Parcel prior to the closing date; (ii) approval of the purchase of the Parcel by Purchaser's Governing Board (State Board of Education) and Seller's Board of Trustees; (iii) Purchaser's receipt of an environmental assessment which indicates that the Parcel is free from environmental contamination; (iv) Purchaser's receipt of a survey which indicates that the Parcel is free from all encroachments; (v) Purchaser's receipt of title insurance insuring that there is good and marketable title, and fee simple title to the Property is vested in the Purchaser, (vi) the occurrence of no material adverse change in the condition of the Parcel; and (vii) the completion of satisfactory legal documentation including adequate indemnifications and representations.

5. Feasibility Period. The Buyer shall have until December 31, 2018 to perform all feasibility and due diligence for the Parcel ("Feasibility Period"), which may be extended by written request from the Buyer. Consent for an extension of time shall not be unreasonably withheld by the Seller. The Seller shall fully cooperate with the Buyer in providing any and all information available regarding the Property and unrestricted access to the Property. The parties agree that during this Feasibility Period, the Purchaser shall have the exclusive right to negotiate with the Seller for the purchase of the Parcel, and the Seller agrees not to directly or indirectly solicit, entertain, or otherwise discuss with any person any offers to purchase all or any portion of the Property.

6. Miscellaneous. The parties understand the purpose of this Letter of Intent is to allow further investigation by both parties into the possibility of entering into a formal Purchase and Sale Agreement. This Letter of Intent is only binding on the parties until the end of the Feasibility Period and any mutually agreed upon extensions, if any. It is not intended to be a legally enforceable agreement, and no cause of action shall arise as a result of the parties signing it. If a formal Purchase and Sale Agreement is not executed for any reason or no reason at all, this Letter of Intent shall expire and neither party shall have any further rights or duties hereunder.

This Letter of Intent is made subject to Purchaser's receipt of Seller's acceptance.

Sincerely,

Kevin Satterlee

Kevin D. Satterlee
President, Idaho State University

ACCEPTED AND AGREED TO THIS 26 day of SEPT, 2018.

Mary Ann Ranells

Dr. Mary Ann Ranells
Superintendent, West Ada School District

EXHIBIT A

Legal description for Central Parcel

PARCEL B OF RECORD OF SURVEY NO. 6631, RECORDED SEPTEMBER 22, 2004, AS INSTRUMENT NO. 104121512, RECORDS OF ADA COUNTY, IDAHO, LYING IN THE SE 1/4 OF SECTION 18, TOWNSHIP 3 NORTH, RANGE 1 EAST, BOISE MERIDIAN, MERIDIAN, ADA COUNTY, IDAHO, AND BEING A PORTION OF LOT 2, JABIL SUBDIVISION, RECORDED IN BOOK 88 OF PLATS, AT PAGE 10,179 THROUGH 10,180, RECORDS OF ADA COUNTY, IDAHO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH 1/4 CORNER OF SECTION 18, TOWNSHIP 3 NORTH, RANGE 1 EAST;
THENCE NORTH 00°27'58" EAST 1325.41 FEET ALONG THE CENTER SECTION LINE OF SAID SECTION 18 TO THE CS 1/16 CORNER, THE SW CORNER OF LOT 2, JABIL SUBDIVISION, OF RECORD IN BOOK 88 OF PLATS AT PAGES 10179 AND 10180, ADA COUNTY RECORDER'S OFFICE, THE REAL POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE ALONG THE BOUNDARY OF LOT 2 THE FOLLOWING:

THENCE CONTINUING NORTH 00°27'58" EAST 939.34 FEET TO A POINT OF CURVATURE;
THENCE ALONG A CURVE TO THE LEFT 66.01 FEET, SAID CURVE HAVING A RADIUS OF 95.00 FEET, TANGENTS OF 34.40 FEET, A CENTRAL ANGLE OF 39°48'41", AND A LONG CHORD BEARING SOUTH 64°48'36" FEET TO A POINT OF TANGENCY;
THENCE NORTH 87°03'28" EAST 100.00 FEET TO A POINT;
THENCE NORTH 89°39'33" EAST 758.00 FEET TO A POINT;
THENCE SOUTH 00°00'00" WEST 765.09 FEET TO A POINT;
THENCE SOUTH 56°10'38" WEST LEAVING THE SAID BOUNDARY OF LOT 2, A DISTANCE OF 40.08 FEET TO A POINT;
THENCE SOUTH 90°00'00" WEST 94.71 FEET TO A POINT;
THENCE SOUTH 00°00'00" WEST 129.00 FEET TO A POINT ON THE BOUNDARY OF LOT 2;
THENCE SOUTH 89°38'18" WEST 796.05 FEET TO THE REAL POINT OF BEGINNING OF THIS DESCRIPTION.

APN: R4539340025

Idaho State
UNIVERSITY

Office of the President
921 South 8th Avenue, Stop 8310 • Pocatello, Idaho 83209-8310

November 30, 2018

Dr. Mary Ann Ranells
Superintendent, West Ada School District
1303 E. Central Drive
Meridian, ID 83642

RE: Purchase of a portion of parcel R4539350025, located at 915 E. Central Drive

Dear Dr. Ranells:

In follow up to the Letter of Intent for Purchase of Real Property, Idaho State University has contracted Valbridge Property Advisors to appraise a 5.69-acre portion of the larger parcel R4539350025, located at 915 E. Central Drive. A summary is provided below. Full report attached, Valbridge File Number: ID02-18-0242-000.

Market Value As Is:
Sales Comparison Approach Conclusion
Market value assuming parcel split, rounded $1,710,000

Additionally, ISU has received an estimate for the construction of a new entrance off Central Drive with roundabout.

Estimated cost to construct access drive, $381,357

As previously agreed to in the Letter of Intent, Idaho State University will manage and assume the cost of the construction of this property improvement to benefit access and traffic flow for both Idaho State University and West Ada School District.

Idaho State University remains interested in moving forward with the purchase of the 5.69-acre parcel subject to further negotiation, documentation, and approval of the WASD Board of Trustees and the Idaho State Board of Education.

Sincerely,

Kevin Satterlee
President
Idaho State University

Cc:
Joe Yochum
Patricia Marincic
Laura Woodworth-Ney
Rex Force
Brian Hickenlooper
Cheryl Hanson
Adam Jacobsmeyer

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REAL ESTATE PURCHASE AND SALE AGREEMENT

This Real Estate Purchase and Sale Agreement (hereinafter “Agreement”) is made on the ____ day of December, 2018 (hereinafter “Effective Date”), between Board of Trustees and The State of Idaho by and through the State Board of Education (hereinafter referred to as "Buyer"), and Joint School District No. 2, an Idaho school district and body politic of the state of Idaho, doing business as the West Ada School District (hereinafter referred to as "Seller"). Buyer and Seller may be collectively referred to herein as the parties.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, and in consideration of the recitals above, which are incorporated herein, and the premises and the mutual representations, covenants, undertakings and agreements hereinafter contained, Seller and Buyer represent, covenant, undertake and agree as follows:

1. DESCRIPTION OF PREMISES. Pursuant to the terms of this Agreement, Seller agrees to sell and the Buyer covenants and agrees to buy from the Seller a certain parcel of real property consisting of 5.695 acres, more or less, which is more particularly described in the attached Exhibit “A” and which is depicted in the color pink the attached Exhibit "B," both of which are incorporated in full by this reference (hereinafter referred to as the “Premises”).

2. PURCHASE PRICE. The parties agree that the purchase price for the Premises shall be One Million Seven Hundred Ten Thousand and 00/100ths Dollars ($1,710,000.00) (the “Purchase Price”). The parties acknowledge that the Purchase Price was based upon a mutually acceptable Appraisal Report prepared by Valbridge Property Advisors, Mountain States Appraisal & Consulting, Inc., dated November 30, 2018. Buyer shall pay the Purchase Price, plus or minus prorations set forth herein, to Seller in good and immediately available funds on

the Closing Date, defined in 10.1 below.

3. PURCHASE TO INCLUDE ALL WATER AND IRRIGATION RIGHTS. The Premises shall include all water, well, and irrigation rights, all water shares and/or certificates, and ditches and ditch rights, either associated with, or located upon, the Premises, if any. Seller shall transfer all such water rights to Buyer at the time of the Closing Date.

4. SURVEY. The parties acknowledge that Seller has provided Buyer with a copy of the existing survey or surveys of the Premises which are currently in the possession of Seller. Prior to the Closing Date, Buyer shall have the option to obtain a boundary survey of the Premises which shall: (i) satisfy the standards of local title insurance companies for issuance of an owner's ALTA extended title insurance policy covering the Premises, (ii) indicate the total net acreage of the Premises to the nearest one-hundredth of an acre, and (iii) illustrate that the Premises is free of all encroachments.

5. TITLE INSURANCE. Not more than ten (10) days after the Effective Date, Seller shall deliver or cause to be delivered to Buyer an updated commitment for an owner’s title insurance policy, dated after the date hereof, issued by Pioneer Title Company of Ada County (the "Title Insurer"), with standard form coverage (the "Title Commitment"), together with legible copies of all documents referenced therein as exceptions, showing marketable and insurable title to the Premises to be in the Seller subject only to: (i) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money or otherwise on the Closing Date and which Seller shall so remove at that time; (ii) standard exceptions printed by the Title Insurer; and (iii) title exceptions not otherwise objected to by Buyer, as set forth in Section 5.1, below (collectively, the "Permitted

Exceptions").

5.1 Title Defects. Buyer shall have thirty (30) days from the Effective Date within which to object in writing to any material exception shown in the Title Commitment and if said exception cannot be removed by Seller on or before the Closing Date, Buyer shall have the right to terminate this Agreement, and all parties thereafter released and discharged from any further obligation under this Agreement.

5.2 Title Policy. At the closing, the Buyer shall purchase a standard Owner's Policy of Title Insurance in the full amount of the Purchase Price, insuring that fee simple title to the Premises is vested in the Buyer, subject only to the Permitted Exceptions. If Buyer requires an extended coverage owner's policy of title insurance, Buyer shall also pay the additional premium for such extended coverage. In the event Buyer shall fail to complete the purchase of the Premises due to no fault of the Seller, Buyer will be responsible to pay any cancellation fee to the Title Insurer.

6. EASEMENT FOR ACCESS TO PREMISES. As part of the Buyer's purchase of the Premises, Seller shall grant a non-exclusive easement over a portion of Seller's property for ingress and egress between the Premises and East Central Drive, which easement shall require Buyer to complete the design and construction of a road and related improvements in the easement at Buyer's sole expense. At the closing, the parties shall execute a Non-Exclusive Access Easement substantially similar to the version attached hereto as Exhibit "C," which shall be filed with the Ada County Recorder's office following the closing.

Attachment 3

7. HAZARDOUS SUBSTANCES.

7.1 Definitions. The terms "hazardous substance," "release," and "removal" shall have the definition and meaning as set forth in Title 42 U.S.C. § 9601 (or the corresponding provision of any future law in effect prior to Closing); provided, however that the term "hazardous substance" shall include "hazardous waste" as defined in Title 42 U.S.C. § 6903 (or the corresponding provision of any future law in effect prior to Closing) and "petroleum" as defined in Title 42 U.S.C. § 6991 (or the corresponding provision of any future law in effect prior to Closing). The term "superfund" shall mean the Comprehensive Environmental Response, Compensation and Liability Act, Title 42 U.S.C. § § 9601, *et seq.* (or the corresponding provision of any future law in effect prior to Closing) and any similar statute, ordinance, rule or regulation of any state or local legislature, agency or body. The term "underground storage tank" shall have the definition and meaning as set forth in Title 42 U.S.C. § 6991 (or the corresponding provision of any future law in effect prior to Closing).

7.2 Representations and Warranties. The Seller represents and warrants to, and covenants with, the Buyer that:

(a) To the best of the Seller's knowledge, the Premises is not contaminated with any hazardous substance,

(b) To the best of the Seller's knowledge, Seller has not caused and will not cause the release of any hazardous substances on the Premises,

(c) To the best of the Seller's knowledge, there has never occurred a release of hazardous substances on the Premises,

(d) To the best of the Seller's knowledge, the Premises is not subject to any pending, threatened, or likely federal, state, or local "superfund" lien, proceedings, claim, liability, or action for the cleanup, removal, or remediation of any hazardous substance from the Premises,

(e) To the best of Seller's knowledge there is no underground storage tank on the Premises,

(f) To the best of Seller's knowledge, by acquiring the Premises, the Buyer will not incur or be subject to any "superfund" liability for the cleanup, removal, or remediation of any hazardous substance from the Premises,

(g) To the best of the Seller's knowledge, by acquiring the Premises, the Buyer will not incur or be subject to any liability, cost, or expense for the removal of any asbestos or underground storage tank from the Premises, and

(h) To the best of Seller's knowledge, the Premises and the uses conducted on the Premises are in compliance with all applicable environmental laws, codes, and regulations, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

8. <u>Due Diligence Review and Environmental Assessment</u>. Buyer's obligation to proceed to closing is contingent upon Buyer's completion of a due diligence review of the Premises to Buyer's satisfaction. Buyer may also conduct an environmental assessment of the Premises (hereinafter referred to as "Environmental Assessment"). The Environmental

Attachment 3

Assessment may include physical examination of the Premises and any structures, facilities, or equipment located thereon, soil samples, ground and surface water samples, storage tank testing and review of pertinent records, documents, and licenses of Seller. If such due diligence review or Environmental Assessment reveals facts or circumstances which are not satisfactory to Buyer, or which represent a material breach of a representation or warranty of Seller hereunder, or reveals facts or circumstances which have not previously been disclosed pursuant to this Agreement and which are unsatisfactory in the opinion of Buyer, then Buyer shall provide written notice thereof to Seller (a "Due Diligence Notice"). Unless Seller cures such breach or otherwise remedy such facts or circumstances to Buyer's reasonable satisfaction within thirty (30) days following the delivery of such Due Diligence Notice, then Buyer shall have the right to terminate this Agreement, the Earnest Money shall be fully refunded to Buyer.

9. COSTS. Buyer shall pay all costs associated with, or arising from the transaction contemplated by this Agreement, including the following: (i) cost of standard owner's title insurance policy; (ii) cost of extended coverage title insurance policy (if desired by Buyer); (iii) cost of the appraisal of the Premises; (iv) the cost of Environmental Assessment; (v) all closing costs, recording fees, escrow fees, and closing agent's fees; and (vi) Buyer's and Seller's attorney fees.

10. CLOSING AND RELATED MATTERS.

10.1 Closing Date. The closing of the transaction contemplated by this Agreement ("Closing") shall take place on March 15, 2019, or such earlier or later date as the parties shall mutually agree in writing. The closing shall occur at the office of Escrowee, as defined in 10.6 at a time mutually agreed upon by the parties.

Attachment 3

10.2 Seller's Deposits. On the Closing Date, Seller shall deliver the following documents to Escrowee:

(a) Warranty Deed, executed by Seller conveying the Premises to Buyer subject only to the Permitted Exceptions, substantially similar to the Warranty Deed attached hereto as Exhibit “C” which is incorporated by this reference.

(b) Original stock certificates from the applicable water and/or ditch company or companies, transferring shares appurtenant to the Premises, in such water and/or ditch company or companies to Buyer, if any

(c) Non-Exclusive Access Easement, executed by Seller, substantially similar to the version attached hereto as Exhibit “C”.

(d) Seller-approved closing statement.

(e) Such other documents as the Title Insurer, Buyer or Buyer’s attorneys may reasonably require in order to effectuate or further evidence the intent of any provision in this Agreement.

All of the documents and instruments to be delivered by Seller hereunder shall be in form and substance reasonably satisfactory to counsel for Buyer.

10.3 Buyer's Deposits. On the Closing Date, Buyer shall deliver the following documents to Escrowee:

(a) Buyer-approved closing statement.

(b) Non-Exclusive Access Easement, executed by Buyer, substantially similar to the version attached hereto as Exhibit “C”.

(c) Cash or readily available funds in an amount sufficient to meet

Buyer's obligations hereunder.

(d) Such other documents as the Title Insurer, Seller or Seller’s attorneys may reasonably require in order to effectuate or further evidence the intent of any provision in this Agreement.

All of the documents and instruments to be delivered by Buyer hereunder shall be in form and substance reasonably satisfactory to counsel for Seller.

10.4 Buyer’s Conditions to Closing. In all events, the obligations of Buyer to make payments and to close this transaction are contingent upon: (i) Buyer having obtained the necessary governmental approvals for the Premises to be a separate buildable lot; (ii) the completion by the Buyer, to its satisfaction, of due diligence on the Premises; (iii) approval of the purchase of the Premises by Buyer’s Board of Trustees; (iv) Buyer’s receipt of an environmental assessment which indicates that the Premises is free from environmental contamination, if Buyer opts to conduct such assessment; (v) Buyer’s receipt of a survey which indicates that the Premises is free from all encroachments, if Buyer opts to conduct such survey; (vi) Buyer’s receipt of title insurance insuring that there is good and marketable title, and fee simple title to the Premises is vested in the Buyer, (vii) the occurrence of no material adverse change in the condition of the Premises; (viii) the Seller’s conditions precedent to closing provided for in this Agreement being satisfied or waived by Buyer in writing; (ix) the representations, warranties and covenants of Seller set forth in this Agreement being true and accurate as of the Closing Date; and (x) Seller otherwise having performed all of Seller's obligations hereunder.

Attachment 3

10.5 Seller's Conditions to Closing. In all events, the obligations of Seller to close this transaction are contingent upon: (i) receipt of the appraisal referenced in Section 2, above, certified to Seller; (ii) approval of the purchase of the Premises by Seller's Board of Trustees; (iii) the representations, warranties and covenants of Buyer being true and accurate as of the Closing Date; (iv) Buyer otherwise having performed all of Buyer's obligations hereunder; and (v) the Buyer's conditions precedent to closing provided for in this Agreement being satisfied or waived by Seller in writing.

10.6 Escrow Closing. The closing of the transaction contemplated herein shall take place at the office of Escrowee, and the parties designate Sue Rich Merritt (telephone number 208-373-3612, e-mail address suem@PioneerTitleCo.com) as the closing agent for this transaction. Closing shall be through escrow with Escrowee, using form escrow instructions then in use by Escrowee, modified to reflect the terms and conditions of the transaction contemplated herein. The parties shall use their best efforts to have Title Insurer commit to insure the title of Buyer upon receipt of all of Buyer's and Seller's deposits. This Agreement shall not be merged into any escrow agreement, and the escrow agreement shall always be deemed auxiliary to this Agreement. The provisions of this Agreement shall always be deemed controlling as between Seller and Buyer.

10.7 "As-Is" Purchase. By proceeding to Closing, Buyer acknowledges that it has made its own inspection of the Premises and is purchasing the Premises in "As-Is Condition" and that Seller has not made any representations or warranties as to the condition of the Premises and/or any expected use of the Premises other than as specifically set forth in this Agreement.

Attachment 3

10.8 Possession. Possession of the Premises shall be delivered to Buyer on the Closing Date.

11. TAXES AND PRORATED ITEMS. Prior to closing Seller shall pay all taxes and assessments for all years prior to the year of closing. Taxes and assessments which are owing at the time of the Closing Date shall be prorated and adjusted as of the Closing Date in accordance with the due basis of the municipality or taxing unit in which the Premises is located. Any interest, rents, and/or water assessments shall be prorated and adjusted as of the Closing Date.

12. NO BROKERAGE FEES. The parties acknowledge that they are not represented by any real estate brokers nor agents in this transaction, and each party shall indemnify and hold the other party harmless from and against any and all claims for brokerage or real estate commissions made by any person claiming though the other party.

13. INDEMNIFICATION. Buyer shall, to the extent allowed by law, indemnify, defend with counsel reasonably acceptable to Seller, and hold harmless the Seller from and against any and all claims, demands, actions, losses, liabilities, costs and expenses (including reasonable attorneys' fees) of any kind asserted against, suffered, or incurred by Seller arising from any challenge to Seller's right to sell the Premises to Buyer.

14. DEFAULT AND REMEDIES.

14.1 Default by Buyer. If Buyer should fail to consummate the transaction contemplated herein as a result of the Buyer's default, Seller may elect, without limitation, any one or more of the following remedies: (i) to enforce specific performance of this Agreement; (ii) to bring a suit for damages for breach of this Agreement; (iii) to terminate this Agreement whereupon Buyer will reimburse Seller for Seller's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorneys' fees and other costs; or (iv) pursue any and all remedies at law or equity. No delay or omission in the exercise of any right or remedy accruing to Seller upon the breach by Buyer under this Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by Seller of any condition or the breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant, condition or any subsequent breach of the same or any other term, covenant or condition contained herein.

14.2 Default by Seller. If Seller should fail to consummate the transaction contemplated herein for any reason other than default by Buyer, Buyer may elect, without limitation, any one or more of the following remedies: (i) to enforce specific performance of this Agreement; (ii) to bring a suit for damages for breach of this Agreement; (iii) to terminate this Agreement whereupon Seller will reimburse Buyer for Buyer's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorneys' fees and inspection costs; or (iv) pursue any and all remedies at law or equity. No delay or omission in the exercise of any right or remedy accruing to Buyer upon the breach by Seller under this Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by Buyer of any condition or the breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant, condition or any subsequent breach of the same or any other term, covenant or condition contained herein.

15. MISCELLANEOUS PROVISIONS.

15.1 Time of Essence. All times provided for in this Agreement or in any other instrument or document referred to herein or contemplated hereby, for the performance of any act will be strictly construed, it being agreed that time is of the essence of this Agreement.

15.2 Survival. The terms, provisions, and covenants (to the extent applicable) and indemnities shall survive closing and delivery of the deed, and this Agreement shall not be merged therein, but shall remain binding upon and for the parties hereto until fully observed, kept or performed.

15.3 Attorneys' Fees. If either party shall default in the full and timely performance of this Agreement and said default is cured with the assistance of an attorney for the other party and before the commencement of a suit thereon, as a part of curing said default, the reasonable attorneys' fees incurred by the other party shall be reimbursed to the other party upon demand. In the event of any litigation between the parties concerning this Agreement, the prevailing party in such litigation shall be entitled to recover all reasonable costs and expenses, including reasonable attorney's fees, incurred in such litigation.

15.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

15.5 Business Days. Wherever under the terms and provisions of this Agreement the time for performance falls upon a Saturday, Sunday, or legal holiday, such time for performance shall be extended to the next business day.

15.6 Hand-written Provisions. Hand-written provisions inserted in this Agreement, and initialed by the parties in ink, shall control all typewritten provisions in conflict therewith.

15.7 Titles and Headings. Titles and headings to articles, sections, or paragraphs of this Agreement are inserted for convenience of reference and are not intended to affect the interpretation or construction of this Agreement.

15.8 Notices. Any notice under this Agreement shall be in writing and shall be treated as duly delivered if the same is personally delivered or deposited in the United States Mail, certified, return receipt requested, postage prepaid, and properly addressed as follows:

To Seller:
West Ada School District
Attn: Superintendent
1303 E. Central Dr.
Meridian, Idaho 83642

With a copy to:
Foley Freeman, PLLC
Attn: Mark S. Freeman
P.O. Box 10
953 S. Industry Way
Meridian, Idaho 83680

To Buyer:
Idaho State University
Attn: General Counsel
921 So. 8th Ave. Stop 8410
Pocatello, Idaho 83209

15.9 Authority of the Parties. Each party to this Agreement represents and warrants that the execution, delivery, and performance of this Agreement has been duly authorized by all necessary action of such party and is a valid and binding obligation upon the persons or entity signing this Agreement.

15.10 No Assignment. Neither Buyer nor Seller shall have the right to sell, transfer, exchange, or assign all or any part of its respective interest in this Agreement.

15.11 Representation. This Agreement was drafted by the attorney for the Seller as a matter of convenience only and shall not be construed for or against any party on that account. All parties acknowledge that they have been represented by separate legal counsel in this transaction.

15.12 Entire Agreement. This Agreement embodies the entire contract between the parties hereto with respect to the subject matter hereof, and supersedes any and all prior agreements, whether written or oral, between the parties. No extension, change, modification or amendment to or of this Agreement of any kind whatsoever shall be made or claimed by Seller or Buyer, and no notice of any extension, change, modification or amendment made or claimed by Seller or Buyer shall have any force or effect whatsoever unless the same shall be endorsed in writing and be signed by the party against which the enforcement of such extension, change, modification or amendment is sought, and then only to the extent set forth in such instrument. Nothing herein is intended, nor shall it be construed, as obligating either party to agree to any modification if this Agreement.

15.13 Severability. In the event any term or provisions of this Agreement shall be held illegal, invalid or unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby, but each such term and provision shall be valid and shall remain in full force and effect.

15.14 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and, if permitted, assigns.

15.15 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute the same instrument.

15.16 Parties' Further Assurances. The parties each for themselves do further covenant to each other that they shall execute and deliver to the other party any and all other documents, applications, approvals, etc., as necessary or required to satisfy their obligations as set forth in this Agreement.

[END OF TEXT, SIGNATURES ON FOLLOWING PAGE]

Attachment 3

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

BUYER: IDAHO STATE UNIVERSITY

By: ___________________________________
KEVIN D. SATTERLEE
Its: President

SELLER: JOINT SCHOOL DISTRICT NO. 2, dba WEST ADA SCHOOL DISTRICT

By: ___________________________________
DR. MARY ANN RANELLS
Its: Superintendent

STATE OF IDAHO)
) ss.
County of Bannock)

On the ___ day of ______________, 2018, before me, the undersigned, a Notary Public in and for said State, personally appeared Kevin D. Satterlee, known or identified to me to be the President and Authorized Representative of Idaho State University, entity that executed the within and foregoing instrument or the person who executed the instrument on behalf of said entity and on behalf of the Board of Trustees and the State of Idaho by and through the State Board of Education, and acknowledged to me that such entity executed the same.

IN WITNESS WHEREOF, I have hereunto affixed my official seal the day and year first above written.

____
Notary Public for Idaho
Residing at ________________, Idaho

Attachment 3

STATE OF IDAHO)
) ss.
County of Ada)

On the ___ day of ______________, 2018, before me, the undersigned, a Notary Public in and for said State, personally appeared Dr. Mary Ann Ranells, known or identified to me to be the Superintendent and Authorized Representative of Joint School District No. 2, doing business as the West Ada School District, who executed the within and foregoing instrument on behalf of said entity, and acknowledged to me that said entity executed the same.

IN WITNESS WHEREOF, I have hereunto affixed my official seal the day and year first above written.

____
Notary Public for Idaho
Residing at _________________, Idaho

EXHIBIT "A"

LEGAL DESCRIPTION OF PREMISES

Parcel R4539340025:

A portion of Lot 2 in Block 1 of Jabil Subdivision, according to the plat thereof filed in Book 88 of Plats at Pages 10179-10180, records of Ada County, Idaho, being a portion of Parcel B of ROS 6631, being a portion of the SE1/4 Section 18, T3N, R1E, B.M., Ada County Idaho more particularly described as follows:

Commencing at the South 1/4 of said Section 18 which is a found brass cap as shown on C. P. & F. Inst. No. 103176247 from which the center 1/4 corner of said Section 18 which is a found aluminum cap as shown on C. P. & F. Inst. No. 8953497 bears N00°27'14"E, 2650.92 feet the basis of bearing of this description, run thence N00°27'14"E along the westerly line of said SE1/4 Section 18 a distance of 1325.37 feet to a found 5/8" iron rod no cap said point being the Southwest corner of said Lot 2 and being the POINT OF BEGINNING.

Thence continue along said westerly line, also being the westerly line of said Lot 2 N00°27'14"E, 290.11 feet;
Thence leaving said westerly line N89°59'21"E, 921.73 feet to a point on the east line of said Parcel B of ROS 6631;
Thence S00°00'39"E along the easterly line of said Parcel B of said ROS 6631 a distance of 133.50 feet;
Thence S56°10'38"W along the easterly line of said Parcel B of said ROS 6631 a distance of 40.20 feet to a found 1/2" iron rod;
Thence N89°53'08"W along the easterly line of said Parcel B of said ROS 6631 a distance of 94.71 feet to a found 1/2" iron rod;
Thence S00°01'49"E along the easterly line of said Parcel B of said ROS 6631 a distance of 129.20 feet to a found 1/2" iron rod on the south line of said Lot 2;
Thence S89°36'43"W along the south line of said Lot 2 a distance of 795.90 feet to the POINT OF BEGINNING.

EXHIBIT "B"

DIAGRAM OF PREMISES

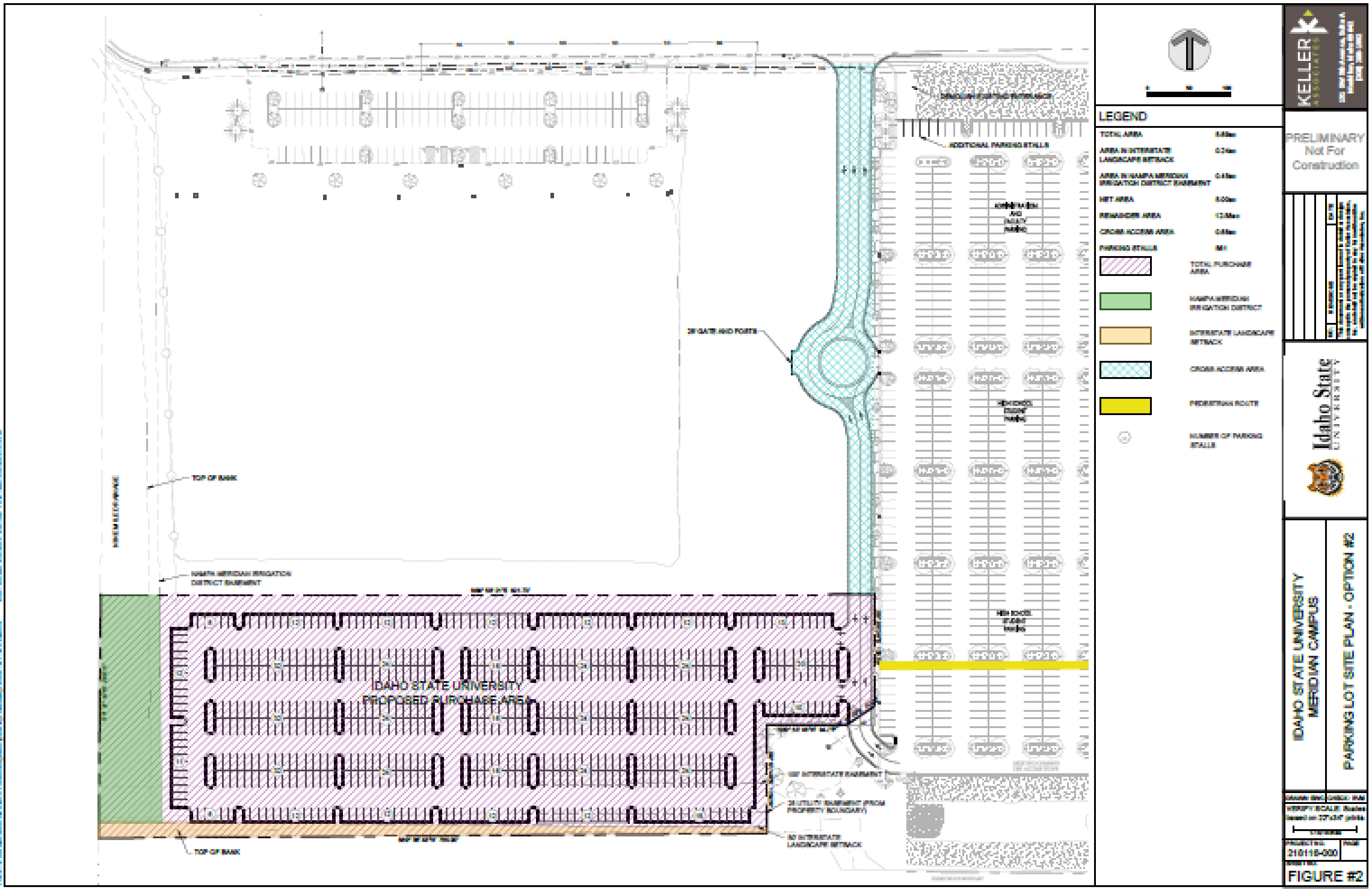


EXHIBIT "B" – DIAGRAM OF PREMISES

Page 1 of 1

EXHIBIT "C"

NON EXCLUSIVE ACCESS EASEMENT

NON-EXCLUSIVE ACCESS EASEMENT

This Non-Exclusive Access Easement (the "Agreement") is made effective this ____ day of ________________, 2018, by and between Joint School District No. 2, an Idaho school district and body politic of the state of Idaho, doing business as the West Ada School District ("Grantor"), and the Board of Trustees and the State of Idaho by and through the State Board of Education ("Grantee"). The Grantor and Grantee may be collectively referred to herein as the parties.

RECITALS:

WHEREAS, Grantor is the owner of that certain property described in ***Exhibit A***, which exhibit is attached hereto and incorporated herein ("Grantor's Property");

WHEREAS, Grantee is the owner of that certain property described in ***Exhibit B***, which exhibit is attached hereto and incorporated herein ("Grantee's Property");

WHEREAS, Grantor desires to grant and Grantee desires to receive an easement for ingress and egress across the Grantor's property as described and depicted on ***Exhibit C*** under the terms and conditions outlined hereafter.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant. Grantor hereby grants a non-exclusive perpetual access easement over, on, across, and through the Grantor's Property for ingress and egress in the location depicted on ***Exhibit C*** ("Easement").

2. Purpose of Easement. The Easement shall be solely used for ingress and egress for pedestrian and vehicular travel by Grantee and its representatives, employees, students, patrons, customers, invitees, and agents. Grantee's use of this nonexclusive easement shall not be inconsistent with and shall not interfere with Grantor's use of the Easement as ingress and egress Grantor's properties. No parking of any vehicles shall be permitted on the Easement.

3. Rights Reserved in Grantor. The Easement is non-exclusive, and there is hereby reserved to Grantor, its successors and assigns, with respect to the Easement, full rights of egress and ingress, and the right to construct, install, maintain, modify, repair and remove utilities or other services, equipment and facilities, and the right to make any other use of any kind or nature whatsoever, and the right to construct, install, maintain, modify, repair and remove any Improvements of any kind or nature whatsoever; provided, however, that such use does not unreasonably interfere with the use of the Easement by Grantee, its successors and assigns. In addition, each party and its successors and assigns shall have the right to remove or disturb any paving as reasonably necessary to exercise any of its rights reserved herein, provided that such paving is promptly repaired at its expense, and such action does not unreasonably interfere with the use of the Easement by the other party, its successors and assigns.

4. Construction of Improvements. In consideration for the Easement, on or before October 1, 2019, and at Grantee's sole cost and expense, Grantee shall obtain all required governmental approval to allow, and shall complete, in a good and workmanlike manner, the construction of an all new entrance with a roundabout from E. Central Drive to provide access to Grantor's, Grantee's, and the Idaho College of Osteopathic Medicine's facilities, complete with required landscaping, sidewalks, etc., as generally depicted in the color blue in the attached ***Exhibit D*** (collectively the "Improvements").

5. Maintenance of Improvements. Except as otherwise expressly set forth herein, Grantor and Grantee shall share equally all costs and expenses which are necessary or required in connection with the maintenance, repair, and replacement of the Improvements. In the event Grantor or Grantee shall believe that normal repairs or routine maintenance need to be made or performed in and to the Easement, such party shall notify the other in writing, which notice shall specify the item to be repaired, and at least two (2) estimates from licensed contractors setting forth the terms for such repair, including the cost thereof. Upon receipt of such notice, a party shall promptly review same and provide the other party with its approval within thirty (30) days. In the event that a party does not agree with the nature or extent of the repairs or maintenance, or the cost to perform same, the parties shall meet within such thirty (30) day period to discuss same in good faith and attempt to resolve any issues associated therewith.

6. Indemnification. Grantee and future owners of the Grantee Property or any part thereof, shall, to the extent allowed by law, indemnify, defend with counsel reasonably acceptable to Grantor, and hold harmless the Grantor and all owners and future owners of the Grantor's property or any part thereof from and against any and all claims, demands, actions, losses, liabilities, costs and expenses (including reasonable attorneys' fees) of any kind asserted against, suffered or incurred by Grantor and arising from the construction of the Improvements and/or the use of the Easement by Grantee or such owner or future owner of the Grantee Property or any part thereof, or any of their respective agents, employees, guests, invitees, licensees, students, customers, patrons and contractors, except to the extent solely caused by the negligence or willful misconduct of the Grantor, or such owner or future owner of the Grantor Property or any part thereof, or any of their respective agents, employees, guests, invitees, licensees, customers, patrons and contractors. Grantor and future owners of the Grantor Property or any part thereof, shall, to the extent allowed by law, indemnify, defend with counsel reasonably acceptable to Grantee, and hold harmless the Grantee and all owners and future owners of the Grantee's property or any part thereof from and against any and all claims, demands, actions, losses, liabilities, costs and expenses (including reasonable attorneys' fees) of any kind asserted against, suffered or incurred by Grantee and arising from the use of the Easement by Grantor or such owner or future owner of the Grantor Property or any part thereof, or any of their respective agents, employees, guests, invitees, licensees, students, customers, patrons and contractors, except to the extent solely caused by the negligence or willful misconduct of the Grantee, or such owner or future owner of the Grantee Property or any part thereof, or any of their respective agents, employees, guests, invitees, licensees, customers, patrons and contractors.

7. Easement Obstructions. No fence or other barrier shall be erected or permitted within or across the Easement which would prevent or obstruct the passage of pedestrian or vehicular travel; provided, however, that the foregoing shall not prohibit (i) the temporary erection of barricades which are reasonably necessary for security and/or safety purposes in connection with the construction, reconstruction, repair and maintenance of Improvements, including the Easement, on the Grantor's Property, it being agreed by the parties however, that all such work shall be conducted in the most expeditious manner reasonably possible to minimize the interference with the use of the Easement by Grantor, and such work shall be diligently prosecuted to completion, or (ii) the construction of limited curbing or other forms of traffic controls along the outer perimeter of the Easement.

Grantor reserves the right to close off the Easement for such reasonable period of time as may be legally necessary to prevent the acquisition of prescriptive rights by anyone; provided, however, that prior to taking such action, Grantor shall give written notice to Grantee of its intention to do so, and to the extent reasonably possible, the parties shall coordinate such closing so that the interruption in the use and enjoyment of the Easement is kept to a minimum.

8. Remedies. In the event of a breach hereunder by any party, the non-breaching party shall have all remedies available at law or in equity, including the availability of injunctive relief.

9. General Provisions.

9.1 Notices. All notices, demands and requests required or desired to be given under this Agreement must be in writing and shall be deemed to have been given as of the date such writing is (i) delivered to the party intended, (ii) delivered to the then current address of the party intended, or (iii) rejected at the then current address of the party intended, provided such writing was sent prepaid. The initial address of the signatories hereto is:

Grantee: Idaho State University
Attn: General Counsel
921 So. 8th Ave. Stop 8410
Pocatello, ID 83209

Grantor: West Ada School District
Attn: Supervisor of Operations
1303 E. Central Dr.
Meridian, ID 83642

Upon at least ten (10) days' prior written notice, each party shall have the right to change its address to any other address within the United States of America.

9.2 Attorney Fees and Costs. If a suit, action, or other proceeding arising out of or related to this Agreement is instituted by any party to this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees, expert witness fees, and costs (i) incurred in any settlement negotiations, (ii) incurred in preparing for, prosecuting or defending any suit, action, or other proceeding, and (iii) incurred in preparing for, prosecuting or defending any appeal of any suit, action, or other proceeding. For the purpose of this section, "attorney fees" shall mean and include (i) attorney fees and (ii) paralegal fees. This section shall survive and remain enforceable notwithstanding any rescission of this Agreement or a determination by a court of competent jurisdiction that all or any portion of the remainder of this Agreement is void, illegal, or against public policy.

9.3 Governing Law, Jurisdiction, and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho. The parties agree that the courts of Idaho shall have exclusive jurisdiction and agree that Ada County is the proper venue.

9.4 Time of the Essence. Time is of the essence with respect to the obligations to be performed under this Agreement.

9.5 Rights Cumulative. Except as expressly provided in this Agreement, and to the extent permitted by law, any remedies described in this Agreement are cumulative and not alternative to any other remedies available at law or in equity.

9.6 Nonwaiver of Remedies. The failure or neglect of a party to enforce any remedy available by reason of the failure of the other party to observe or perform a term or condition set forth in this Agreement shall not constitute a waiver of such term or condition. A waiver by a party (i) shall not affect any term or condition other than the one specified in such waiver, and (ii) shall waive a specified term or condition only for the time and in a manner specifically stated in the waiver.

9.7 Recording/Binding on Successors. This Agreement shall be recorded in the official records of Ada County, Idaho, and shall be binding on the heirs, successors, administrators, executors and assigns of all parties hereto and shall run with the land.

9.8 Counterparts. This Agreement may be executed in counterparts, each part being considered an original document, all parts being but one document.

9.9 Entire Agreement. All Exhibits to this Agreement constitute a part of this Agreement. This Agreement, together with the accompanying Exhibits, constitutes the entire agreement among the parties and supersedes all prior memoranda, correspondence, conversations and negotiations.

IN WITNESS WHEREOF, the undersigned have caused this Easement to be executed the day and year first written above.

GRANTOR:

JOINT SCHOOL DISTRICT NO. 2, dba WEST ADA SCHOOL DISTRICT

(*To be signed at Closing)*

By: ___________________________________

DR. MARY ANN RANELLS

Its: Superintendent

GRANTEE:

THE STATE OF IDAHO BY AND THROUGH THE STATE BOARD OF EDUCATION

(*To be signed at Closing)*

By: ___________________________________

LINDA CLARK

Its: President, Idaho State Board of Education

STATE OF IDAHO)
) ss.
County of Ada)

On the ___ day of _____________, 2018, before me, the undersigned, a Notary Public in and for said State, personally appeared Dr. Mary Ann Ranells, known or identified to me to be the Superintendent and Authorized Representative of Joint School District No. 2, doing business as the West Ada School District, who executed the within and foregoing instrument on behalf of said entity, and acknowledged to me that said entity executed the same.

IN WITNESS WHEREOF, I have hereunto affixed my official seal the day and year first above written.

____

Notary Public for Idaho
Residing at ________________, Idaho

STATE OF IDAHO)
) ss.
County of Ada)

On the ___ day of _____________, 2018, before me, the undersigned, a Notary Public in and for said State, personally appeared Linda Clark, known or identified to me to be the President and Authorized Representative of the State of Idaho by and through the State Board of Education, entity that executed the within and foregoing instrument or the person who executed the instrument on behalf of said entity and on behalf of the Board of Trustees and the State of Idaho by and through the State Board of Education, and acknowledged to me that such entity executed the same.

IN WITNESS WHEREOF, I have hereunto affixed my official seal the day and year first above written.

____
Notary Public for Idaho
Residing at _________________, Idaho

EXHIBIT A

(Legal Description of Grantor's Property)

(To be attached before signing)

EXHIBIT B

(Legal Description for Grantee's Property)

Parcel R4539340025:

A portion of Lot 2 in Block 1 of Jabil Subdivision, according to the plat thereof filed in Book 88 of Plats at Pages 10179-10180, records of Ada County, Idaho, being a portion of Parcel B of ROS 6631, being a portion of the SE1/4 Section 18, T3N, R1E, B.M., Ada County Idaho more particularly described as follows:

Commencing at the South 1/4 of said Section 18 which is a found brass cap as shown on C. P. & F. Inst. No. 103176247 from which the center 1/4 corner of said Section 18 which is a found aluminum cap as shown on C. P. & F. Inst. No. 8953497 bears N00°27'14"E, 2650.92 feet the basis of bearing of this description, run thence N00°27'14"E along the westerly line of said SE1/4 Section 18 a distance of 1325.37 feet to a found 5/8" iron rod no cap said point being the Southwest corner of said Lot 2 and being the POINT OF BEGINNING.

Thence continue along said westerly line, also being the westerly line of said Lot 2 N00°27'14"E, 290.11 feet;
Thence leaving said westerly line N89°59'21"E, 921.73 feet to a point on the east line of said Parcel B of ROS 6631;
Thence S00°00'39"E along the easterly line of said Parcel B of said ROS 6631 a distance of 133.50 feet;
Thence S56°10'38"W along the easterly line of said Parcel B of said ROS 6631 a distance of 40.20 feet to a found 1/2" iron rod;
Thence N89°53'08"W along the easterly line of said Parcel B of said ROS 6631 a distance of 94.71 feet to a found 1/2" iron rod;
Thence S00°01'49"E along the easterly line of said Parcel B of said ROS 6631 a distance of 129.20 feet to a found 1/2" iron rod on the south line of said Lot 2;
Thence S89°36'43"W along the south line of said Lot 2 a distance of 795.90 feet to the POINT OF BEGINNING.

EXHIBIT C

(Legal Description and Diagram of Easement)

CROSS ACCESS EASMENT
FOR
IDAHO STATE UNIVERSITY/WEST ADA SCHOOL DISTRICT

A portion of the SE 1/4 of Section 18 T.3N., R.1E., B.M., Ada County, Idaho more particularly described as follows:

Commencing at the South 1/4 of said Section 18 which is a found Brass Cap as shown on C.P. & F. Inst. No. 103176247 from which the Center 1/4 Corner of said Section 18 which is a found Al. Cap as shown on C. P. & F. Inst. No. 8953497 bears N00°27'14"E, 2650.92 feet the Basis of Bearing of this description, run thence N00°27'14"E along the westerly line of said SE 1/4 Section 18, 1325.37 feet to a found 5/8" iron rod no cap, thence continue along said westerly line N00°27'14"E, 290.11 feet, thence leaving said westerly line N89°59'21"E, 890.60 feet to the **POINT OF BEGINNING;**

thence N00°01'16"W, 172.47 feet;

thence 19.73 feet along a curve to the left having a radius of 92.00 feet, a central angle of 12°17'23", a long chord that bears N06°09'57"W, a chord distance of 19.70 feet;

thence N12°18'39"W, 7.78 feet;

thence 30.59 feet along a curve to the left having a radius of 29.50 feet, a central angle of 59°25'18", a long chord that bears N42°01'18"W, a chord distance of 29.24 feet;

thence 51.60 feet along a reverse curve to the right having a radius of 57.00 feet, a central angle of 51°52'10", a long chord that bears N45°47'51"W, a chord distance of 49.86 feet;

thence 11.63 feet along a reverse curve to the left having a radius of 9.50 feet, a central angle of 70°08'39", a long chord that bears N54°56'06"W, a chord distance of 10.92 feet;

thence N00°08'42"W, 26.00 feet;

thence 11.66 feet along a curve to the left having a radius of 9.50 feet, a central angle of 70°18'13", a long chord that bears N54°50'28"E, a chord distance of 10.94 feet;

thence 40.60 feet along a reverse curve to the right having a radius of 57.00 feet, a central angle of 40°48'49", a long chord that bears N40°05'47"E, a chord distance of 39.75 feet;

thence 25.34 feet along a reverse curve to the left having a radius of 29.50 feet, a central angle of 49°12'53", a long chord that bears N35°53'45"E, a chord distance of 24.57 feet;

thence N11°17'18"E, 16.81 feet;

thence 15.11 feet along a curve to the left having a radius of 79.50 feet, a central angle of 10°53'28", a long chord that bears N05°50'34"E, a chord distance of 15.09 feet;

thence N00°23'50"E, 233.41 feet;

thence 23.61 feet along a curve to the left having a radius of 29.50 feet, a central angle of 45°51'21", a long chord that bears N22°31'51"W, a chord distance of 22.98 feet to a point on the Southerly right-of-way of East Central Drive;

thence along said Southerly right-of-way N89°38'49"E, 58.58 feet;

thence leaving said Southerly right-of-way 22.43 feet along a curve to the left having a radius of 29.50 feet, a central angle of 43°33'28", a long chord that bears S22°10'34"W, a chord distance of 21.89 feet;

thence S00°23'50"W, 235.02 feet;

thence 23.00 feet along a curve to the right having a radius of 121.00 feet, a central angle of 10°53'28", a long chord that bears S05°50'34"W, a chord distance of 22.97 feet;

thence S11°17'18"W, 16.81 feet;

thence S11°17'05"W, 7.87 feet;

thence 27.10 feet along a curve to the left having a radius of 29.50 feet, a central angle of 52°38'04", a long chord that bears S15°01'57"E, a chord distance of 26.16 feet;

thence 14.69 feet along a reverse curve to the right having a radius of 43.00 feet, a central angle of 19°34'21", a long chord that bears S31°33'48"E, a chord distance of 14.62 feet;

thence 2.98 feet along a reverse curve to the left having a radius of 2.50 feet, a central angle of 68°13'22", a long chord that bears S55°53'19"E, a chord distance of 2.80 feet;

thence N90°00'00"E, 1.31 feet;

thence S00°29'16"E, 28.65 feet;

thence S88°58'39"W, 1.57 feet;

thence 2.94 feet along a curve to the left having a radius of 2.50 feet, a central angle of 67°18'41", a long chord that bears S55°19'19"W, a chord distance of 2.77 feet;

thence 14.00 feet along a reverse curve to the right having a radius of 43.00 feet, a central angle of 18°39'40", a long chord that bears S30°59'48"W, a chord distance of 13.94 feet;

thence 27.10 feet along a reverse curve to the left having a radius of 29.50 feet, a central angle of 52°38'11", a long chord that bears S14°00'33"W, a chord distance of 26.16 feet;

thence S12°18'33"E, 16.85 feet;

thence S12°18'39"E, 7.78 feet;

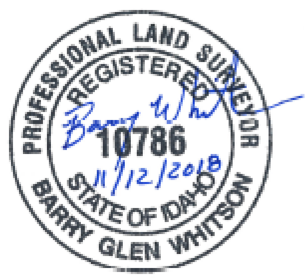
thence 25.95 feet along a curve to the right having a radius of 121.00 feet, a central angle of 12°17'23", a long chord that bears S06°09'57"E, a chord distance of 25.90 feet;

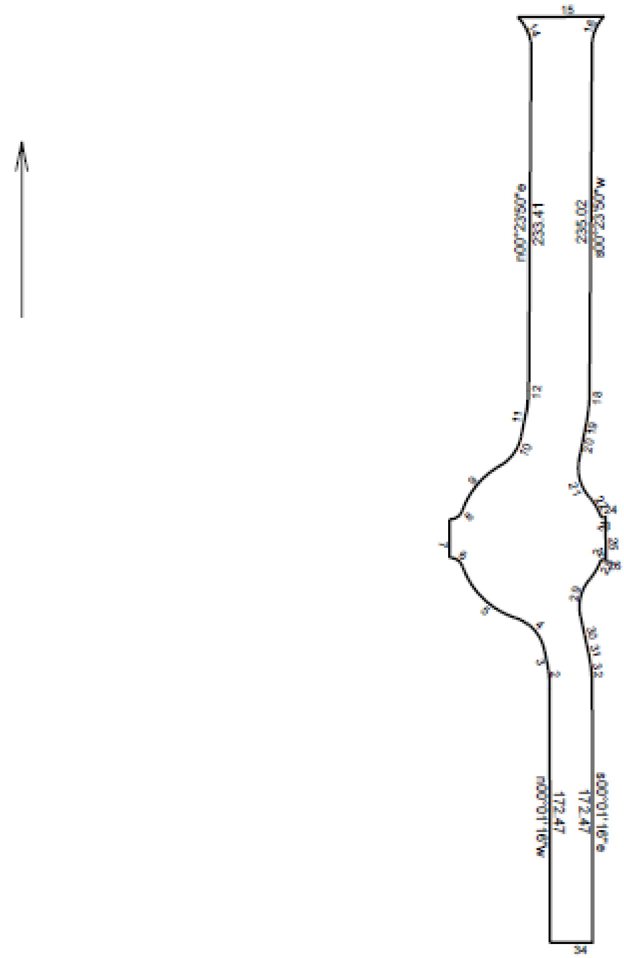
thence S00°01'16"E, 172.47 feet;

thence S89°59'21"W, 29.00 feet to the **POINT OF BEGINNING**.

Said Easement intent is to cover a future access road to benefit Idaho State University and is described along the designed back of curb of said future access. Easement contains 28,114.65 square feet or 0.645 acres, more or less.

END OF DESCRIPTION.





CROSS ACCESS EASEMENT	11/12/2018
Scale: 1 inch= 100 feet	File: Cross Access Easement.ndp

Tract 1: 0.6454 Acres (28114 Sq. Feet), Closure: s46.2045e 0.01 ft. (1/138440), Perimeter=1422 ft.

01 n00.0116w 172.47
02 Lt, r=92.00, delta=012.1723, chord=n06.0957w 19.70
03 n12.1839w 7.78
04 Lt, r=29.50, delta=059.2518, chord=n42.0118w 29.24
05 Rt, r=57.00, delta=051.5210, chord=n45.4751w 49.86
06 Lt, r=9.50, delta=070.0839, chord=n54.5606w 10.92
07 n00.0842w 26
08 Lt, r=9.50, delta=070.1813, chord=n54.5028e 10.94
09 Rt, r=57.00, delta=040.4849, chord=n40.0547e 39.75
10 Lt, r=29.50, delta=049.1253, chord=n35.5345e 24.57
11 n11.1718e 16.81
12 Lt, r=79.50, delta=010.5328, chord=n05.5034e 15.09
13 n00.2350e 233.41
14 Lt, r=29.50, delta=045.5121, chord=n22.3151w 22.98
15 n89.3849e 58.58
16 Lt, r=29.50, delta=043.3328, chord=s22.1034w 21.89
17 s00.2350w 235.02
18 Rt, r=121.00, delta=010.5328, chord=s05.5034w 22.97
19 s11.1718w 16.81
20 s11.1705w 7.87
21 Lt, r=29.50, delta=052.3804, chord=s15.0157e 26.16
22 Rt, r=43.00, delta=019.3421, chord=s31.3348e 14.62
23 Lt, r=2.50, delta=068.1322, chord=s55.5319e 2.80
24 n90.0000e 1.31
25 s00.2916e 28.65
26 s88.5839w 1.57
27 Lt, r=2.50, delta=067.1841, chord=s55.1919w 2.77
28 Rt, r=43.00, delta=018.3940, chord=s30.5948w 13.94
29 Lt, r=29.50, delta=052.3811, chord=s14.0033w 26.16
30 s12.1833e 16.85
31 s12.1839e 7.78
32 Rt, r=121.00, delta=012.1723, chord=s06.0957e 25.90
33 s00.0116e 172.47
34 s89.5921w 29

EXHIBIT D

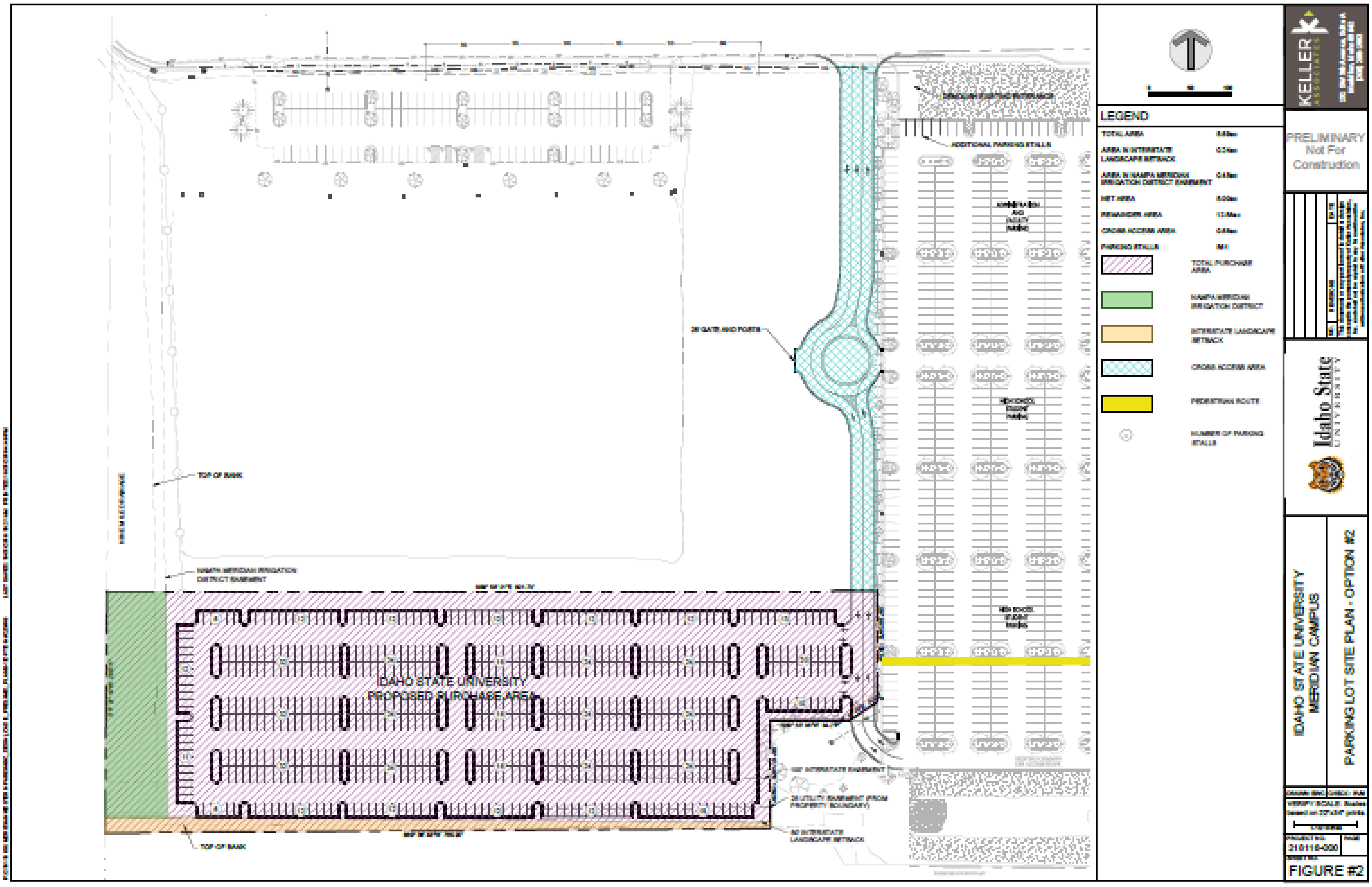

KELLER ASSOCIATES
LEGEND
PRELIMINARY
Not For
Construction
Idaho State University
IDAHO STATE UNIVERSITY
PROPOSED PURCHASE AREA
IDAHO STATE UNIVERSITY
MERIDIAN CAMPUS
PARKING LOT SITE PLAN - OPTION #2
FIGURE #2

EXHIBIT “D”

WARRANTY DEED

THIS WARRANTY DEED is made this _____ day of _____________, 2019, between Joint School District No. 2, an Idaho school district and body politic of the state of Idaho, doing business as the West Ada School District (“Grantor”), and Board of Trustees and the State of Idaho by and through the State Board of Education, whose current address is 650 W. State St., Boise, Idaho 83720 ("Grantee").

FOR GOOD AND VALUABLE CONSIDERATION, Grantor does hereby grant, bargain, sell and convey to Grantee all of the real property located in the County of Ada, State of Idaho, as described on Exhibit “1”, attached hereto and made a part hereof (hereafter, the “Premises”).

TO HAVE AND TO HOLD the Premises, with their appurtenances unto the said Grantee, its heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that it is the owner in fee simple of the Premises; that they are free from all encumbrances EXCEPT: Subject to all existing patent reservations, easements and right(s) of way of record, and exceptions ___ thru ___ as set forth in Commitment Number ____________ dated ________________, issued by Pioneer Title Company of Ada County, protective covenants, zoning ordinances, and applicable building codes, laws and regulations, and that Grantor will warrant and defend the same from all lawful claims whatsoever.

IN WITNESS WHEREOF, Grantor has caused its name to be subscribed to this Warranty Deed on this _______ day of ______________________, 2019.

JOINT SCHOOL DISTRICT NO. 2, dba WEST ADA SCHOOL DISTRICT

(*To be signed at Closing)*

By: _________________________________

DR. MARY ANN RANELLS

Its: Superintendent

STATE OF IDAHO)
) ss.
County of Ada)

On the ___ day of _____________, 2019, before me, the undersigned, a Notary Public in and for said State, personally appeared Dr. Mary Ann Ranells, known or identified to me to be the Superintendent and Authorized Representative of Joint School District No. 2, doing business as the West Ada School District, who executed the within and foregoing instrument on behalf of said entity, and acknowledged to me that said entity executed the same.

IN WITNESS WHEREOF, I have hereunto affixed my official seal the day and year first above written.

____
Notary Public for Idaho
Residing at ________________, Idaho

EXHIBIT “1”

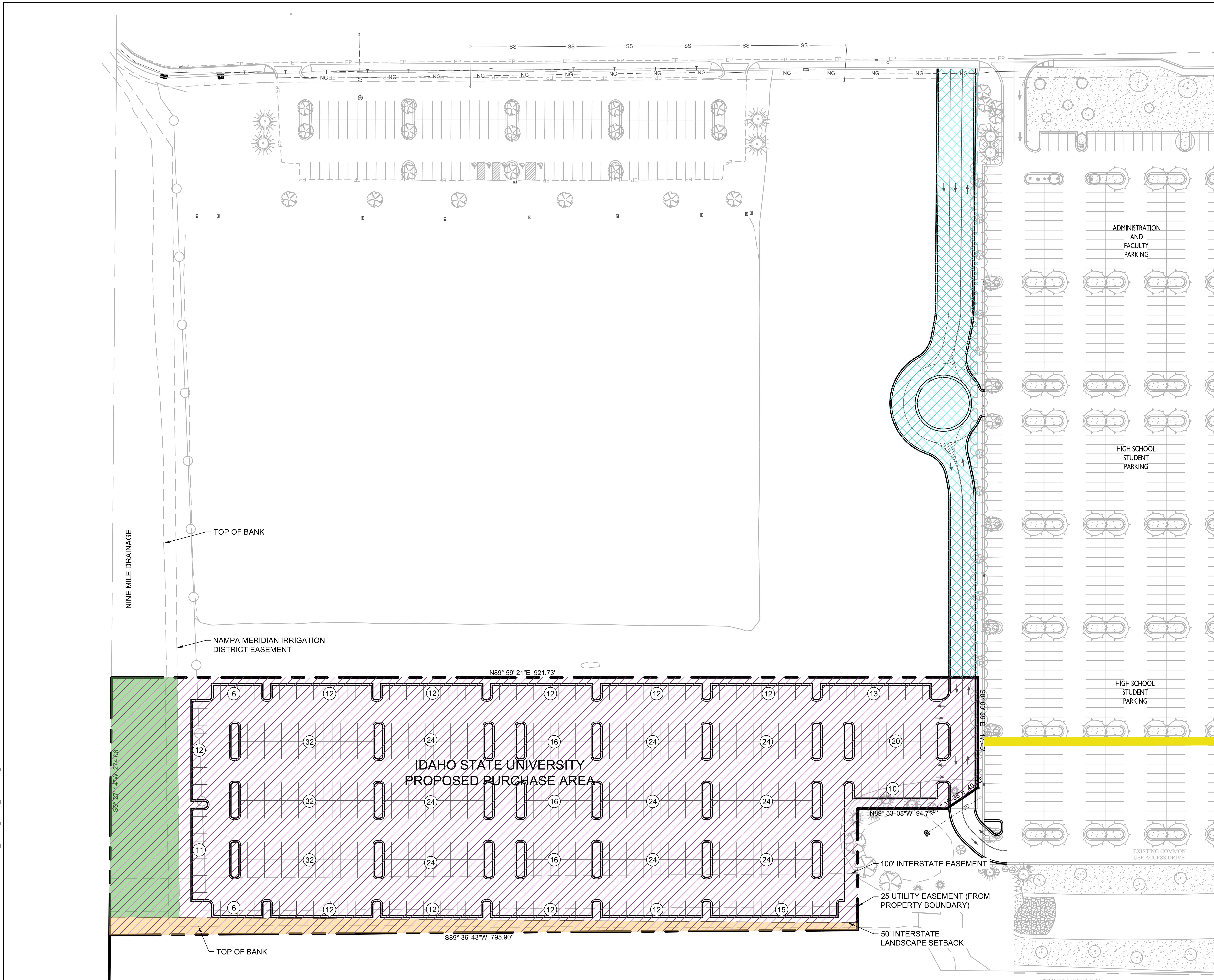
Parcel R4539340025:

A portion of Lot 2 in Block 1 of Jabil Subdivision, according to the plat thereof filed in Book 88 of Plats at Pages 10179-10180, records of Ada County, Idaho, being a portion of Parcel B of ROS 6631, being a portion of the SE1/4 Section 18, T3N, R1E, B.M., Ada County Idaho more particularly described as follows:

Commencing at the South 1/4 of said Section 18 which is a found brass cap as shown on C. P. & F. Inst. No. 103176247 from which the center 1/4 corner of said Section 18 which is a found aluminum cap as shown on C. P. & F. Inst. No. 8953497 bears N00°27'14"E, 2650.92 feet the basis of bearing of this description, run thence N00°27'14"E along the westerly line of said SE1/4 Section 18 a distance of 1325.37 feet to a found 5/8" iron rod no cap said point being the Southwest corner of said Lot 2 and being the POINT OF BEGINNING.

Thence continue along said westerly line, also being the westerly line of said Lot 2 N00°27'14"E, 290.11 feet;
Thence leaving said westerly line N89°59'21"E, 921.73 feet to a point on the east line of said Parcel B of ROS 6631;
Thence S00°00'39"E along the easterly line of said Parcel B of said ROS 6631 a distance of 133.50 feet;
Thence S56°10'38"W along the easterly line of said Parcel B of said ROS 6631 a distance of 40.20 feet to a found 1/2" iron rod;
Thence N89°53'08"W along the easterly line of said Parcel B of said ROS 6631 a distance of 94.71 feet to a found 1/2" iron rod;
Thence S00°01'49"E along the easterly line of said Parcel B of said ROS 6631 a distance of 129.20 feet to a found 1/2" iron rod on the south line of said Lot 2;
Thence S89°36'43"W along the south line of said Lot 2 a distance of 795.90 feet to the POINT OF BEGINNING.

Attachment 4



LEGEND

TOTAL AREA	5.36ac
AREA IN INTERSTATE LANDSCAPE SETBACK	0.24ac
AREA IN NAMPA MERIDIAN IRRIGATION DISTRICT EASEMENT	0.44ac
NET AREA	4.70ac
REMAINDER AREA	12.91ac
CROSS ACCESS AREA	0.69ac
PARKING STALLS	561

TOTAL PURCHASE AREA

NAMPA MERIDIAN IRRIGATION DISTRICT

INTERSTATE LANDSCAPE SETBACK

CROSS ACCESS AREA

PEDESTRIAN ROUTE

NUMBER OF PARKING STALLS

KELLER ASSOCIATES
131 SW 5th Avenue, Suite A
Meridian, Idaho 83642
(208) 288-1992

PRELIMINARY Not For Construction

NO.	REVISIONS	DATE

Idaho State UNIVERSITY

IDAHO STATE UNIVERSITY MERIDIAN CAMPUS

PARKING LOT SITE PLAN - OPTION #2

DRAWN: EWC CHECK: RVM

VERIFY SCALE: Scales based on 22"x34" prints.

1-1/2 Inches

PROJECT NO. 218116-000

PAGE

SHEET NO. FIGURE #2

P:\218116 ISU MERIDIAN WESTERN PARKING\C_DESN_CAD\2_PRELIMD_PLANS-1\OPTION #2.DWG
LAST SAVED: 10/30/2018 5:18 PM PRINTED: 10/31/2018 10:21 AM

Valbridge
PROPERTY ADVISORS

Appraisal Report

Commercial Land
915 E. Central Drive (portion of)
Meridian, Ada County, Idaho 83642

Report Date: November 30, 2018

FOR:

Idaho State University
Attn: Adam R. Jacobsmeyer
Campus Stop 8219
Pocatello, Idaho 83209

Additional Intended User: West Ada School District

Valbridge Property Advisors | Mountain States

1459 Tyrell Lane, Suite B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax
valbridge.com

Valbridge File Number:
ID02-18-0242-000

Valbridge PROPERTY ADVISORS
Mountain States Appraisal & Consulting, Inc.

Joe Corlett, MAI, SRA
Moe Therrien, MAI
Kevin Ritter, MAI
Derek Newton, CGA
Jeff Vance, MAI
Dave Pascua, RT
Paul Dehlin, MAI

1459 Tyrell Lane
Suite B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax
valbridge.com

November 30, 2018

Idaho State University
Attn: Adam R. Jacobsmeyer
Campus Stop 8219
Pocatello, Idaho 83209

RE: Appraisal Report
Commercial Land
915 E. Central Drive (portion of)
Meridian, Ada County, Idaho 83642

Dear Mr. Jacobsmeyer:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject property is 5.69 acres of commercial land located in central Meridian. It is currently a part of a larger parcel. A metes and bounds legal description was provided in conjunction with this appraisal which describes the subject site. The property has good Interstate 84 exposure. Access is circuitous and rated below average. Highest and best use is for office or freeway oriented commercial use when market conditions warrant development.

The subject was appraised using generally accepted principles and theory. We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Interagency Appraisal and Evaluation Guidelines; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. The report is presented in Appraisal Report format and complies with the requirements set forth under Standards Rule 2-2(a) of USPAP. It presents a narrative discussion of the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions.

The appraisal problem is to develop an opinion of Market Value: As Is. The client in this assignment is Idaho State University. The intended use is to assist in establishing a potential sale price for the subject property. The intended users of this report include the client and any duly appointed representatives of the client, specifically authorized by the client to view or use this appraisal in accordance with the stated purpose or function. The West Ada School District is an additional intended user of this report.

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- The subject is currently a part of a larger parcel. A metes and bounds legal description for the subject site was provided in conjunction with this appraisal. This appraisal is subject to the extra ordinary assumption the subject site will be split from the larger parcel as described herein.
- The subject is an interior site located approximately 650 linear feet south of E. Central Drive. Vehicular access is not currently available to the site. At the request of the client, the appraisal is to assume access to E. Central Drive will be via a cross access easement extending across the property adjacent east of the subject.

If any of these extraordinary assumptions are later proven to be false, the value conclusion(s) reported herein could be rendered invalid, and further valuation analysis would be warranted.

Hypothetical Conditions:

- None

Based on the analysis contained in the following report, our value conclusions are summarized as follows:

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	November 4, 2018
Value Conclusion	**$1,700,000**

Respectfully submitted,
Valbridge Property Advisors | Mountain States

Jeff Vance, MAI
Senior Appraiser
Idaho, Certification # CGA-2828
Certificate Expires 04/18/2019

G. Joseph Corlett, MAI, SRA
Senior Managing Director
Idaho, Certification # CGA-7
Certificate Expires 03/11/19

Table of Contents

Summary of Salient Facts

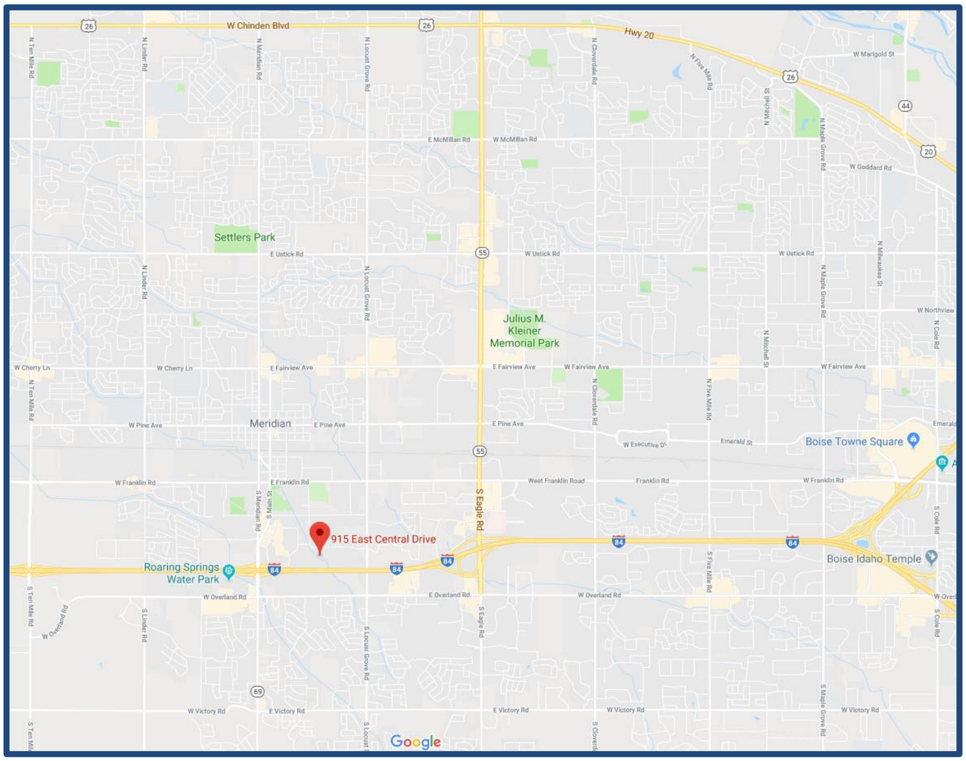
Property Identification	
Client Identification Number	n/a
Property Name	Commercial Land
Property Address	915 E. Central Drive (portion of) Meridian, Ada County, Idaho 83642
Tax Parcel Number(s)	Portion of R4539340025
Property Owner	Joint School District No. 2
Site	
Current Zoning	I-L; Light Industrial District
Meridian's Comprehensive Plan Designation	C-G; General Retail and Service Commercial
FEMA Flood Map No.	16001C0232H
Flood Zone	X or X500
Gross Land Area	5.69 acres; 247,856 square feet
Usable Land Area	5.24 acres; 228,254 square feet
Existing Improvements	
Improvements	None
Valuation Opinions & Dates	
Highest & Best Use - As Vacant	Office or freeway oriented commercial use
Highest & Best Use - As Improved	n/a
Reasonable Exposure Time	6-12 months
Reasonable Marketing Time	6-12 months
Date of Inspection	November 4, 2018
Date of Value	November 4, 2018
Date of Report	November 30, 2018
Value Indications & Conclusions	
Valuation - Market Value: As Is	
Cost Approach	Not developed
Income Capitalization Approach	Not developed
Sales Comparison Approach	$1,700,000
Conclusion - Market Value: As Is	$1,700,000

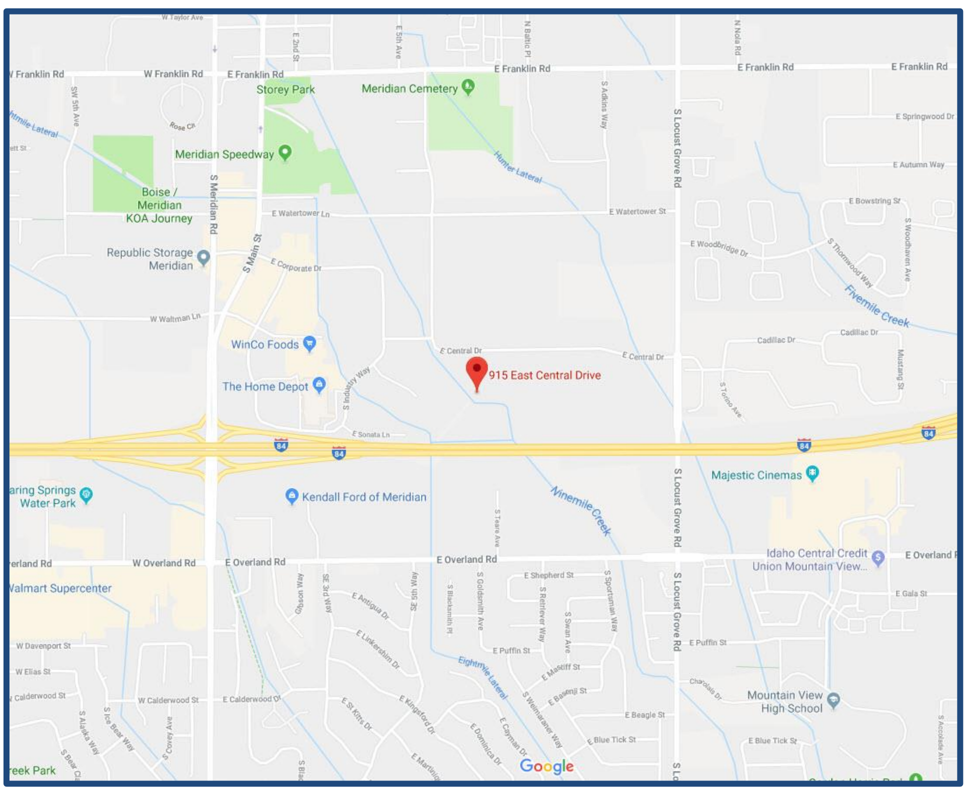
Aerial and Site Views

AERIAL VIEW

SITE VIEW

Location Maps





Introduction

Client and Intended Users of the Appraisal

The client in this assignment is Idaho State University. The intended users of this report include the client and any duly appointed representatives of the client, specifically authorized by the client to view or use this appraisal in accordance with the stated purpose or function. West Ada School District is an additional intended user of this report.

Intended Use of the Appraisal

The intended use is to assist in establishing a potential sale price for the subject property. There are no other intended uses.

Real Estate Identification

The subject property is currently a part of a larger parcel located at 915 E. Central Drive, Meridian, Ada County, Idaho 83642. The Ada County Assessor identifies the larger parcel as Assessor Parcel Number R4539340025. The property is located within the incorporated city limits of Meridian.

Legal Description

A metes and bounds legal description for the subject site is presented in the addenda of this report.

Use of Real Estate as of the Effective Date of Value

The subject site is currently vacant.

Use of Real Estate as Reflected in this Appraisal

Same as above.

Ownership of the Property

According to Ada County Assessor records, title to the subject property is vested in Joint School District No. 2.

History of the Property

Joint School District No. 2 has owned the property since August 2015, when they purchased the larger parcel at a price of $4,550,000 or $6.05 per square foot.

Listings/Offers/Contracts

The subject is not listed for sale. A letter of intent (LOI) to purchase the subject was provided in conjunction with this appraisal and is included in the addenda of this report. The potential buyer is Idaho State University. No purchase price has been established. The purchase price is to be established via an appraisal and shall be no less than appraised value. The buyer plans to construct a new access drive extending from E. Central Drive across the larger parcel to the subject. As stipulated in the LOI, the buyer is responsible for all costs associated with the construction of an additional access drive, ALTA survey, subdividing, and legal fees. At the request of the client, the appraisal is to assume access to E. Central Drive will be via a cross access easement extending across the property adjacent east of the subject. The valuation herein excludes consideration for the proposed additional access drive.

Type and Definition of Value

The appraisal problem (the term "Purpose of Appraisal" has been retired from appraisal terminology) is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*

(Source: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994. Also Interagency Appraisal and Evaluation Guidelines as referenced on Page 77472 of the Federal Register/Vol. 75, No. 237/Friday December 10, 2010/Notices)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
Source: The Dictionary of Real Estate Appraisal, Fourth Edition, Appraisal Institute, page 113.

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Property Rights Appraised	Effective Date of Value
Market Value: As Is	Fee Simple	November 4, 2018

The "as is" date of value coincides with the date of the property inspection.

Date of Report

The date of this report is November 30, 2018 which is the same as the date of the letter of transmittal.

List of Items Requested but Not Provided

None

Assumptions and Conditions of the Appraisal

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions

- The subject is currently a part of a larger parcel. A metes and bounds legal description for the subject site was provided in conjunction with this appraisal. This appraisal is subject to the extra ordinary assumption the subject site will be split from the larger parcel as described herein.
- The subject is an interior site located approximately 650 linear feet south of E. Central Drive. Vehicular access is not currently available to the site. At the request of the client, the appraisal is to assume access to E. Central Drive will be via a cross access easement extending across the property adjacent east of the subject.

If any of these extraordinary assumptions are later proven to be false, the value conclusion(s) reported herein could be rendered invalid, and further valuation analysis would be warranted.

Hypothetical Conditions

- None

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via city, county, and public records.
- Economic Characteristics - Economic characteristics of the subject property were projected via comparison to properties with similar locational, physical, and financial characteristics.
- Physical Characteristics - The site inspection and site plan provided by the client was relied upon for describing the site.

Extent to Which the Property Was Inspected

The subject was personally inspected by Jeff Vance, MAI, on November 4, 2018. This included walking the site, viewing the property from several different angles, and driving the neighborhood. Joe Corlett, MAI, SRA, also performed a current site inspection of the subject.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. We also interviewed people familiar with the subject market/property type.

Disclosure of Comparable Verification/Inspection

Idaho is a non-disclosure state. Essential information like grantor, grantee, sale price, and sale date from real estate transactions is not required to be listed in public record. Therefore, the appraiser must gather the key data details from parties involved who may have no incentive to cooperate. Often, appraisers are compelled to obtain information from secondary sources. The appraisers made reasonable attempts, within the scope of this work, to obtain all key information from seemingly reliable sources, but some data may not be completely accurate.

Valbridge Property Advisors – Mountain States Appraisal and Consulting Incorporated (VPA-MSA) maintains an extensive database containing sale, rent, capitalization rate, and expense comparables, as well as other pertinent market data. Unless otherwise noted, the comparables utilized herein were all verified personally by Jeff Vance, MAI, and/or another appraiser employed with VPA-MSA. Verification was made from various sources including purchase contracts, rent rolls, real estate brokers, property management companies, buyers, sellers, and landlords. The conformation source is noted for each comparable utilized herein. For improved properties in the local market, we have completed at minimum exterior inspections of the comparables; either in conjunction with this appraisal or as a part of previous appraisals of other properties. Interior inspections have been completed for some but not all of the local comparable properties.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

Approaches Applied

All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment only the sales comparison approach was developed to derive market value for the subject. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

Appraisal Conformity and Report Type

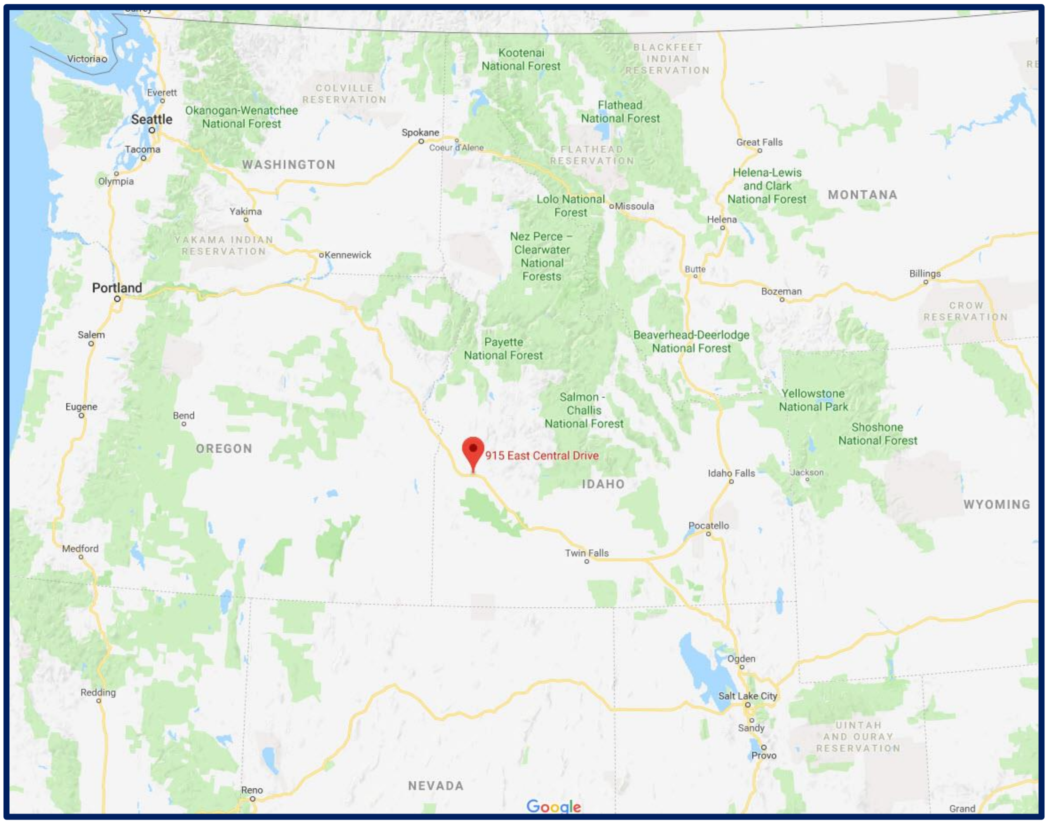
We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Interagency Appraisal and Evaluation Guidelines; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. The report is presented in Appraisal Report format and complies with the requirements set forth under Standards Rule 2-2(a) of USPAP. It presents a narrative discussion of the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions.

Personal Property/FF&E

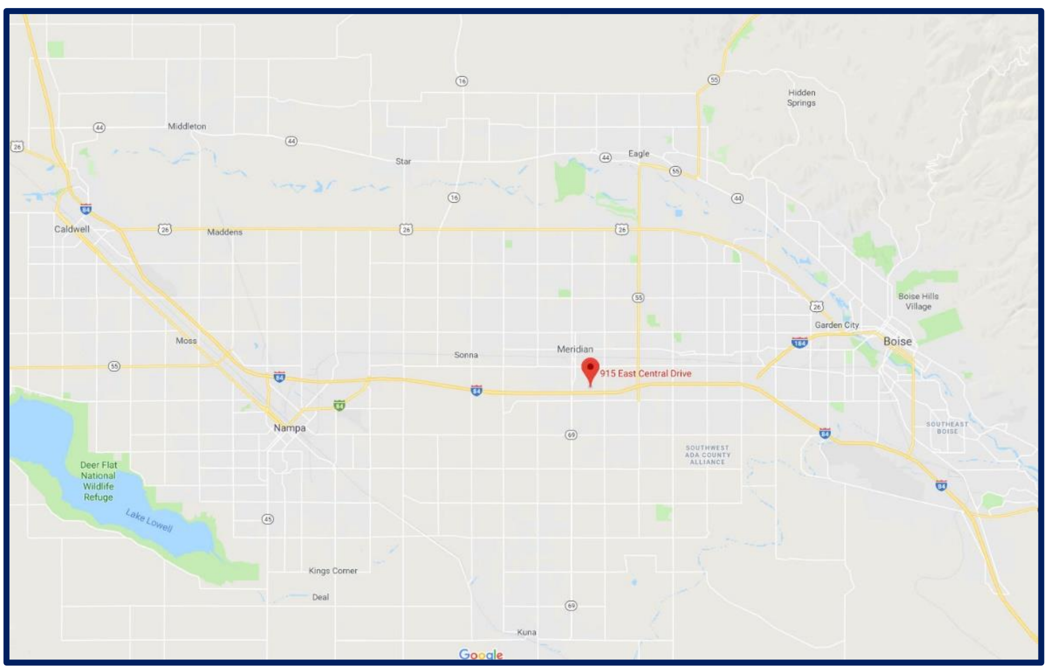
All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

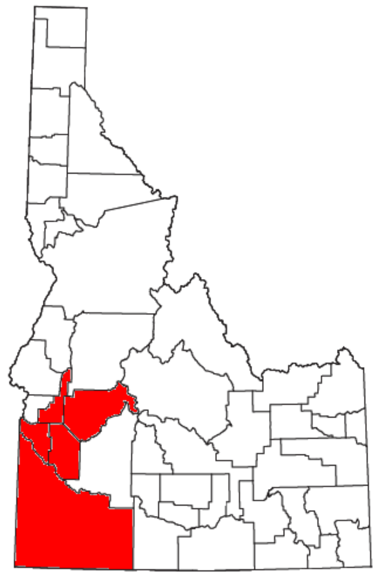
REGIONAL MAP



BOISE MSA MAP



Regional Overview



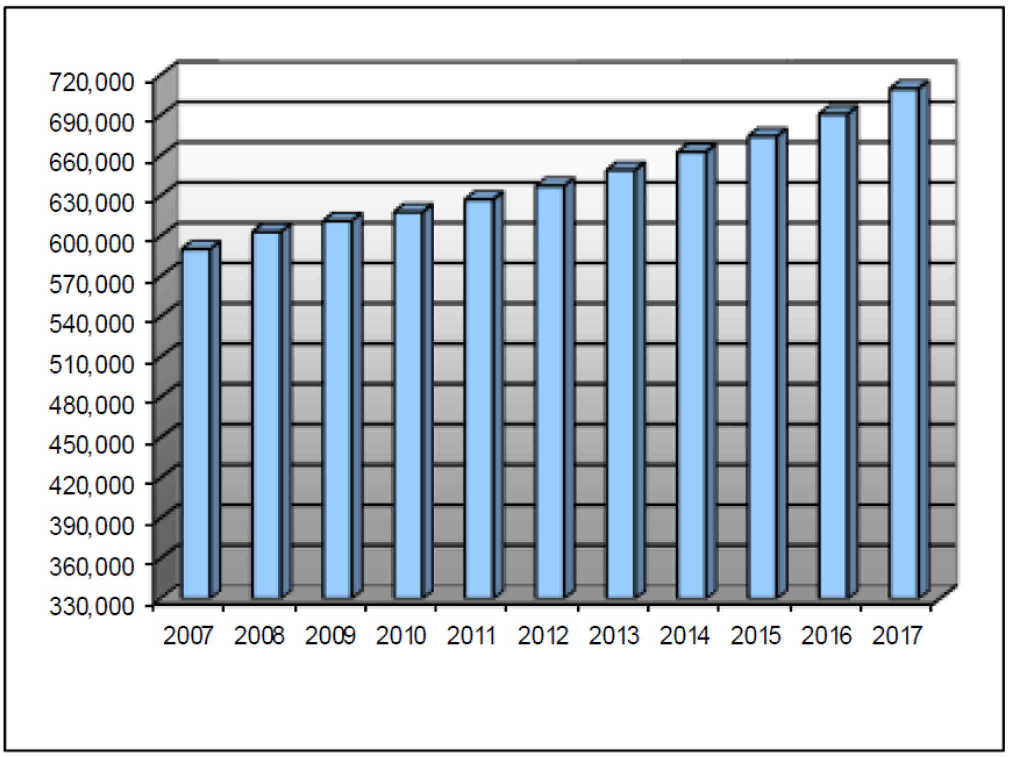
The subject's regional area is southwest Idaho, which is generally referred to as the Treasure Valley or the Boise-Nampa Metropolitan Statistical Area (Boise MSA). As defined by the U.S. Census Bureau, the Boise MSA consists of five counties (Ada, Boise, Canyon, Gem and Owyhee) as shown in adjacent exhibit. The Boise MSA is the state's largest metropolitan statistical area and includes Idaho's three largest cities – Boise, Meridian, and Nampa. Approximately 41% of Idaho's total population resides in the Treasure Valley with 95% of the metro area's population residing in Ada and Canyon counties.

The metro area is currently the 3rd largest in the Pacific Northwest after Seattle and Portland. The general area has been a popular relocation destination for new residents attracted to the outdoor lifestyle, low cost of living, the diversity of the economy and availability of employment.

Population

The following graph produced by the Idaho Department of Labor illustrates population trends for the Boise MSA from 2007 through and 2017. At year-end 2017, total population was 691,423.

POPULATION



As apparent in the graph, population growth has experienced an increasing trend during the past decade. Total population growth from 2007 through 2017 was approximately 121,000 or a 21% increase over the ten year period indicating a straight-line increase of 2.1% annually.

Ada County Overview

Ada County is the state's most populated county with over 457,000 residents. Incorporated cities in Ada County include Boise, Meridian, Eagle, Garden City, Kuna, and Star. An overview of the four largest cities follows:

Cities

Boise is the most populous city in Idaho with over 226,570 residents. It is the State Capitol and Ada County's seat of government. Located along the Boise River, Boise is the principal city in the Boise MSA, and is the largest city between Salt Lake City, Utah and Portland, Oregon. Boise is headquarters for a number of major corporations and serves as the primary government, economic, cultural, and education center for Southwest Idaho, Eastern Oregon, and Northern Nevada. Boise is continually recognized in numerous publications as one of the best places to live in the country.

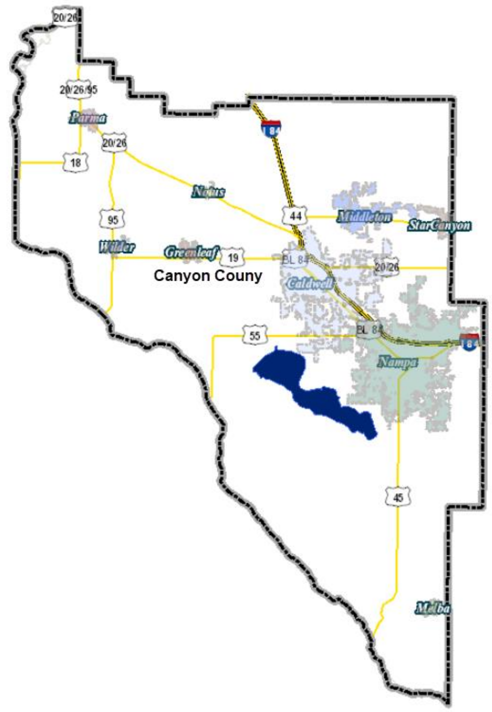
Meridian is located adjacent west of Boise and is one of the state's fastest-growing cities. At over 99,926 residents, Meridian recently surpassed Nampa, Pocatello, and Idaho Falls in population and is now the 2nd largest city in the state. Because of Meridian's significant growth, the majority of residential neighborhoods in the city are relatively new. Over the past two decades, Meridian has become a center of retail and commercial development in southwest Idaho.

Eagle is located approximately 10 miles northwest of downtown Boise. The population of Eagle is 26,089 residents. Eagle has become one of the most desirable cities in the Treasure Valley because of its location near the Boise River, views of the Boise Foothills, and its upscale quality of residential and commercial developments.

Garden City is located adjacent to Boise's downtown business core. Garden City is primarily developed with strip retail and service commercial uses along Chinden Boulevard and older residential subdivisions, mobile home parks, and older industrial buildings throughout the nonarterial streets. At 11,602 residents, population growth has been nominal during the past several years, because it is nearly fully built-up. Development of infill parcels and renovation of older properties has occurred during the past two decades.

Canyon County Overview

Canyon County is located adjacent west of Ada County. At over 211,000 residents, Canyon County is the second most populous county in Idaho. Canyon County's economy is more agriculturally based and although it only ranks 39th (out of 44 Idaho counties in size), it produces 10% of the state's agricultural income. The county ranks 47th among 3,079 counties nationwide in agricultural production with approximately 84% of the land being used for this endeavor. As a product of the agricultural base, a number of agricultural manufacturing and processing businesses are headquartered in the county. Although Canyon County's economy has historically been agriculturally-oriented, it has become more urbanized over the past two decades as a result of strong population growth. The two largest cities in Canyon County are Nampa and Caldwell. Middleton, Greenleaf, Melba, Notus, Parma, and Wilder are smaller rural communities also located within Canyon County. An overview of the two largest cities follows:



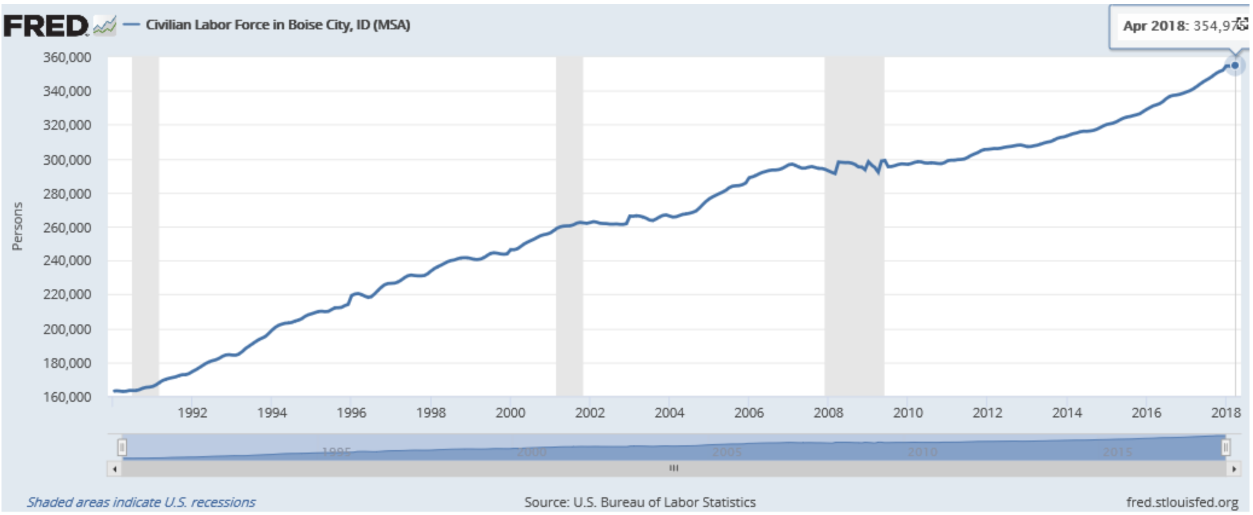
Cities

Nampa is located approximately 25 miles west of Boise and 30 miles east of the Oregon state line. At over 93,000 residents, Nampa is the largest city in Canyon County and the 3rd largest in the state. Many residents commute to neighboring Ada County for work opportunities to benefit from lower overall housing prices and a more rural environment relative to Ada County.

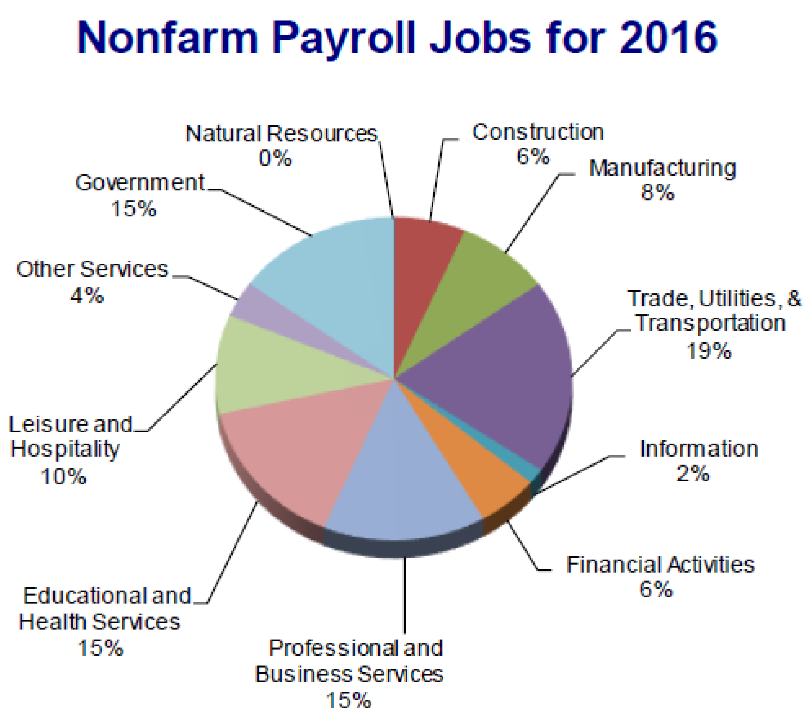
Caldwell is located approximately 8 miles west of Nampa. At over 54,000 residents, Caldwell is the 2nd largest city in Canyon County. Caldwell's economy is largely agricultural based. Caldwell is the county seat of Canyon County.

Employment

Since bottoming out at around 292,000 during the recession years of 2008 and 2009, average annual total employment has increased to 354,975 as of April 2018, representing an increase of 21.6%. The following graph presents historical employment in the Boise MSA.



Employment distribution for the Boise MSA as reported in the Idaho Department of Labor - Workforce Trends publication is presented following:

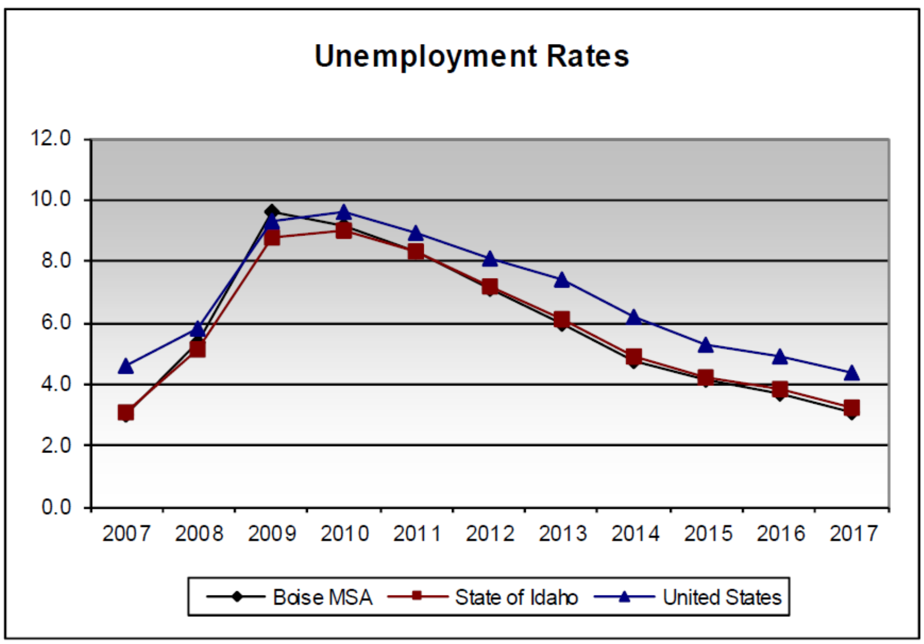


Major employers in the Boise MSA as identified by the Idaho Department of Labor are presented in the following table.

Major Employers
Albertsons
Amalgamated Sugar
Blue Cross of Idaho Health Services
DirecTV
Fred Meyer
Hewlett Packard
Idaho Power Co.
J.R. Simplot
Micron Technology Inc.
Century Link
St. Alphonsus Regional Medical Center
St. Lukes Health Systems
Wal-Mart
WDS Global

Unemployment

Unemployment trends for the Boise metro area via Workforce Trends are presented following. The black colored line shows MSA unemployment, the red line shows the State of Idaho, and the blue line shows the United States on an annual basis between 2007 and 2017:



Consistent with the recession, unemployment increased rapidly in 2008 and then began to decrease in 2011 with economic recovery. The unemployment rate in the Boise MSA was below 4% at year-end 2016. As of April 2018, the Boise MSA unemployment rate was 2.7%.

Household Income

Total median and average household income for both Ada County and Meridian are presented in the following table. Median and average household income is moderately higher in Meridian versus greater Ada County.

esri

Household Income Profile

Ada County, ID
Ada County, ID (16001)
Geography: County

Prepared by Esri

Households by Income	2017 Number	2017 Percent	2022 Number	2022 Percent
Household	170,257	100%	186,824	100%
<$15,000	19,200	11.3%	21,417	11.5%
$15,000-$24,999	15,933	9.4%	16,714	8.9%
$25,000-$34,999	16,098	9.5%	16,245	8.7%
$35,000-$49,999	20,268	11.9%	20,355	10.9%
$50,000-$74,999	30,520	17.9%	30,242	16.2%
$75,000-$99,999	20,684	12.1%	23,038	12.3%
$100,000-$149,999	29,835	17.5%	36,466	19.5%
$150,000-$199,999	9,604	5.6%	12,065	6.5%
$200,000+	8,115	4.8%	10,282	5.5%
Median Household Income	$58,845		$63,251	
Average Household Income	$78,964		$87,673	
Per Capita Income	$30,047		$33,162	

esri

Household Income Profile

Meridian City, ID
Meridian City, ID (1652120)
Geography: Place

Prepared by Esri

Households by Income	2017 Number	2017 Percent	2022 Number	2022 Percent
Household	31,380	100%	34,893	100%
<$15,000	2,562	8.2%	2,966	8.5%
$15,000-$24,999	2,189	7.0%	2,335	6.7%
$25,000-$34,999	2,795	8.9%	2,858	8.2%
$35,000-$49,999	3,566	11.4%	3,590	10.3%
$50,000-$74,999	6,592	21.0%	6,533	18.7%
$75,000-$99,999	4,179	13.3%	4,603	13.2%
$100,000-$149,999	5,991	19.1%	7,309	20.9%
$150,000-$199,999	2,090	6.7%	2,726	7.8%
$200,000+	1,416	4.5%	1,973	5.7%
Median Household Income	$65,098		$70,633	
Average Household Income	$83,131		$93,218	
Per Capita Income	$28,031		$31,289	

Transportation

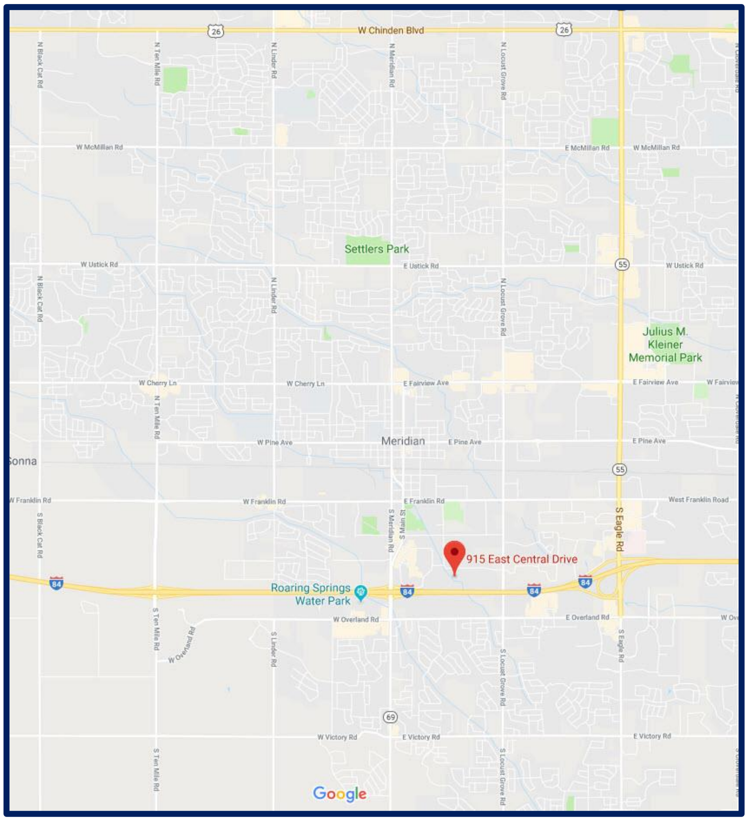
Primary ground transportation is via Interstate 84 that connects the area with Idaho Falls, Pocatello, and Salt Lake City, Utah to the southeast; and Portland, Oregon to the west. The Boise MSA is also served by several state and U.S. highways. The nearest major airport is the Boise Airport, located in southeast Boise.

Conclusions

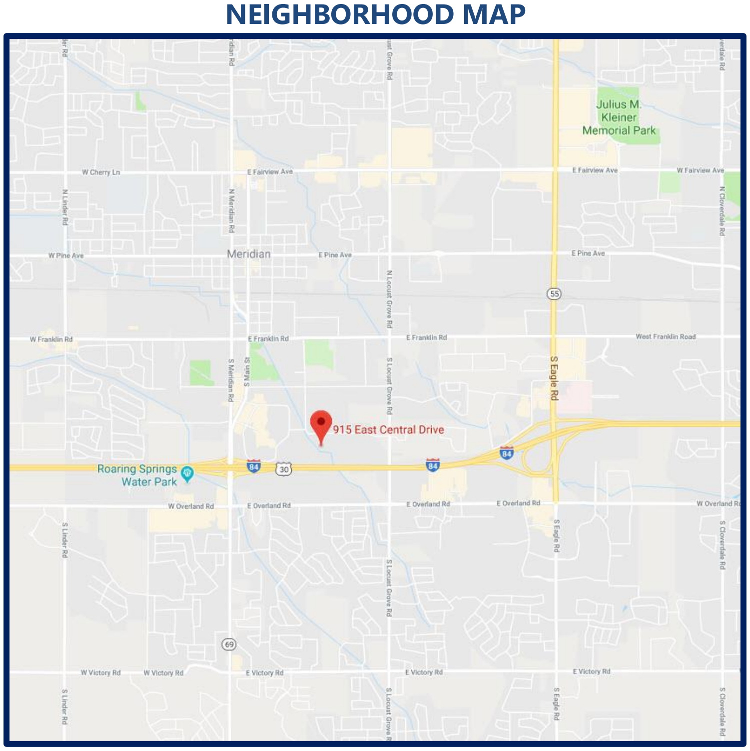
The Boise MSA serves as the governmental, economic, cultural center for Southwest Idaho, Eastern Oregon, and Northern Nevada. The Boise MSA is the 3rd largest in the Northwest, behind Seattle and Portland. The long-term economic outlook for the Boise MSA appears positive. Boise and surrounding neighboring communities are continually recognized by numerous publications as one of the best places to live in the country. Idaho was recently ranked #1 in the nation for job growth (U.S. Department of Labor), top performing economy (Bloomberg), and personal income growth (Idaho Department of Labor). The Boise was recently named the fastest growing city in the U.S. (Forbes 2018). Population is expected to continue an increasing trend in the foreseeable future which will likely strengthen the demand for real estate long-term.

Neighborhood Analysis

CITY MAP



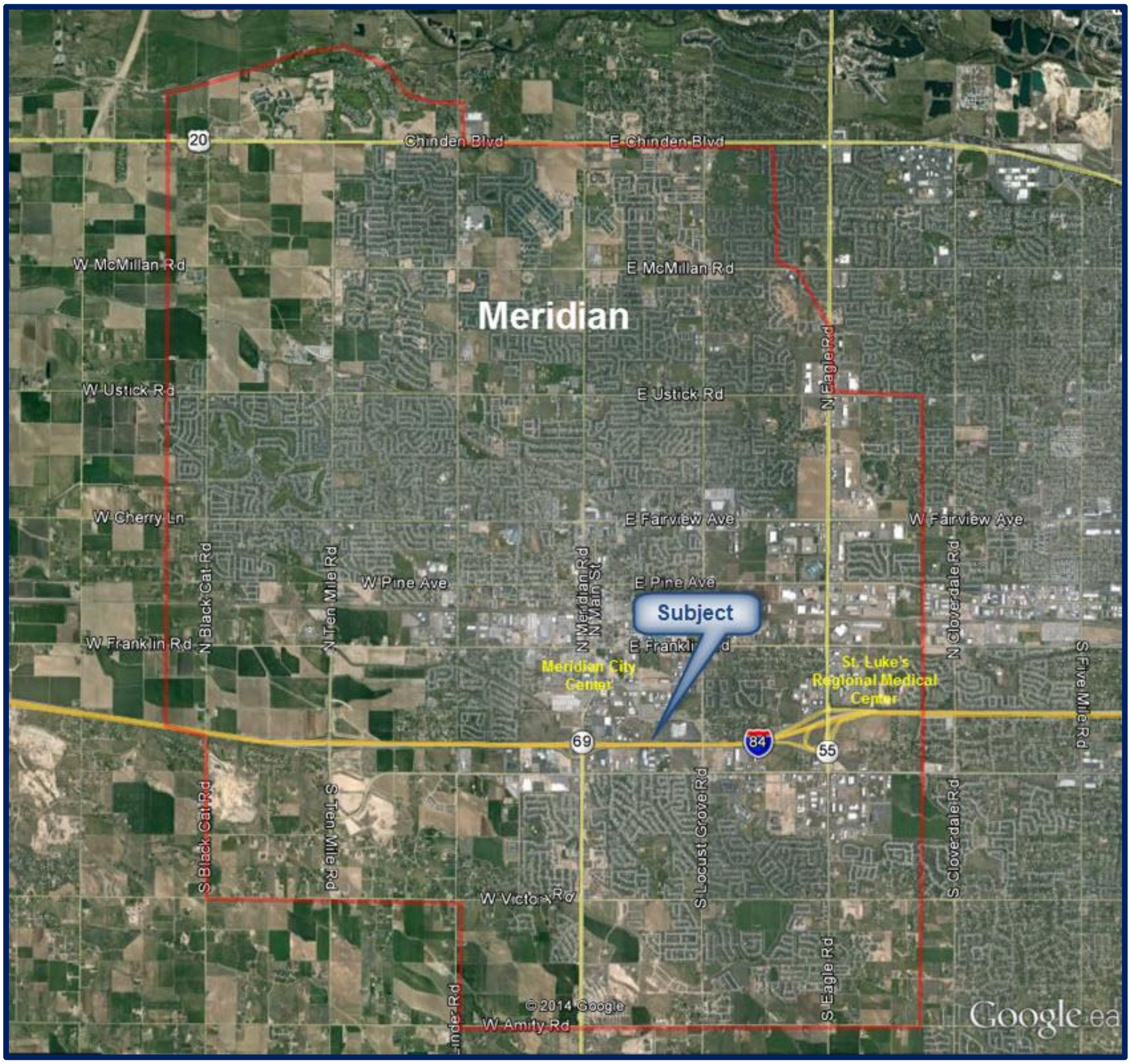
NEIGHBORHOOD MAP



Overview

The neighborhood boundaries are reasonably defined by the major commercial real estate firms within the local market. Vacancy, absorption, and supply data is tracked for each submarket within Ada and Canyon Counties.

NEIGHBORHOOD AERIAL



Neighborhood Location and Boundaries

The subject is located in the Meridian submarket. The neighborhood boundaries are generally defined by Chinden Boulevard to the north, Eagle Road and Cloverdale Road to the east, Victory Road and Amity Road to the south, and Black Cat Road to the west.

Demographics

The following table depicts the area demographics within a one, three, and five-mile radius from the subject.

esri

Market Profile

Meridian, Idaho
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 43.59468
Longitude: -116.38211

	1 mile	3 miles	5 miles
Population Summary			
2000 Total Population	3,327	36,318	95,994
2010 Total Population	5,474	53,451	149,826
2018 Total Population	6,196	67,465	184,548
2018 Group Quarters	52	344	597
2023 Total Population	7,014	74,791	205,273
2018-2023 Annual Rate	2.51%	2.08%	2.15%
2018 Total Daytime Population	11,718	73,895	163,993
Workers	8,427	38,441	67,016
Residents	3,291	35,454	96,977
Household Summary			
2000 Households	1,188	12,381	32,672
2000 Average Household Size	2.79	2.91	2.92
2010 Households	2,041	18,964	51,814
2010 Average Household Size	2.66	2.80	2.88
2018 Households	2,321	23,761	63,425
2018 Average Household Size	2.65	2.82	2.90
2023 Households	2,630	26,335	70,422
2023 Average Household Size	2.65	2.83	2.91
2018-2023 Annual Rate	2.53%	2.08%	2.12%
2010 Families	1,635	14,441	39,828
2010 Average Family Size	2.95	3.19	3.27
2018 Families	1,820	17,787	47,820
2018 Average Family Size	2.97	3.25	3.32
2023 Families	2,047	19,543	52,652
2023 Average Family Size	2.99	3.26	3.34
2018-2023 Annual Rate	2.38%	1.90%	1.94%
Housing Unit Summary			
2000 Housing Units	1,243	12,837	33,858
Owner Occupied Housing Units	83.3%	80.1%	80.7%
Renter Occupied Housing Units	12.4%	16.3%	15.7%
Vacant Housing Units	4.3%	3.6%	3.5%
2010 Housing Units	2,149	19,985	54,727
Owner Occupied Housing Units	76.6%	70.7%	72.9%
Renter Occupied Housing Units	18.4%	24.1%	21.8%
Vacant Housing Units	5.0%	5.1%	5.3%
2018 Housing Units	2,427	24,785	66,221
Owner Occupied Housing Units	76.7%	71.1%	73.8%
Renter Occupied Housing Units	18.9%	24.8%	21.9%
Vacant Housing Units	4.4%	4.1%	4.2%
2023 Housing Units	2,720	27,422	73,549
Owner Occupied Housing Units	79.6%	72.8%	74.5%
Renter Occupied Housing Units	17.1%	23.3%	21.2%
Vacant Housing Units	3.3%	4.0%	4.3%
Median Household Income			
2018	$74,216	$66,716	$67,701
2023	$88,618	$78,364	$78,560
Median Home Value			
2018	$245,461	$227,501	$232,054
2023	$271,849	$248,724	$250,857
Per Capita Income			
2018	$34,331	$30,422	$30,110
2023	$40,593	$35,650	$34,916
Median Age			
2010	35.3	33.7	34.0
2018	36.2	34.9	35.1
2023	36.5	35.3	35.6

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2018 and 2023 Esri converted Census 2000 data into 2010 geography.

November 01, 2018

Transportation Access

Interstate access is from the Eagle Road, Meridian Road, and Ten Mile Road Interchanges located in south-central Meridian. The nearest major airport is the Boise Airport, located approximately eight miles southeast. Meridian's city center is located north of the Meridian Road/Interstate 84 Interchange. Boise's central business district is located approximately ten miles east.

Three major north-south arterials in the neighborhood include Eagle Road, Meridian Road, and Ten Mile Road. Eagle Road connects Interstate 84 with east Meridian/west Boise and Eagle. Eagle Road has some of the highest traffic counts in the State. Meridian Road connects downtown Meridian to Interstate 84 and the city of Kuna to the south. The Ten Mile Road Interchange was completed in 2012. The Ten Mile Road corridor is projected to be the next area to experience strong commercial growth. Four major east-west arterials include Fairview Avenue, Overland Road, Franklin Road, and Chinden Boulevard. Fairview Avenue bisects Meridian and connects Meridian to west Boise. Overland Road is located south of Interstate 84 and connects south Meridian and southwest Boise. Franklin Road bisects Meridian's city center. Chinden Boulevard extends along the northern boundary of the neighborhood and connects north Meridian and west and north Boise.

Neighborhood Land Use

The neighborhood includes a mix of approximately 70% residential, 15% commercial, and 15% undeveloped land. The commercial uses are further delineated as 55% office, 45% retail, and 5% industrial. Meridian is in a stage of growth, based on typical lifecycle stages of growth, stabilization, decline, and revitalization. Development within Meridian's downtown core initially began in the 1950 to 1960's. The core area has experienced development of infill parcels and renovation of many older properties during the past decade. Residential subdivision development was strong in the north and west portions of the neighborhood during the 1990's through the mid 2000's, as a result of strong population growth. Commercial development during the past two decades had also been strong along the neighborhood's arterial streets, particularly along the Eagle Road corridor. However, from 2008 through mid-2010, both residential and commercial development slowed significantly, as a result of the recession. Since mid-to-late 2010, the economy has strengthened and both commercial and residential markets in Meridian have resumed new development. Construction has increased significantly since the recession years. The Eagle Road corridor remains one of the most attractive areas for commercial development in the Boise MSA.

Major Employment Centers

Major employment centers are located throughout Meridian. North of Interstate 84 and Eagle Road is St. Luke's Meridian Medical Center. Located adjacent north of St. Luke's is Portico, a 24-acre mixed-use development. Construction within Portico began in 2008 and includes two 84,000 square foot medical office towers, one 134,000 professional office tower, and several retail and restaurant buildings. Located south of Interstate 84 along Overland Road are several quality commercial developments. Silverstone is a 160-acre business park developed in 2002. El Dorado is an 80-acre business park developed in 2003. Gramercy is a 70-acre commercial and residential development originally constructed in 2008. It is partially built-out. The 35-acre Scentsy campus was completed in 2013 at the corner of Eagle Road and Pine Avenue.

Numerous shopping centers are located in Meridian. CenterPoint Marketplace, Ustick Marketplace, and Gateway Marketplace are all located at the intersection of Eagle Road and Ustick Road. The centers are anchored by Lowe's, Kohl's, and Rosauers. The Eagle Island Center, anchored by Fred

Meyer, opened in 2012 at the northeast corner of Chinden Boulevard and Linder Road. Home Depot, WinCo, and numerous national chain restaurants and retailers are located at the northeast corner of the Meridian Road Interchange. Meridian Crossroads, anchored by ShopKo and Walmart, is located at the southeast corner of Fairview Avenue and Eagle Road. The Village at Meridian is a new lifestyle center at the northeast corner of Fairview Avenue and Eagle Road. When fully complete, this commercial development will be one of the largest power centers in the state. Big Al's, Gordmans, Marshalls, and several national chain restaurants have recently opened in the center. The intersection of Eagle Road/Fairview Avenue has some of the highest traffic counts in the State.

Significant Recent Developments

- The Ten Mile Road Interchange was completed in 2012. Several office and commercial buildings are under construction on the north side of the interchange.

- Fred Meyer opened in May 2012 at the new Eagle Island Center located at the northeast corner of Chinden Boulevard and Linder Road. Pad sites fronting the center have been developed with national fast-food restaurants and other retail uses.

- The Village at Meridian, a 500,000 square foot power center located at the northeast corner of Fairview Avenue and Eagle Road, was largely constructed in the mid-2010s with ongoing pad site development. Anchor tenants include Gordmans, Marshalls, Big Al's (bowling center) along with a host of other regional retailers and national restaurant chains.

- Touchmark at Meadow Lake Village in Meridian broke ground in Oct. 2014 on a $17 million expansion that includes 59 new assisted living units and fitness facility. The 75,800-square-foot building is scheduled to open 2015. Touchmark has 321 existing housing units from earlier phases that include studio apartments and free-standing cottages with approximately 410 people living on the 100-acre campus.

- A new 151,000 square foot Walmart store located at 5001 N. Ten Mile Road opened for business in January 2015.

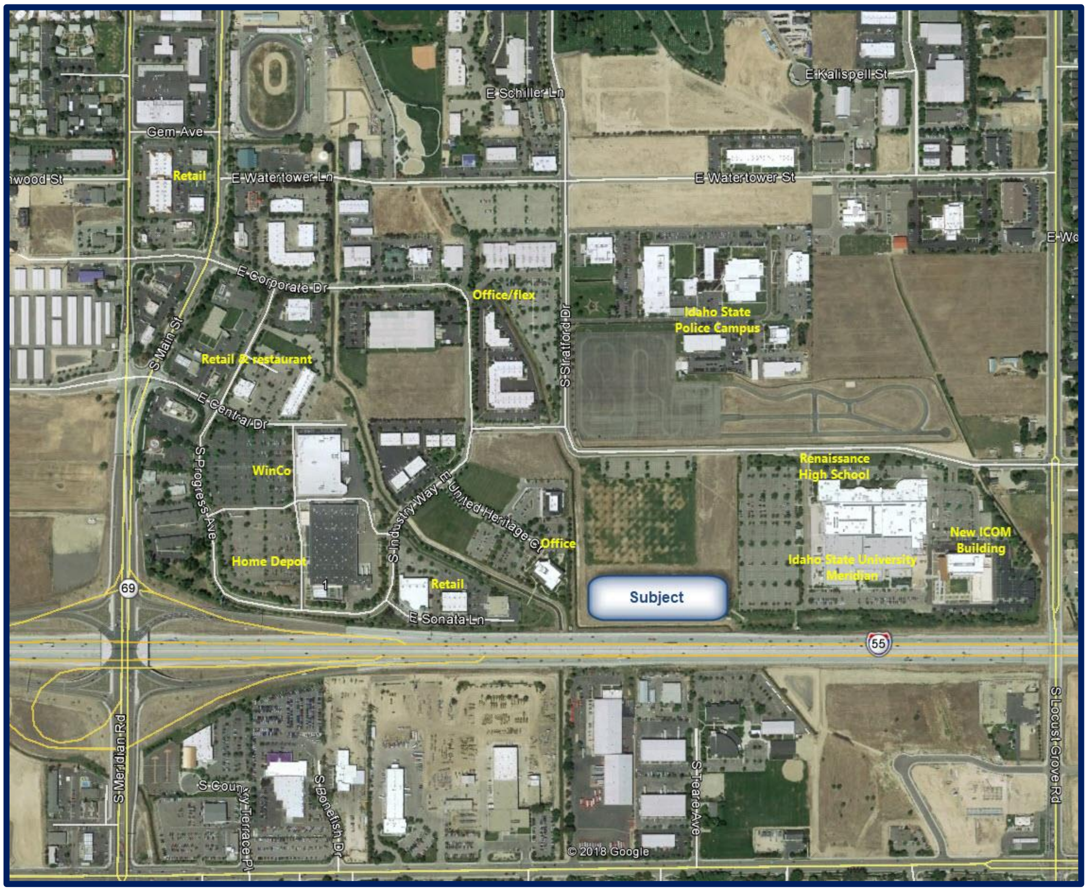
- The Meridian Road Interchange was replaced in 2016. The interchange was originally built in 1965 and traffic volume had increased from about 10,000 to 128,000 cars per day.

- A WinCo store is proposed for construction on the north side of E. Overland Road, just west of S. Eagle Road (SWC of S. Eagle Road/I-84 Interchange).

- A Costco store is proposed for construction at the southwest corner of Chinden Boulevard and N. Ten Mile Road.

- New single-family residential development continues to be ongoing throughout Meridian; absorption of new lots and homes has been strong during the past several years.

IMMEDIATE NEIGHBORHOOD AERIAL



Immediate Neighborhood

The immediate neighborhood is generally bordered by Interstate-84 to the south, E. Franklin Road to the north, S. Meridian Road to the west, and S. Locust Grove Road to the east. Commercial development within the immediate neighborhood is primarily retail along the major arterial streets and a mix of office, office/flex, and office/warehouse uses throughout the neighborhood interior. A major retail center, anchored by Home Depot and Win-Co, is located at the northeast corner of Interstate 84 and Meridian Road. This retail center was constructed in the late 1990's. Commercial development surrounding this center was strong during the past decade as evidenced by numerous retail and restaurant buildings recently constructed in the area.

The subject is located approximately ½ mile east of the Meridian Road/Interstate 84 Interchange. It has good freeway exposure and is accessed from a secondary interior street. Located north of the subject is the Idaho State Police Headquarters. South is Interstate 84. East is a 500,000 square foot building containing the Idaho State University-Meridian Campus, Renaissance High School, and West Ada School District offices. Further east is the new 94,000 square foot Idaho College of Osteopathic Medicine (ICOM) building. The $32,000,000 medical school building is the first of its kind in Idaho and was completed in June 2018. West is a four-story office building. Further west is retail uses.

Site Description

The characteristics of the site are summarized as follows:

Site Characteristics

Location: 915 E. Central Drive, Meridian, Idaho

Land Area:

Land Size

	Sq. Ft.	Acres
Gross Land Area	247,856	5.69
Less: Irrigation District Easement	(19,602)	(0.45)
Usable Land Area	228,254	5.24

Usable Land Area: 5.24 Acres or 228,254 SF

Approximately 19,602 SF is unusable due to the Nine Mile Drain (irrigation canal easement) located along the westernmost portion of the site.

Shape: Nearly rectangular; average functional utility

Topography: Generally level

Drainage: Appears adequate

Grade: At street grade

Utilities: All typical utilities are available north of the subject along E. Central Drive, and include public water and sewer, electricity, natural gas, and telephone service. Utilities would need to be extended from E. Central Drive approximately 650' to the subject site.

Off-Site Improvements: E. Central Drive is improved with asphalt paving and concrete curbing and sidewalks.

Interior or Corner: Interior siting from E. Central Drive, but fronts Interstate 84.

Signalized Intersection: No

Street Frontage / Access

Access: Access is via a cross access easement extending from E. Central Drive across the adjoining parcel to the east.

Street Type: E. Central Drive is a secondary, non-arterial street.

Access Rating: Access is circuitous from a secondary, non-arterial street and via a cross access easement across the adjoining parcel to the east; access is rated below average.

Visibility/Exposure: The subject has ±796 linear feet of frontage along Interstate 84. Visibility and exposure is rated good from Interstate 84.

Flood Zone Data

Flood Map Panel/Number:	16001C0232H
Flood Map Date:	February 19, 2003
Flood Zone:	X500 or B (south half of R6925810080)
Description:	The majority of the property is located within an "X" flood zone. The "X" flood zone is designated as outside a flood hazard area. Properties within an "X" flood zone are not required to carry flood insurance. According to the current flood map, a portion of the property is located in an "AG" flood zone and an "AH" flood zone, a high and moderate flood risk respectively. The flood map shows these areas as being where the Nine Mile Drain irrigation canal previously crossed the central portion of the property. Prior to 2005, the canal was re-routed along the west and south borders of the property. Thus, it is assumed that the flood map has not been updated and is no longer accurate. It is assumed herein that the usable area of the property is entirely located within an "X" or "X500" flood zone. The flood maps and definitions are located in the addenda of this report.

Other Site Conditions

Soil Type:	Subsoil and drainage appear adequate to support the existing use.
Environmental Issues:	During the property inspection, we did not observe any obvious environmental concerns. As real estate appraisers, we are not qualified to determine if any environmental hazards exist on the property, whether such hazards are obvious or not. Therefore, this appraisal assumes any environmental hazards to be nonexistent or minimal.
Easements/Encroachments:	The property is subject to the following known atypical easements or restrictions which were obtained from the subdivision plat, record of survey, and/or at the request of the client: 1) The property is subject to an existing restricted building zone which prohibits buildings and structures within 20 feet, and billboards or other advertising signs (except signs pertaining to business on adjacent property) within 100 feet of the right of way of 1-84. This easement does not preclude typical commercial development; thus, is considered a neutral easement. 2) The bottom of building footings shall be a minimum of 12 inches above the established normal high ground water elevation. This easement is not likely to preclude typical commercial development; thus, is considered a neutral easement. 3) The Nine Mile Drain easement is located along the westernmost portion of the property. This easement is

detrimental because it reduces the usable land area of the property.

4) The subject is an interior site located approximately 650 linear feet south of E. Central Drive. Vehicular access is not currently available to the site. At the request of the client, the appraisal is to assume access to E. Central Drive will be via a cross access easement extending across the property adjacent east of the subject. This easement is beneficial to the subject site as is facilitates access.

A title report was not provided in connection with this assignment. Based on our own observations, no other adverse easements or restrictions exist. This appraisal assumes only standard utility easements and governmental restrictions exist, none of which are assumed to impact value. An A.L.T.A survey is recommended if further assurance is needed. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Earthquake Zone: The subject is located within Earthquake Zone 2B, considered a moderate zone with respect to seismic activity.

Adjacent Land Uses

North:	Idaho State Police Headquarters
South:	Interstate 84
East:	Idaho State University – Meridian Campus, Renaissance High School, and West Ada School District offices (occupying same building)
West:	4 story office building

Zoning Designation

Zoning Jurisdiction: City of Meridian

Zoning Classification: I-L; Light Industrial District

According to Meridian city zoning, this zone is defined as "The purpose of the I-L District is to provide for convenient employment centers of light manufacturing, research and development, warehousing, and distributing. In accord with the Meridian Comprehensive Plan, the I-L District is intended to encourage the development of industrial uses that are clean, quiet, and free of hazardous or objectionable elements and that are operated, entirely, or almost entirely, within enclosed structures. Accessibility to transportation systems is a requirement of this district."

Permitted Uses: The I-L District allows for a wide variety of light industrial uses including office/warehouse, distribution, storage, flex, and light manufacturing.

Meridian's Comprehensive Plan:	According to Meridian's Comprehensive Plan and future land use map, the subject is designated to be rezoned to commercial (C-G). C-G, General Retail and Service Commercial According to Meridian City zoning, this zone is defined as "The purpose of the commercial districts is to provide for the retail and service needs of the community in accordance with the Meridian comprehensive plan. This district allows use on the largest scale and broadest mix of retail, office, service, and light industrial uses. Its designated location is for close proximity and/or access to interstate or arterial intersections.

As Is Condition

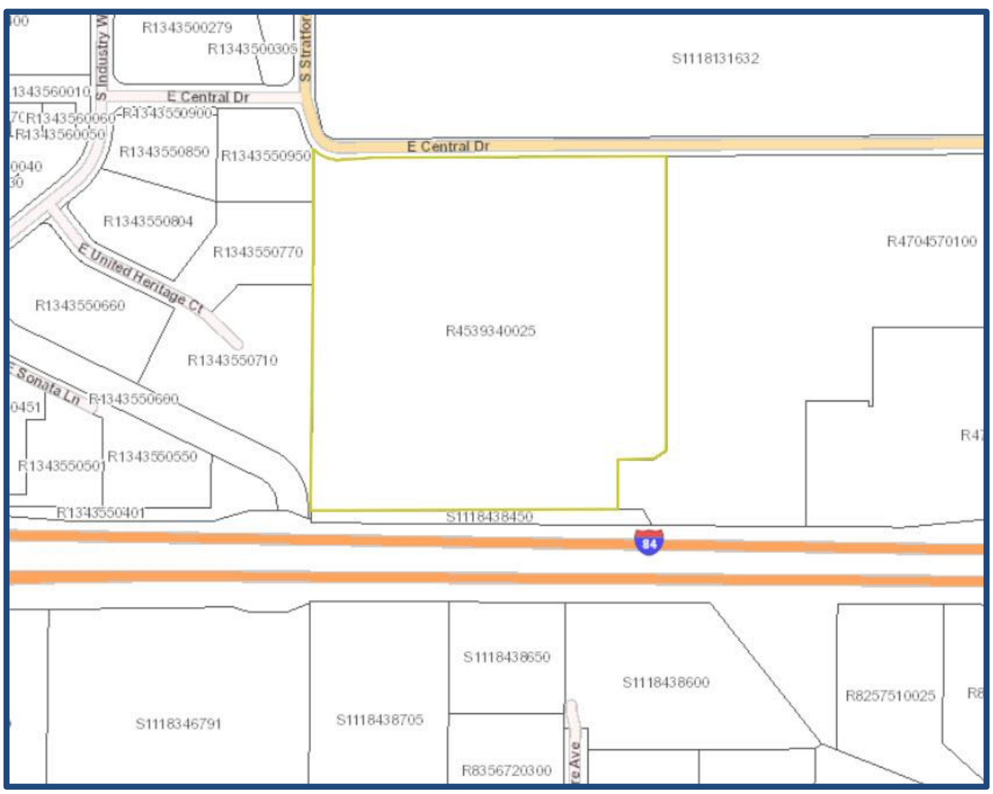
Site Improvements:	The subject site is vacant and unimproved.
Photographs of Subject:	The photographs in the Addenda section provide additional clarification as to the "As Is" condition of the property.

Site Rating

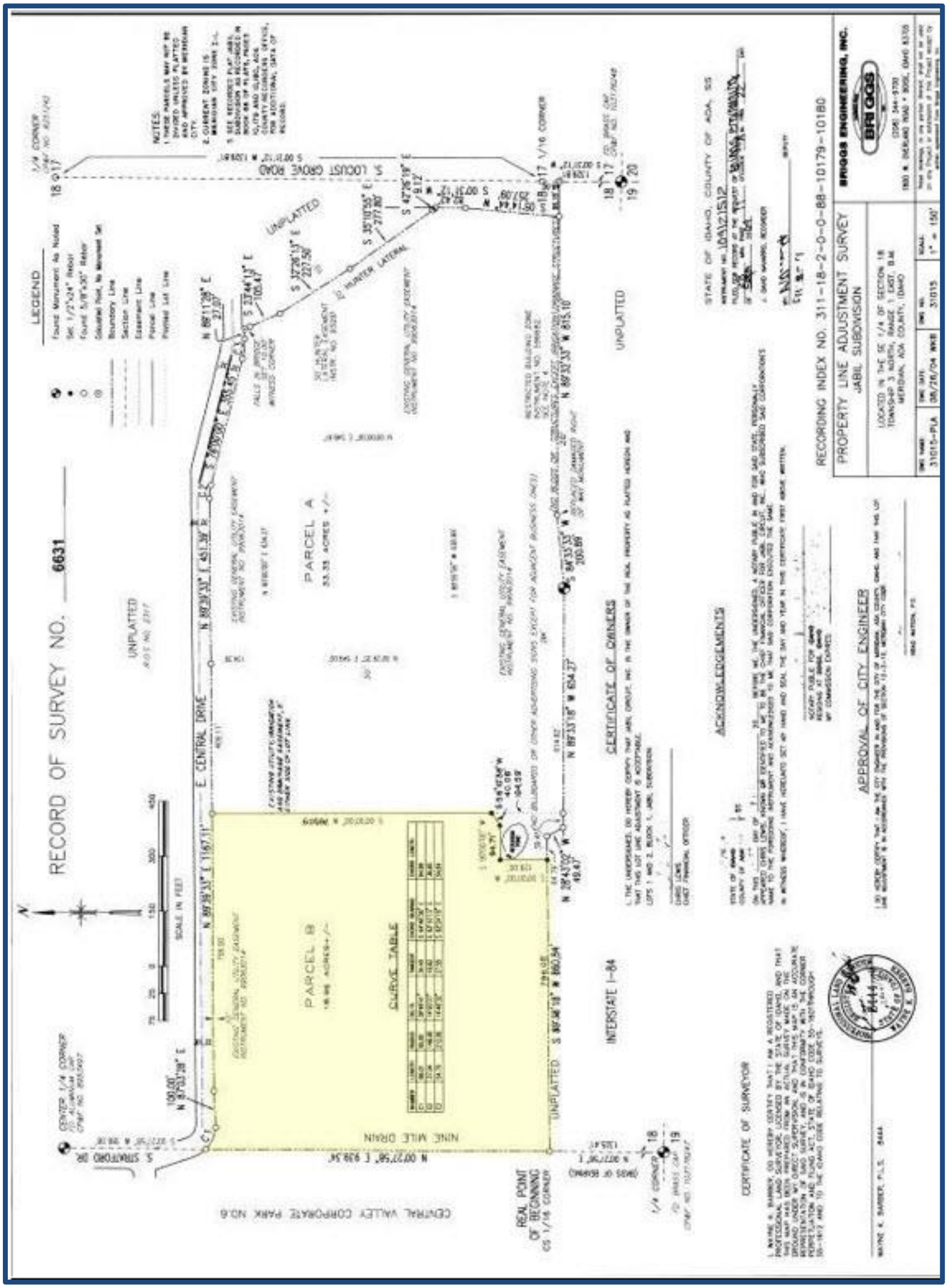
Location:	Good
Access:	Below average
Exposure:	Good Interstate 84 exposure
Functional Utility:	Average
Overall Site:	Average to good

ASSESSOR AERIAL MAP – LARGER PARCEL

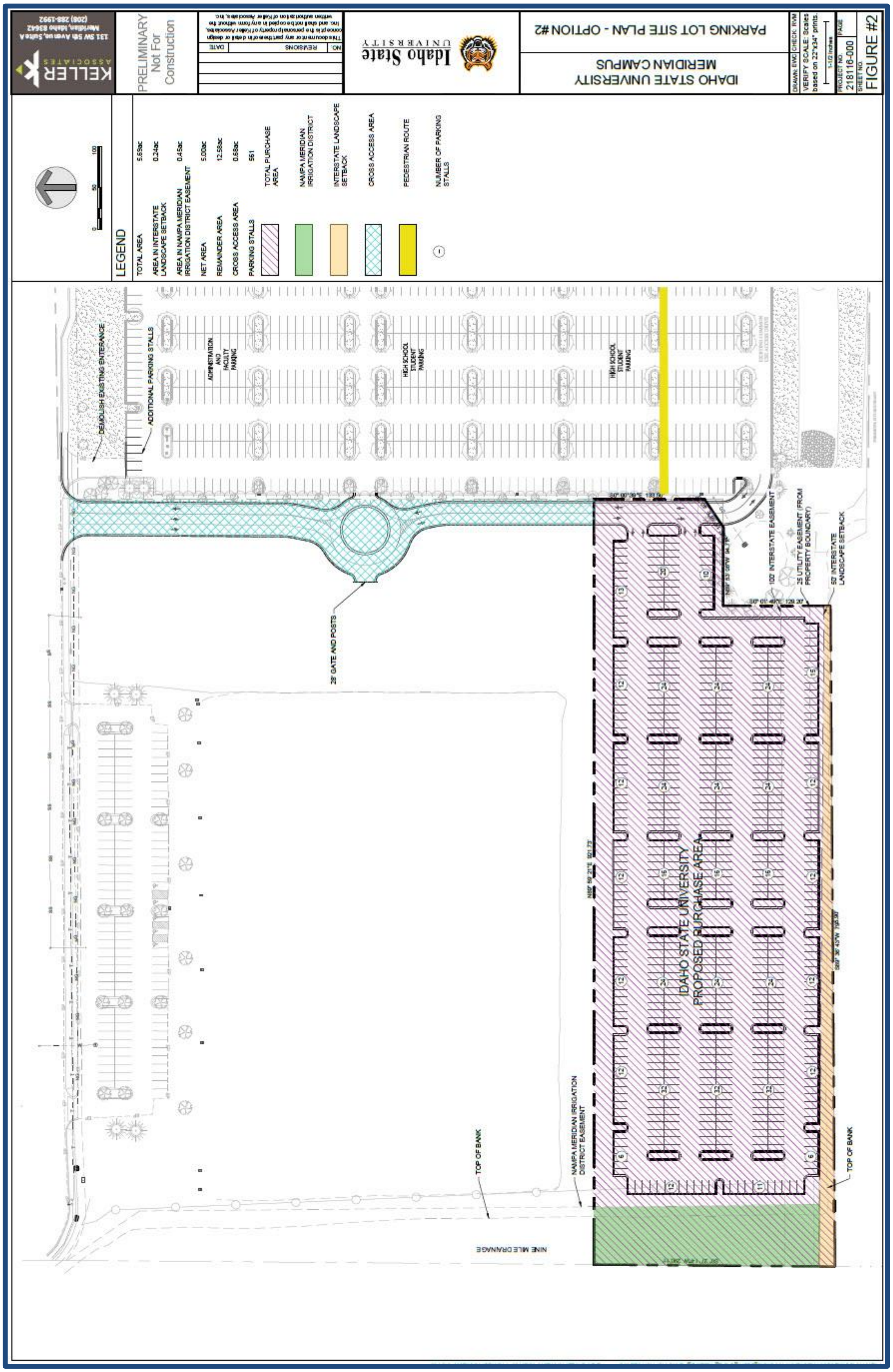
PLAT MAP – LARGER PARCEL



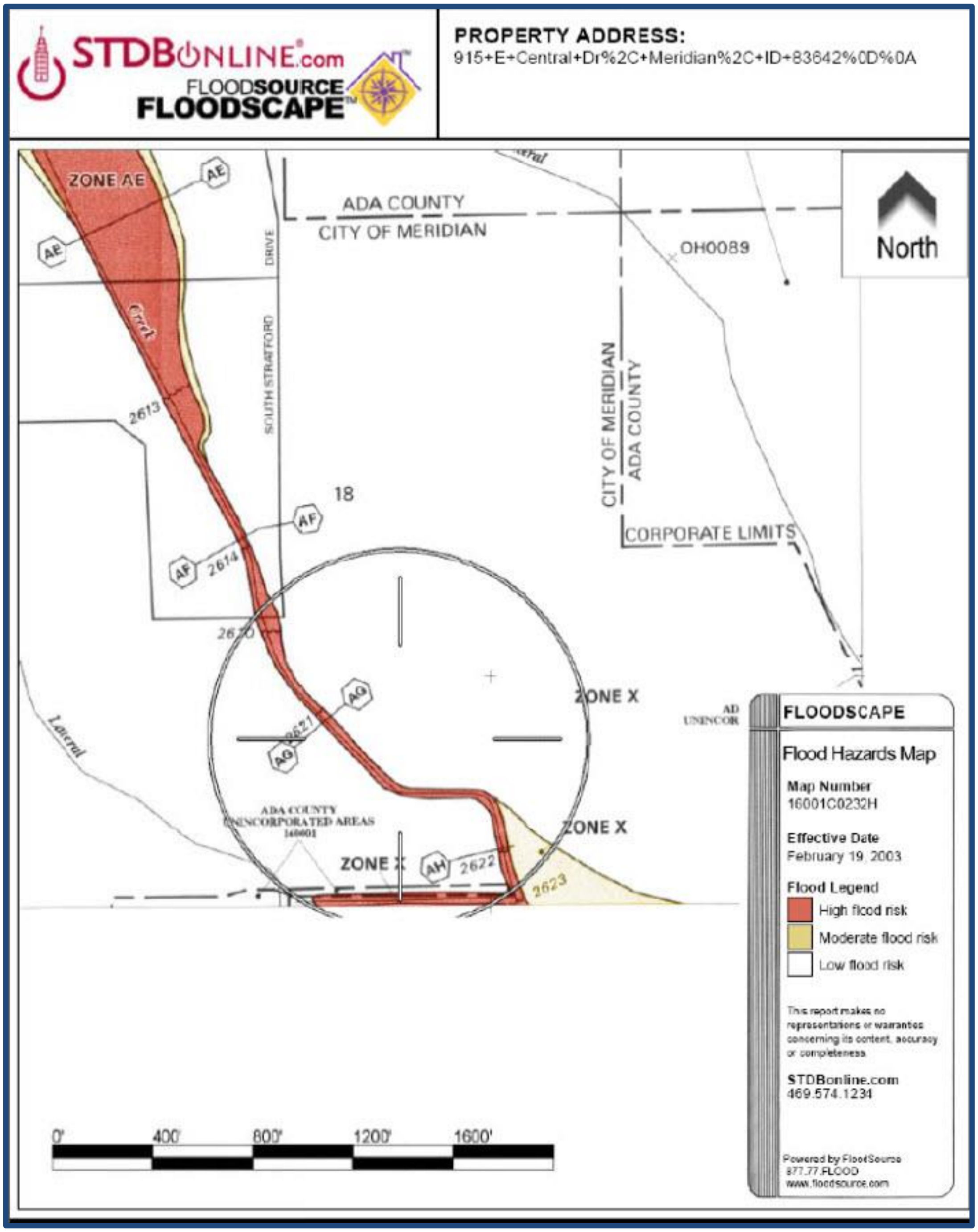
RECORD OF SURVEY – LARGER PARCEL



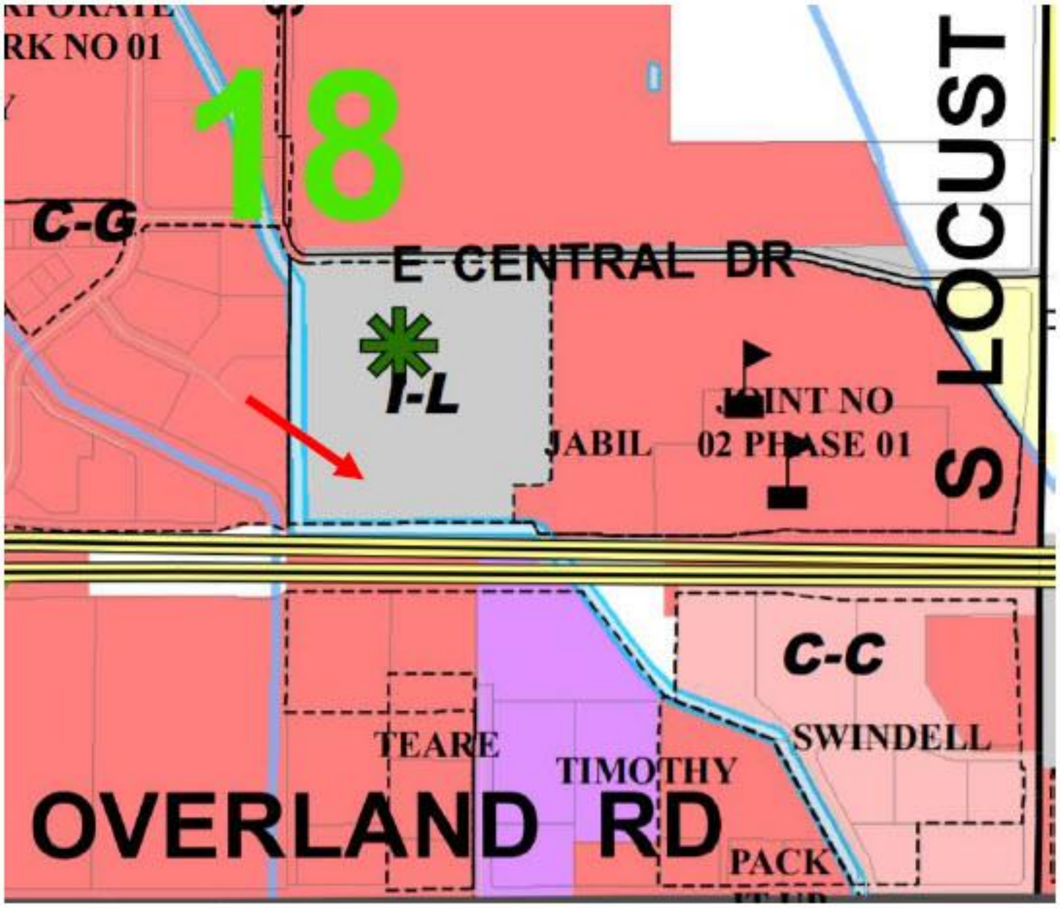
SITE PLAN



FLOOD MAP


STDBONLINE.com
FLOODSOURCE
FLOODSCAPE
PROPERTY ADDRESS:
915+E+Central+Dr%2C+Meridian%2C+ID+83642%0D%0A
ZONE AE
ADA COUNTY
CITY OF MERIDIAN
OH0089
North
SOUTH STRATFORD DRIVE
CITY OF MERIDIAN
ADA COUNTY
CORPORATE LIMITS
18
ZONE X
ZONE X
ZONE X
FLOODSCAPE
Flood Hazards Map
Map Number
16001C0232H
Effective Date
February 19, 2003
Flood Legend
High flood risk
Moderate flood risk
Low flood risk
This report makes no representations or warranties concerning its content, accuracy or completeness.
STDBonline.com
469.574.1234
Powered by FloodSource
877.77.FLOOD
www.floodsource.com
0'
400'
800'
1200'
1600'

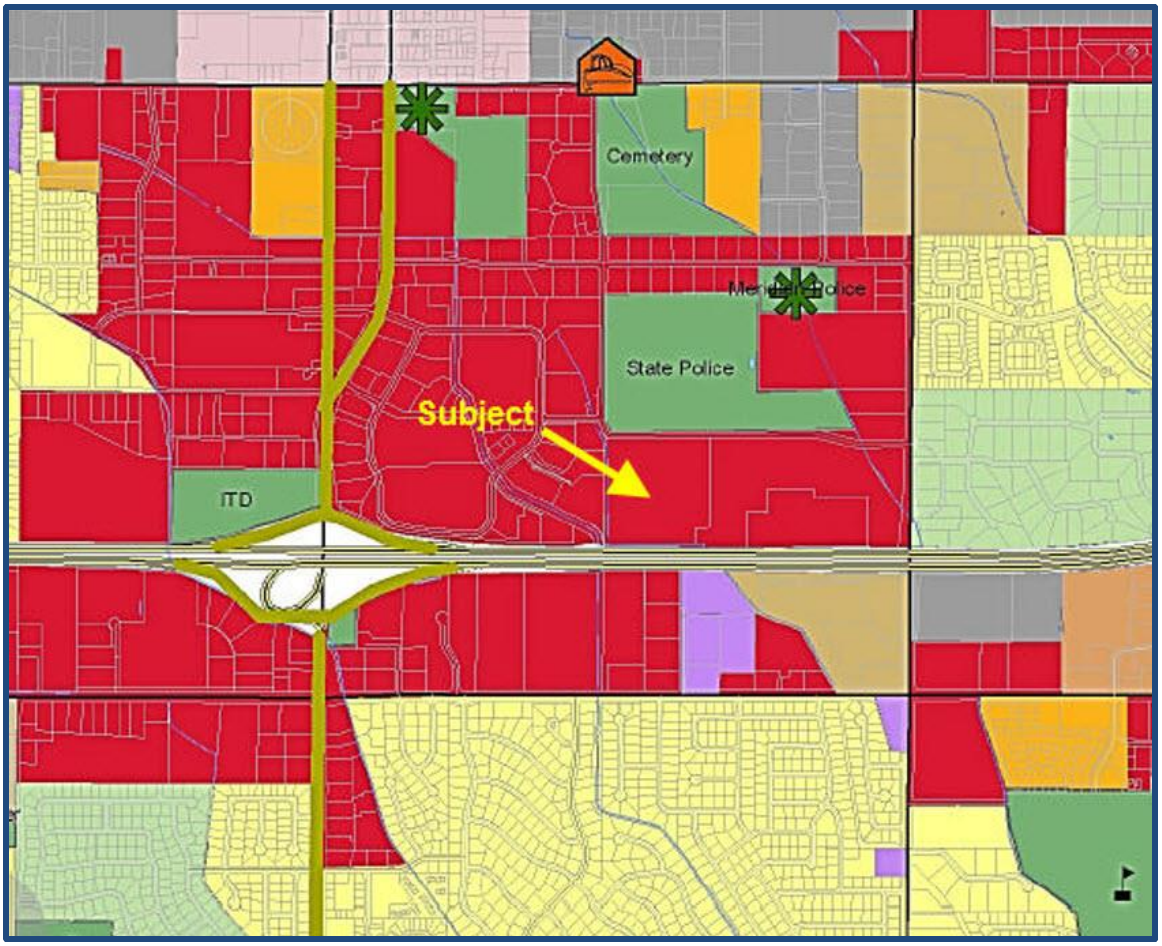
ZONING MAP



11-2C-1: PURPOSE:

A. Light Industrial District (I-L): The purpose of the I-L District is to provide for convenient employment centers of light manufacturing, research and development, warehousing, and distributing. In accord with the Meridian Comprehensive Plan, the I-L District is intended to encourage the development of industrial uses that are clean, quiet and free of hazardous or objectionable elements and that are operated, entirely, or almost entirely, within enclosed structures. Accessibility to transportation systems is a requirement of this district.

COMPREHENSIVE PLAN MAP



Assessment and Tax Data

Assessed Value and Property Taxes

The subject is exempt from county assessment and taxation.

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As Vacant

The primary determinants of the highest and best use of the property as if vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The property's current I-L zoning allows for light industrial uses. According to Meridian's Comprehensive Plan and future land use map, the subject is designated to be rezoned to commercial (C-G). This district allows use on the largest scale and broadest mix of retail, office, service, and light industrial uses. The properties immediately surrounding the subject are zoned C-G. Based on the zoning of the surrounding properties and considering the subject's future designation as C-G within Meridian's Comprehensive Plan, it is likely the subject would receive approval to be rezoned to C-G. We are not aware of any other land use regulations that would limit the use of the property. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development of a probable nature. Considering the legally permissible uses, prevailing land use patterns in the immediate area, and Interstate 84 frontage location, only retail, office, and commercial uses are given further consideration in determining highest and best use as vacant.

Physically Possible

As evidenced by the physical characteristics of the property, including its size, configuration, accessibility and availability of public utilities, all of the legally permissible uses could be developed on the land. The site does not have any physical characteristics that would hinder development.

Financially Feasible

Statistics indicate strong market fundamentals across all commercial markets, characterized by declining vacancies, significant positive net absorption, moderate new construction, and increasing lease rates. Near-term, due to a shrinking supply and limited speculative construction in the subject's submarket, vacancies are anticipated to continue to decline, and lease rates are anticipated to continue to moderately increase. Commercial markets have improved significantly during the past several years, although speculative development continues to be only marginally financially feasible as market rent levels may not justify current construction costs and increasing land values.

Maximally Productive

Of the financially feasible uses, the maximally productive use is the use that produces the highest residual land value. Considering the aforementioned factors, the maximally productive, and therefore highest and best use, as if vacant/as vacant, is for the development of an office or freeway oriented commercial use when market conditions warrant development. A feasibility analysis would be required to determine the ideal improvement to be developed on the land.

Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as vacant is for office or freeway oriented commercial use as market conditions warrant development.

Most Probable Buyer

The most probable buyer of the subject property is an owner-user.

Valuation - Market Value: As Is
Sales Comparison Approach

Methodology

Land value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. The process of developing the sales comparison approach consists of the following: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject.

Comparable Sales Data

To obtain and verify comparable sales and listings of competing properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, as well as a review of our internal database.

Seven properties were selected for comparison to the subject, as these were judged to be the most comparable to develop an indication of market value for the subject site. Emphasis was placed on date of sale, location, size, and zoning/highest and best use in the selections. Comparables 1-6 are closed sales of commercial sites occurring in competing areas of the Meridian market from 2016-2018. Comparable 7 is the 2015 sale of the subject larger parcel.

Unit of Comparison

The primary unit of comparison in the market for properties such as the subject is price per square foot.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location, and (7) physical characteristics such as size, configuration, availability of utilities, and other factors.

Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment to the comparable was applied if inferior.

The land adjustment analysis uses market based data from paired-sales, construction costs for site improvements, or other market indicators. In instances where there is limited market data available, the adjustment is based on the appraiser's estimate of market reaction. The adjustment categories are discussed briefly as follows, and the adjustments are illustrated in the Land Sale Comparable Summation Table to follow.

Transaction Adjustments

Transaction adjustments include: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

This adjustment considers real property rights relating to a property, such as a lease contract or deed restrictions

Similar to the subject, the sales are all fee simple sales. No adjustments were warranted.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms.

All of the comparables were cash equivalent sales with market terms. No adjustments were warranted.

Conditions of Sale

Atypical conditions of sale may result in a price that is higher or lower than a normal transaction. Such atypical conditions of sale often occur in conjunction with sales between related parties or those in which one of the parties is atypically motivated to complete the transaction. Additionally, a downward adjustment may be applied to a listing price, which usually reflects the upper limit of value.

All of the sales are typically motivated, arms-length sales. No adjustments were warranted.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any improvements, costs to petition for a zoning change, and costs to remediate environmental contamination. The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller.

Comparable 6 had a sloped topography at sale which needed to be remedied prior to development. After purchase, the buyer leveled the site at a reported cost of $400,000, which was the upward adjustment applied to the comparable.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.

Commercial development land sale prices throughout Ada County declined significantly from January 2008 through mid-2010. Market conditions began to stabilize in mid-2010 and remained generally flat through 2011. Since 2012, commercial market fundaments have improved moderately as evidenced by declining vacancies and capitalization rates and increasing rental rates. Demand for well-located commercial land has also increased as evidenced by an increase in transactions and new construction. Locations similar to the subject have exhibited moderate appreciation since 2012, estimated herein +3% per year from 2012 through 2013, and +5% per year beginning in 2014 to-date. The market conditions estimate was based on paired sales, although limited, and supported by several interviews with market participants.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after the application of transaction and market conditions adjustments. Our reasoning for the property adjustments made to each sale comparable follows. The discussion will analyze each adjustment category deemed applicable to the subject property.

Location

This category considers value differences as a function of location qualities, desirability, and accessibility. This category also considers primary arterial frontage locations versus secondary arterial or second tier non-frontage locations, and anchored versus non-anchored locations. Other factors include freeway access, surrounding uses, access to markets, etc.

Locational differences were applied by three separate adjustments: 1) Immediate neighborhood, 2) Arterial street or freeway exposure, and 3) Access. The subject's immediate neighborhood is rated good. It is located in central Meridian, adjacent to newer commercial development and a freeway interchange. The subject fronts Interstate 84 providing good visibility and exposure. Access is circuitous from a secondary, non-arterial street and via a cross access agreement extending through the adjoining parcel to the east.

Immediate Neighborhood: Comparables 1, 3, and 5 are located along the desirable Eagle Road corridor in superior retail-oriented locations. Comparables 1 and 3 are further superior due to their highly visible corner locations. Downward adjustments ranging from 10% to 20% were applied. Comparable 6 is inferior to the subject for immediate neighborhood influences. It is located in an inferior light industrial/commercial neighborhood on the edge of development. An upward adjustment of 20% was applied. The balance of the comparables are considered reasonably similar to the subject for location. No adjustments were applied.

Arterial Street or Freeway Exposure: Comparable 2 has an interior location with no arterial street exposure. An upward adjustment of 25% was applied. Comparables 5 and 7 have some arterial street exposure, but because of their deep configurations, approximately half of each site is considered an interior location with limited visibility. Upward adjustments of 15% were applied.

Access: Access to the subject is circuitous from E. Central Drive, a secondary non-arterial street, and via a cross access easement across the adjoining parcel to the east; access is rated below average. Comparables 1-6 have superior access via arterial streets. Downward adjustments of 15% were applied. Comparable 7 has direct access to E. Central Drive. A downward adjustment of 5% was applied.

Zoning/Use

This category considers value differences associated with variances in zoning designations or uses allowed.

All of the comparables are similar to the subject for zoning/allowable use. No adjustments were applied.

Size

This category considers value differences resulting from variances in property size. In general, smaller parcels have higher price per square foot (or per acre) sale prices versus larger parcels.

Comparables 1-3 are moderately smaller than the subject. Downward adjustments of 5% were applied. Comparables 4-7 are moderately larger than the subject. Upward adjustment ranging from 15% to 20% were applied.

Configuration

This category considers differences in land use or value associated with property configuration. Irregular parcels typically have lower price per square foot sales prices versus rectangular parcels do to less functional utility.

Similar to the subject, the comparables all have functional configurations. No adjustments were applied.

Topography

This category considers differences in land use or value associated with property topography. Commercial parcels with uneven topographies typically have lower price per square foot sale prices because the cost to develop is greater versus a level parcel.

The comparables have generally level topographies similar to the subject. No adjustments were warranted.

Utilities: Water and Sewer

This category considers the availability of water and sewer services to the property.

All typical utilities are available north of the subject along E. Central Drive. Utilities would need to be extended from E. Central Drive approximately 650' to the subject site. The comparables all have utilities readily available with no need for significant extension. Thus, are superior to the subject. Downward adjustments of 10% were applied.

Site Improvements

This adjustment category considers value differences as a result of site improvements located on a property.

Comparable 3 is a pad site within a commercial development. Site improvements include perimeter sidewalks and landscaping, and utilities stubbed to the site. A downward adjustment of 5% was applied.

Non-Realty Components of Value

Non-realty components of value include tangible items, equipment, and business concerns that do not constitute real property but are included in either the sale price of the comparable property or the ownership interest in the subject property. These components should be analyzed separately from the real property. In most cases, the economic lives, associated investment risks, rate of return criteria, and collateral security for such non-realty components differ from those of the real property.

None of the comparables had non-realty components included in the sale price. No adjustments were warranted.

Other

No further adjustments were warranted.

Presentation

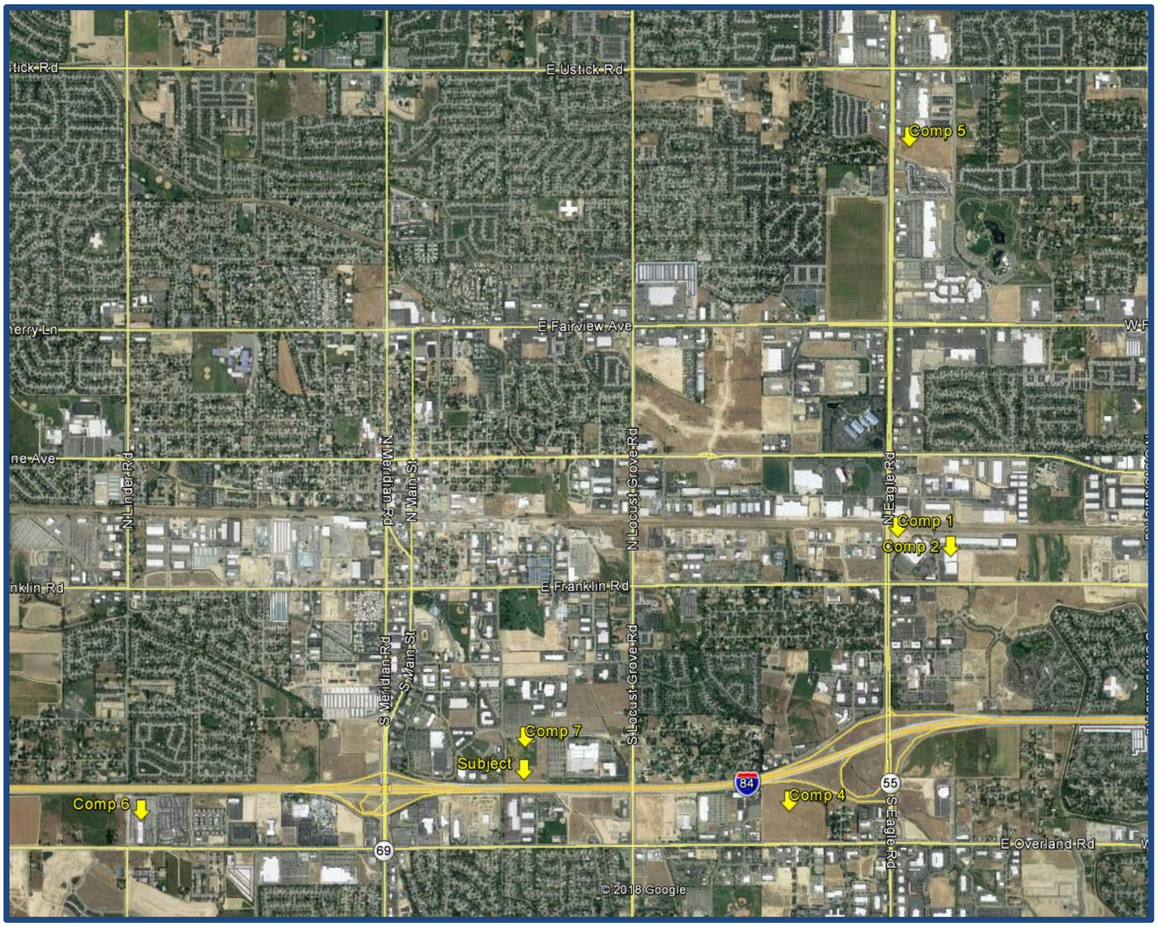
Presented on the following pages are the Land Sale Comparable Summation Table, Sale Comparable Location Map, the discussion and analysis of the comparables, and conclusion(s) of market value for the subject.

Land Sale Comparable Summation Table

								
Location	Subject	1	2	3	4	5	6	7
Name	Commercial Land	NEC Eagle Road & Lanark Drive	Demeyer Furniture & Mattress Wrhs	Tru by Hilton Hotel Site	WinCo		Bish's RV	
Address	915 E. Central Drive (portion of)	3280 & 3300 E. Lanark Drive	3530 E. Franklin Rd.	1401 S. Eagle Rd.	2600 & 2700 E. Overland Rd.	2600 N. Eagle Road	1500 W. Overland Road	915 E. Central Drive
City & state	Meridian, Ada County, Idaho 83642	Meridian, Idaho	Meridian, Idaho	Meridian, Idaho	Meridian, Idaho	Meridian, Idaho	Meridian, Idaho	Meridian, Idaho
Parcel No.	Portion of R4539340025	R9413900030 & R9413900040	Portion of R7820150055,0085	3 parcels	S1117438626, S1117438451	S1104233710/642	S1213336006	R4539340025
Location quality (Neighborhood)	Good	Superior	Similar	Superior	Similar	Superior	Inferior	Similar
Property description								
Gross land size (Acre)	5.69	2.19	1.83	1.75	34.64	16.68	17.32	18.96
Gross land size (sf)	247,856	95,353	79,715	76,056	1,508,701	726,581	754,459	826,028
Unusable or effective (sf)	(19,602)	0.00	0	0.00	0.00	0.00	0.00	(73,925)
Usable land size (usf)	228,254	95,353	79,715	76,056	1,508,701	726,581	754,459	752,103
Land type	Industrial	Commercial	Industrial/Commercial	Commercial	Commercial	Commercial	Commercial	Commercial
Zoning	I-L; C-G in comp plan	C-G	I-L	C-G	C-G	C-G	I-L	I-L (C-G in comp plan)
Land use at sale	n/a	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant
Buyer's intended use	n/a	Build: Medical clinic	Warehouse	92-room hotel	Build: WinCo grocery store	Future retail development	Build: RV dealership	Unknown
Configuration	Nearly rectangular	Nearly rectangular	Rectangular	Rectangular	Nearly rectangular	Slightly irregular	Rectangular	Rectangular
Topography	Generally level	Level	Level	Level	Level	Level	Leveled after purchase	Level
Utilities: Water & Sewer	City water & sewer adj. (needs extension)	City water & sewer	City water & sewer	City water & sewer	City water & sewer	City water & sewer	City water & sewer	City water & sewer
Site improvements	None	None	None	Perimeter sidewalks, landscaping	None	None	None	Non-contributory
Sale description								
Data source	n/a	DP: Ben Zamzow, Rocky Mountain Companies/records	JV: Closing statement/seller	KR: purchase and sale agreement	JV & DP: Confidential/Records	DP: Mark Bottles, MBRE/Records	DP: Jay Story/Records	JV: Seller, Van Auker Co.
Seller	n/a	RC Willey Home Furnishings	Volante Investments LLLP	Kimball Properties Limited Partnership	Volante Investments	B1 LLC (Jake Centers)	Matt Sam, Inc.	Van Auker Co.
Buyer	n/a	PH Peds UC Eagle LLC	DeMeyer Properties LLC	Meridian Hotel Partners, LLC	WinCo Foods LLC	GFI -Meridian Investments LLC	Nampa Land Holdings, LLC	Meridian Joint School District No. 2
Marketing time	6-12 months	Not marketed	Not marketed	Approx. 1 year	Unknown	29 months (Costar)	20 months	Not marketed
Sale date	Eff. date of appraisal (11/18)	3/18	5/17	12/16	11/16	4/16	1/16	8/15
Price	n/a	$1,533,183	$558,000	$1,198,200	$10,000,000	$4,722,777	$3,350,000	$4,550,000
Financing terms	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash equivalent; cash, plus land trade
Conditions of sale	Typical arms-length	Typical arms-length	Typical arms-length	Typical arms-length	Typical arms-length	Typical arms-length	Typical arms-length	Typical arms-length
Non-realty components	None	None	None	None	None	None	None	None
Comments	Access is via cross access easement through adjoining property to the east	Next to RC Willey. To be developed with a Primary Health clinic	Buyer owns property to the south and operates Demeyer Furniture; purchased for assemblage to develop a warehouse to adjoin the existing showroom building	Located at SWC of S. Eagle Rd. & Interstate 84 off-ramp, directly in front of TownePlace Suites; site was marketed to build-to-suit developers, with no defined asking price	WinCo to construct a new grocery store on approximately 12-acres of the site.	Sale price reported as $6.50 psf. MBRE is marketing for mid to big-box retailers for buyer.	Bish's RV will relocate from Nampa. Construction broke ground in mid-2016 on a 53,375 SF facility. Buyer leveled a significant area of the site at a reported cost of $400K	Unusable land area is that portion of the irrigation canal located along the west and south boundaries of the property;
Financial indicators								
Price/usf		$16.08	$7.00	$15.75	$6.63	$6.50	$4.44	$6.05

Adjustments		Adjustment notes	1		2		3		4		5		6		7	
Real Property Rights Conveyed	Fee Simple	No adjust. necessary	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%	Fee Simple	0%
Adjusted sale price				$16.08		$7.00		$15.75		$6.63		$6.50		$4.44		$6.05
Financing terms	Cash	No adjust. necessary	Cash	0%	Cash	0%	Cash	0%	Cash	0%	Cash	0%	Cash	0%	Cash equivalent; cash, plus land trade	0%
Adjusted sale price				$16.08		$7.00		$15.75		$6.63		$6.50		$4.44		$6.05
Conditions of sale	Typical arms-length	No adjust. necessary	Typical arms-length	0%	Typical arms-length	0%	Typical arms-length	0%	Typical arms-length	0%	Typical arms-length	0%	Typical arms-length	0%	Typical arms-length	0%
Adjusted sale price				$16.08		$7.00		$15.75		$6.63		$6.50		$4.44		$6.05
Expenditures After Purchase	None	See comments	None	0%	None	0%	None	0%	None	0%	None	0%	$400K to level site	12%	None	0%
Adjusted sale price				$16.08		$7.00		$15.75		$6.63		$6.50		$4.97		$6.05
Market conditions (time)	Eff. date of appraisal (11/18)	+5%/yr	3/18	3%	5/17	7%	12/16	9%	11/16	10%	4/16	13%	1/16	14%	8/15	16%
Adjusted sale price				$16.55		$7.50		$17.20		$7.26		$7.31		$5.65		$7.01
Location: Immediate neighborhood	Good	Adjustment applied	Superior	-20%	Similar	0%	Superior	-20%	Similar	0%	Superior	-10%	Inferior	20%	Similar	0%
Location: Exposure	Good Interstate 84 exposure	Adjustment applied	Similar	0%	Inferior	25%	Similar	0%	Similar	0%	Inferior	15%	Similar	0%	Inferior	15%
Location: Access	Average (but circuitous)	Adjustment applied	Superior	-15%	Superior	-15%	Superior	-15%	Superior	-15%	Superior	-15%	Superior	-15%	Superior	-5%
Zoning/Use	I-L; C-G in comp plan	No adjust. applied	C-G	0%	I-L	0%	C-G	0%	C-G	0%	C-G	0%	I-L	0%	I-L (C-G in comp plan)	0%
Usable land size	5.24	Adjustment applied	2.19	-5%	1.83	-5%	1.75	-5%	34.64	20%	16.68	15%	17.32	15%	17.27	15%
Configuration	Nearly rectangular	No adjust. applied	Nearly rectangular	0%	Rectangular	0%	Rectangular	0%	Nearly rectangular	0%	Slightly irregular	0%	Rectangular	0%	Rectangular	0%
Topography	Generally level	No adjust. applied	Level	0%	Level	0%	Level	0%	Level	0%	Level	0%	Leveled after purchase	0%	Level	0%
Utilities: Water & Sewer	City water & sewer adj. (needs extension)	Adjustment applied	City water & sewer	-10%	City water & sewer	-10%	City water & sewer	-10%	City water & sewer	-10%	City water & sewer	-10%	City water & sewer	-10%	City water & sewer	-10%
Site improvements	None	Adjustment applied	None	0%	None	0%	Perimeter sidewalks, landscaping	-5%	None	0%	None	0%	None	0%	Non-contributory	0%
Non-realty components	None	No adjust. necessary		0%		0%		0%		0%		0%		0%		0%
Other		No adjust. necessary		0%		0%		0%		0%		0%		0%		0%
Net adjustment				-50%		-5%		-55%		-5%		-5%		10%		15%
Indicated subject value (usf)				**$8.27**		**$7.12**		**$7.74**		**$6.90**		**$6.95**		**$6.22**		**$8.06**

LAND SALE COMPARABLE LOCATION MAP



Sales Comparison Approach Value Indication

Market Value Assuming Parcel Split

From the market data available, seven properties were utilized in the comparative analysis and adjustments were applied based on pertinent elements of comparison. The following table summarizes the unadjusted and adjusted comparable prices:

Land Sales Statistics

Metric	Unadjusted	Adjusted
Minimum Sale Price per Sq. Ft.	$4.44	$6.22
Maximum Sale Price per Sq. Ft.	$16.08	$8.27
Median Sale Price per Sq. Ft.	$6.63	$7.12
Mean Sale Price per Sq. Ft.	$8.92	$7.32

Prior to adjustment, the comparable prices range from $4.44/SF to $16.08/SF, with a median of $6.63/SF and mean of $8.92/SF. The price differences are primarily attributable to date of sale, location, and size. Comparables 1 and 3 represent the upper-tier of the range. They are commercial sites having superior corner locations fronting S. Eagle Road. Comparable 6 represents the lower-tier of the range. It is a sale of a larger site in an inferior location on the edge of development. After adjustment, the comparables bracket market value for the subject in a range of $6.22/SF to $8.27/SF, with a median of $7.12/SF and mean of $7.32/SF. With nearly equal weight given to each comparable, **market value for the subject, assuming the parcel split has been competed, is concluded to be $7.50/SF**, slightly above the average of the range.

Market Value: As Is

As stipulated in the letter of intent to purchase, the buyer is responsible for all costs associated with the cost to split the subject site from the larger parcel including surveying, subdividing, and legal fees. Total cost associated with surveying, subdividing, and legal fees is estimated at $10,000. To conclude Market Value: As Is for the subject, these costs are deducted from the prior value conclusion. The calculations to value are presented in the following table, resulting in Market Value: As Is for the subject.

Market Value: As Is				
	Size (usf)	x	value/sf =	total value
	228,254	x	$7.50	$1,711,905
Sales Comparison Approach Conclusion, Market value assuming parcel split, rounded				**$1,710,000**
Less: Estimated cost for survey, subdividing, legal fees				($10,000)
Value Conclusion, Market Value: As Is				**$1,700,000**

Value Conclusion - Market Value: As Is

Approaches to Value

The sales comparison approach resulted in a reliable conclusion of market value due to an adequate number of recent sales of similar commercial sites located in competing areas of the Meridian market. This approach directly considers the sale prices of alternative properties which have similar utility. This approach is an applicable approach for valuing land in this market and is an approach primarily relied upon by market participants.

The cost approach and income capitalization approach were not developed; they are not applicable for land valuation in this market.

Value Conclusion

Our conclusion of Market Value: As Is for the subject is presented in the following table.

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	November 4, 2018
Value Conclusion	**$1,700,000**

Exposure and Marketing Times

Marketing time is the time frame subsequent to the effective date of appraisal necessary to affect a sale of the property at the estimate of value(s) detailed herein. The estimate of value in this appraisal assumes the subject would experience a marketing time typical of the current market. Exposure time is the length of time a property would have been offered on the market prior to consummation of sale at the estimate of market value on the effective date of the appraisal. Exposure time is a retrospective estimate based on the analysis of past events and market conditions.

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 6-12 months, respectively, are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.

2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.

3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Mountain States will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.

4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.

5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.

7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory, or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Mountain States is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.

8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.

9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.

10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.

11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.

13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.

14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Mountain States and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.

15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.

16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors |Mountain States.

17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.

20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.

21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.

23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or “as-built” plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.

25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.

26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.

27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.

29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.

30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.

31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.

32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.

33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.

34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Mountain States both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Mountain States and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Mountain States or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Mountain States for this assignment, and under no circumstances shall any claim for consequential damages be made.

36. Valbridge Property Advisors | Mountain States shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors |Mountain States. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Mountain States and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Mountain States harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Mountain States in such action, regardless of its outcome.

37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Mountain States. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.

39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.

40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification – Jeff Vance

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. In November 2018, I appraised the subject based on a different scope of work. I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. I have made a current site inspection of the property that is the subject of this report.
10. No one other than Joe Corlett, MAI, SRA, provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

Jeff R. Vance

Jeff Vance, MAI
Senior Appraiser
Idaho, Certification # CGA-2828

Certification – Joe Corlett

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
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13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

G. Joseph Corlett, MAI, SRA
Senior Managing Director
Idaho, Certification # CGA-7

Addenda

Engagement Letter

Valbridge
PROPERTY ADVISORS
Mountain States Appraisal & Consulting, Inc.

Joe Corlett, MAI, SRA
Moe Themen, MAI
Kevin Ritter, MAI
Derek Newton, CGA
Jeff Vance, MAI
Dave Pascua, RT
Paul Dehlin, MAI

1459 Tyrell Lane
Suite B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax
valbridge.com

November 29, 2018

Mr. Adam R. Jacobsmeyer, CPA
Idaho State University

Re: Appraisal of:
5.69 acres of commercial land
915 E. Central Drive
Meridian, Idaho 83642

Mr. Jacobsmeyer:

This letter serves as our agreement for appraisal services relating to the above referenced property. The purpose of this appraisal is to provide an opinion of fee simple market value: as is for the subject. The valuation and market value conclusion are subject to the following extraordinary assumptions:

- The subject is currently a part of a larger parcel. A metes and bounds legal description for the subject site was provided in conjunction with this appraisal. The appraisal is subject to the extraordinary assumption the subject site will be split from the larger parcel as described by the metes and bounds description.
- The subject is an interior site located approximately 650 linear feet south of E. Central Drive. At requested by the client, the appraisal is to assume access will be from E. Central Drive via a cross access easement extending across the property adjacent east of the subject.

If any of these extraordinary assumptions are later proven to be false, the value conclusion(s) reported herein could be rendered invalid, and further valuation analysis would be warranted.

The intended use of this appraisal is for internal business decisions and/or to assist in establishing a potential sale price. The appraisal will be presented in appraisal report format as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). Reporting will include narrative discussions of the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. The depth of the discussion contained in this report is specific to the needs of the client and the intended use.

The fee will be $1,250. Delivery of the report will be no later than Monday December 3, 2018. The fee is due within 30 days of delivery. Jeff Vance, MAI, and Joe Corlett, MAI, SRA, will be co-signors of the report.

Valbridge
PROPERTY ADVISORS
Mountain States Appraisal & Consulting, Inc.

1459 Tyrell Lane
Suite B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax
valbridge.com

If you agree to these terms, please have the person(s) responsible for payment acknowledge the intent for payment by signing this engagement letter. Thank you for the opportunity to be of service.

Sincerely,
Valbridge Property Advisors | Mountain States Appraisal & Consulting, Inc.

Jeff R. Vance

Jeff Vance, MAI
Idaho Certified General Appraiser
CGA-2828
Phone: 208-336-1097, ext. 22
E-mail: jvance@valbridge.com

I agree to these terms.

Client Signature

11/25/18
Date

Brian Hickenlooper Interim CFO
Client Name

Idaho State University
Business Name

Subject Photographs

Subject site viewing west

Larger parcel viewing south

Future access drive area, viewing north

E. Central Dr., viewing west, subject on left

E. Central Dr., viewing east, subject on right

Legal Description

KELLER ASSOCIATES

3153 McNeil Drive
Idaho Falls, ID 83402
(208) 542-6120

Parcel 1

A portion of the SE 1/4 Section 18 T3N, R1E, B.M., Ada County, Idaho more particularly described as follows:

Commencing at the South 1/4 of said Section 18 which is a found Brass Cap as shown on C.P. & F. Inst. No. 103176247 from which the Center 1/4 Corner of said Section 18 which is a found Al. Cap as shown on C. P. & F. Inst. No. 8953497 bears N00°27'14"E, 2650.92 feet the Basis of Bearing of this description, run thence N00°27'14"E along the westerly line of said SE 1/4 Section 18, 1325.37 feet to a found 5/8" iron rod no cap said point being the Point of Beginning.

Thence continue along said westerly line N00°27'14"E, 290.11 feet;
Thence leaving said westerly line N89°59'21"E, 921.73 feet;
Thence S00°00'39"E, 133.50 feet;
Thence S56°10'38"W, 40.20 feet to a found 1/2" iron rod ;
Thence N89°53'08"W, 94.71 feet to a found 1/2" iron rod ;
Thence S00°01'49"E, 129.20 feet to a found 1/2" iron rod ;
Thence S89°36'43"W, 795.90 feet to the Point of Beginning.

Said Parcel contains 5.695 acres.

PROFESSIONAL LAND SURVEYOR
LICENSED
8348
10/31/18
STATE OF IDAHO
THOMAS TAYLOR

GROWING POSSIBILITIES

Flood Map and Definitions

CoreLogic [redacted]

[redacted]

915 E CENTRAL DR MERIDIAN, ID 83642

LOCATION ACCURACY: [redacted]

[redacted]

Flood Zone Determination: **OUT**

PANEL DATE	February 19, 2003	**MAP NUMBER**	160010232H

[redacted]

[redacted]

Definitions of FEMA Flood Zone Designations

Flood zones are geographic areas that the FEMA has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area.

Moderate to Low Risk Areas

In communities that participate in the NFIP, flood insurance is available to all property owners and renters in these zones:

ZONE	DESCRIPTION
B and X (shaded)	Area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile.
C and X (unshaded)	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Zone C may have ponding and local drainage problems that don't warrant a detailed study or designation as base floodplain. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.

High Risk Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones:

ZONE	DESCRIPTION
A	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.
AE	The base floodplain where base flood elevations are provided. AE Zones are now used on new format FIRMs instead of A1-A30 Zones.
A1-30	These are known as numbered A Zones (e.g., A7 or A14). This is the base floodplain where the FIRM shows a BFE (old format).
AH	Areas with a 1% annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.
AO	River or stream flood hazard areas, and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones.
AR	Areas with a temporarily increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam). Mandatory flood insurance purchase requirements will apply, but rates will not exceed the rates for unnumbered A zones if the structure is built or restored in compliance with Zone AR floodplain management regulations.
A99	Areas with a 1% annual chance of flooding that will be protected by a Federal flood control system where construction has reached specified legal requirements. No depths or base flood elevations are shown within these zones.

High Risk - Coastal Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones.

ZONE	DESCRIPTION
V	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. No base flood elevations are shown within these zones.
VE, V1 - 30	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.

Undetermined Risk Areas

ZONE	DESCRIPTION
D	Areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted. Flood insurance rates are commensurate with the uncertainty of the flood risk.

From FEMA Map Service Center:
http://msc.fema.gov/webapp/wcs/stores/servlet/info?storeId=10001&catalogId=10001&langId=-1&content=floodZones&title=FEMA%20Flood%20Zone%20Designations

Letter of Intent to Purchase

LETTER OF INTENT
FOR PURCHASE OF REAL PROPERTY

September 25, 2018

Dr. Mary Ann Ranells
Superintendent, West Ada School District
1303 E. Central Drive
Meridian, ID 83642

RE: Purchase of a portion of parcel R4539350025, located at 915 E. Central Drive

Dear Dr. Ranells:

Subject to the execution of a definitive and mutually acceptable Purchase and Sale Agreement, Idaho State University ("Purchaser") offers to buy a certain piece of real property ("Parcel") which is part of R4539340025 ("Property"), as depicted in the attached Exhibit A, from Joint School District No. 2, dba West Ada School District ("Seller").

The parties recognize that the consummation of this transaction will require further negotiation, documentation and approvals. However, this Letter of Intent is being executed to evidence the intention to proceed, in good faith, to complete the necessary work to be able to negotiate a Purchase and Sale Agreement in the future.

The proposed terms and conditions include the following:

1. Purchase. The Purchaser will purchase a Parcel consisting of five (5) buildable acres of the Property from the Seller. The parties acknowledge that the actual Parcel may be more than five (5) acres because of easements and other considerations.

2. Purchase Price. The purchase price will be no less than the appraised value determined by an independent appraisal, conducted by a licensed appraiser acceptable to Seller, as required by Idaho Code §33-601. If either party is not satisfied with the appraised value, a second appraisal may be obtained at the expense of that party.

3. Costs. The Purchaser shall pay a) all costs associated with the appraisal, b) all costs associated with an ALTA Survey, c) all costs associated with any necessary subdivision of the Property, d) all costs of construction of a new entrance off Central Drive that will allow access to the current west parking lot and to the Parcel, and e) all of Seller's legal fees associated with a, b, c, and d above.

4. Contingencies. Purchaser's obligation to purchase the Parcel shall be contingent upon, among other things: (i) the completion by the Purchaser, to its satisfaction, of due diligence on the Parcel prior to the closing date; (ii) approval of the purchase of the Parcel by Purchaser's Governing Board (State Board of Education) and Seller's Board of Trustees; (iii) Purchaser's receipt of an environmental assessment which indicates that the Parcel is free from environmental contamination; (iv) Purchaser's receipt of a survey which indicates that the Parcel is free from all encroachments; (v) Purchaser's receipt of title insurance insuring that there is good and marketable title, and fee simple title to the Property is vested in the Purchaser, (vi) the occurrence of no material adverse change in the condition of the Parcel; and (vii) the completion of satisfactory legal documentation including adequate indemnifications and representations.

5. Feasibility Period. The Buyer shall have until December 31, 2018 to perform all feasibility and due diligence for the Parcel ("Feasibility Period"), which may be extended by written request from the Buyer. Consent for an extension of time shall not be unreasonably withheld by the Seller. The Seller shall fully cooperate with the Buyer in providing any and all information available regarding the Property and unrestricted access to the Property. The parties agree that during this Feasibility Period, the Purchaser shall have the exclusive right to negotiate with the Seller for the purchase of the Parcel, and the Seller agrees not to directly or indirectly solicit, entertain, or otherwise discuss with any person any offers to purchase all or any portion of the Property.

6. Miscellaneous. The parties understand the purpose of this Letter of Intent is to allow further investigation by both parties into the possibility of entering into a formal Purchase and Sale Agreement. This Letter of Intent is only binding on the parties until the end of the Feasibility Period and any mutually agreed upon extensions, if any. It is not intended to be a legally enforceable agreement, and no cause of action shall arise as a result of the parties signing it. If a formal Purchase and Sale Agreement is not executed for any reason or no reason at all, this Letter of Intent shall expire and neither party shall have any further rights or duties hereunder.

This Letter of Intent is made subject to Purchaser's receipt of Seller's acceptance.

Sincerely,

Kevin D. Satterlee
President, Idaho State University

ACCEPTED AND AGREED TO THIS 26 day of SEPT, 2018.

Mary Ann Ranells

Dr. Mary Ann Ranells
Superintendent, West Ada School District

EXHIBIT A

Legal description for Central Parcel

PARCEL B OF RECORD OF SURVEY NO. 6631, RECORDED SEPTEMBER 22, 2004, AS INSTRUMENT NO. 104121512, RECORDS OF ADA COUNTY, IDAHO, LYING IN THE SE 1/4 OF SECTION 18, TOWNSHIP 3 NORTH, RANGE 1 EAST, BOISE MERIDIAN, MERIDIAN, ADA COUNTY, IDAHO, AND BEING A PORTION OF LOT 2, JABIL SUBDIVISION, RECORDED IN BOOK 88 OF PLATS, AT PAGE 10,179 THROUGH 10,180, RECORDS OF ADA COUNTY, IDAHO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH 1/4 CORNER OF SECTION 18, TOWNSHIP 3 NORTH, RANGE 1 EAST;
THENCE NORTH 00°27'58" EAST 1325.41 FEET ALONG THE CENTER SECTION LINE OF SAID SECTION 18 TO THE CS 1/16 CORNER, THE SW CORNER OF LOT 2, JABIL SUBDIVISION, OF RECORD IN BOOK 88 OF PLATS AT PAGES 10179 AND 10180, ADA COUNTY RECORDER'S OFFICE, THE REAL POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE ALONG THE BOUNDARY OF LOT 2 THE FOLLOWING:

THENCE CONTINUING NORTH 00°27'58" EAST 939.34 FEET TO A POINT OF CURVATURE;
THENCE ALONG A CURVE TO THE LEFT 66.01 FEET, SAID CURVE HAVING A RADIUS OF 95.00 FEET, TANGENTS OF 34.40 FEET, A CENTRAL ANGLE OF 39°48'41", AND A LONG CHORD BEARING SOUTH 64°48'36" FEET TO A POINT OF TANGENCY;
THENCE NORTH 87°03'28" EAST 100.00 FEET TO A POINT;
THENCE NORTH 89°38'33" EAST 758.00 FEET TO A POINT;
THENCE SOUTH 00°00'00" WEST 765.09 FEET TO A POINT;
THENCE SOUTH 56°10'38" WEST LEAVING THE SAID BOUNDARY OF LOT 2, A DISTANCE OF 40.08 FEET TO A POINT;
THENCE SOUTH 90°00'00" WEST 94.71 FEET TO A POINT;
THENCE SOUTH 00°00'00" WEST 129.00 FEET TO A POINT ON THE BOUNDARY OF LOT 2;
THENCE SOUTH 89°38'18" WEST 796.05 FEET TO THE REAL POINT OF BEGINNING OF THIS DESCRIPTION.

APN: R4539340025

Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

1) In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.
2) In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

1) The date on which the appraisal or review opinion applies. (SVP)
2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause, expense recovery clause or stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

1) The time a property remains on the market.
2) The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2) Gross leasable area plus all common areas.
3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values, aggregate retail selling price or sum of the retail values.* (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

1) The reasonably probable use of property that results in the highest value. The four criteria that the highest

and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use of for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

1) A condition that is presumed to be true when it is known to be false. (SVP – Standards of Valuation Practice, effective January 1, 2015)
2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary)

Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Dictionary)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) (Dictionary)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease, net net lease, partial net lease, or semi-gross* lease. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. … The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report …The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost
The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost
The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion
A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate
The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease
An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination
A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land
Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Triple Net (Net Net Net) Lease
An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease, net net net lease, or fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area
The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use
The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

Qualifications of Jeff R. Vance, MAI

Senior Appraiser

Valbridge Property Advisors | Mountain States Appraisal & Consulting Inc.

Independent Valuations for a Variable World

State Certifications

State of Idaho, CGA-2828

Education

Bachelor of Science
Business Marketing
University of Idaho

Contact Details

208-336-1097 (p)
208-345-1175 (f)

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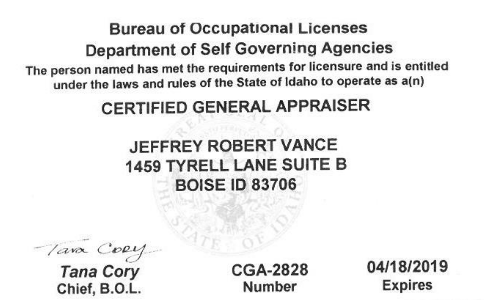
Bureau of Occupational Licenses
Department of Self Governing Agencies
The person named has met the requirements for licensure and is entitled under the laws and rules of the State of Idaho to operate as a(n)
CERTIFIED GENERAL APPRAISER
JEFFREY ROBERT VANCE
1459 TYRELL LANE SUITE B
BOISE ID 83706

Tana Cory Chief, B.O.L.	CGA-2828 Number	04/18/2019 Expires

Membership/Affiliations:

Member: Appraisal Institute - MAI Designation

Appraisal Institute & Related Courses:

Year - Course
2006 to Present- USPAP; including updates every 2 years
2006- Appraisal Principles
2007- Real Estate Financing, Statistics, & Valuation Modeling
2007- General Appraiser Income Approach Part 1
2008- General Market Analysis & Highest and Best Use
2008- General Sales Comparison Approach
2008- General Site Valuation & Cost Approach
2008- General Report Writing & Case Studies
2009- General Appraiser Income Approach Part 2
2009- 2014- Business Practices & Ethics
2010- Foreclosure, Short Sale, Auction Price Seminar
2010- Subdivision Valuation
2011- Advanced Concepts & Case Studies
2012- Advanced Income Capitalization
2013- General Demonstration Report – Capstone Program
2016- Uniform Appraisal Standards for Federal Land Acquisitions
2016- Introduction to Legal Descriptions
2017- Disclosures and Disclaimers

Experience:

Senior Appraiser, MAI
Valbridge Property Advisors | Mountain States Appraisal & Consulting Inc. (2013-Present)
Appraiser, CGA
Mountain States Appraisal & Consulting Inc. (2010-2013)
Associate Appraiser, RT
Haxton & Company (2008-2010)
Mountain States Appraisal & Consulting Inc. (2007-2008)

Appraisal/valuation and consulting assignments include: apartments; condominiums; retail; restaurants; shopping centers; professional and medical office; industrial; religious and special purpose properties including schools, churches, and daycares; residential and commercial subdivisions; and vacant industrial, commercial, and residential land. Assignments have been concentrated in southwest Idaho.

Qualifications of G. Joseph Corlett, MAI, SRA
Senior Managing Director
Valbridge Property Advisors | Mountain States

Independent Valuations for a Variable World

State Certifications

State of Idaho CGA-7
State of Oregon C-000294

Education

Bachelor of Science
In Business with a Degree
In Finance
University of Idaho

Contact Details

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208-345-1175 (f)

Valbridge Property Advisors | Mountain States Appraisal & Consulting, Inc.

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jcorlett@valbridge.com

Bureau of Occupational Licenses
Department of Self Governing Agencies
The person named has met the requirements for licensure and is entitled under the laws and rules of the State of Idaho to operate as a(n)
CERTIFIED GENERAL APPRAISER

G JOSEPH CORLETT
1459 TYRELL LN STE B
BOISE ID 83706

Tana Cory
Chief, B.O.L.

CGA-7
Number

03/11/2019
Expires

Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required

License No.: C000294
Issue Date: April 01, 2018
Expiration Date: March 31, 2020

G. JOSEPH CORLETT
VALBRIDGE MOUNTAIN STATES
1459 TYRELL LN STE B
BOISE, ID 83706

Gae Lynne Cooper, Administrator

Membership/Affiliations:

Member: Appraisal Institute – MAI & SRA Designations
Past President: Appraisal Institute – Southern Idaho Chapter
Past Director/ Regional Vice Chair: - Appraisal Institute
Past Chair Ethics Administration Division: Appraisal Institute
Past Member National Government Relations Committee- AI
President: Idaho Aviation Hall of Fame
Vice President Idaho Aviation Association
Realtor: National Association of Realtors
Idaho Real Estate Broker DB 1660
Commercial Pilot/ ASEMEL/Instruments
Board Member: Idaho Aviation Foundation
BOMA

Appraisal Institute & Related Courses:

Basic Income Capitalization
General Applications
General Market Analysis & Highest and Best Use
Business Practices & Ethics
Advanced Income Capitalization
Advanced Sales Comparison & Cost Approaches
The Appraiser as an Expert Witness: Preparation and Testimony
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets

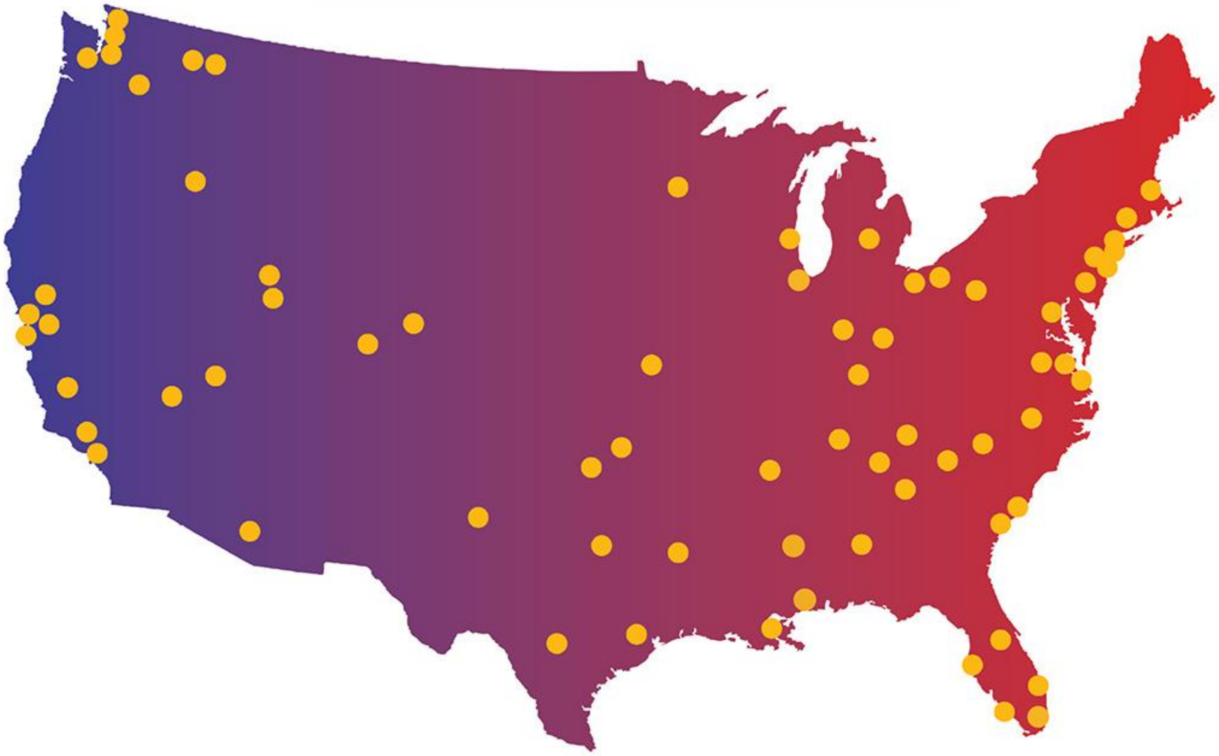
Experience:

Senior Managing Director
Valbridge Property Advisors | Mountain States Appraisal (1974-Present)

Appraiser
Corlett Associates, Pifari & Associates, Western National Corporation (1974-1976)

Appraisal/valuation and consulting including: apartments; retail, shopping centers, office; industrial, religious. Special purpose properties including schools, churches, cemeteries, hotels/motels, residential subdivisions, vacant industrial, commercial and residential land. Special use properties including conservation easements, car washes, factories, wilderness properties, golf courses, eminent domain acquisitions, litigation support, ranches, transmitter sites, and other unique property types.

Valbridge
PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national commercial real estate valuation and advisory services firm in North America.
    - Total number of MAI-designated appraisers (200+ on staff)
    - Total number of office locations (70+ across U.S.)
    - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

Valbridge PROPERTY ADVISORS

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55 South Market Street
Suite 1210
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Suite 245
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Idaho State University

FY 2019

Revision 10/31/2018

Six Year Capital Improvement Budget

Description	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**
College of Technology EAMES Phase 1	$13,300,000					
Meridian Cadaver Lab and Nursing Expansion	$7,750,000					
Holt Arena Seating, Code Analysis and Project Planning	$2,500,000					
Meridian Parking Expansion (Land Acquisition Cost To Be Determined)	$1,700,000					
Gale Life Science Remodel or New Building		$63,000,000				
College of Technology EAMES Phase 2		$5,000,000				
Upgrade HVAC, Ceilings, & Lighting, Eli Oboler Library		$9,465,206				
ISU Health and Wellness Center Planning and Design		$3,500,000				
Remodel Basement, Frazier Hall		$1,600,000				
Remodel 1st Floor Circulation, Eli Oboler Library		$3,996,000				
Greenhouse Addition, Plant Sciences		$1,703,570				
Meridian Dental Hygiene Expansion		$3,732,850				
College of Technology EAMES Phase 3			$3,000,000			
ISU Alumni Center			$8,473,000			
ISU Health and Wellness Center Construction Phase 1			$6,292,500			
Graveley Hall - Upgrade the heating and cooling system			$2,875,000			
Beckley Nursing – Asbestos mitigation, ceiling system and lights			$1,700,000			
ISU Health and Wellness Center Construction Phase 2				$6,292,500		
Vocarts - Replace, HVAC, Fire Alarm & ADA restrooms				$1,745,842		
Remodel LEL second floor for additional labs				$1,050,000		
Campus Housing Renovations & Remodeling				$10,000,000		
New Museum of Natural History					$22,444,000	
College of Business - Modernization						$25,000,000
Reroute campus traffic						$8,000,000
$214,120,468	$25,250,000	$91,997,626	$22,340,500	$19,088,342	$22,444,000	$33,000,000
6 year outlay total						

SUBJECT

Huron Consulting Report Follow-up

REFERENCE

September 29, 2017	The Idaho State Board of Education (Board) adopted the Higher Education Task Force recommendations, including the recommendation to increase systemness.
December 2018	Huron presented the final report to the Board.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section I.A.

ALIGNMENT WITH STRATEGIC PLAN

The agenda item aligns with the following State Board of Education Strategic Plan Goals:
Goal 1: Educational System Alignment
Goal 2: Educational Attainment

BACKGROUND/DISCUSSION

The Board contracted with Huron Consulting to assess the current state of administrative operations at Boise State University, Idaho State University, the University of Idaho and Lewis-Clark State College and to identify opportunities for increases in efficiency and effectiveness. At the December 2018 regular Board meeting, Huron Consulting presented to the Board their final report areas of systems integration.

Huron Consulting identified a series of options and foundational decisions that would first need to be made prior to implementation of the potential efficiencies identified in the report. The report focused on three areas: labor duplication/fragmentation/span of control, purchasing power, and IT enterprise systems and their findings consisted of:

1. Near-term Opportunities
   a. Optimize mid-level management span of control. Across all institutions, 60% to 70% of supervisors have three or fewer direct reports
   b. Optimize staff support in functional areas (Finance, HR, Research and IT), and consolidate generalist staff
2. Intermediate-term Opportunities
   a. Procurement: Negotiate vendor agreements/contracts across institutions and implement eProcurement system housing shared catalogs for jointly negotiated pricing and contracts. Areas for highest savings are administrative (e.g. office supplies), scientific/medical supplies and facilities
   b. Self-insurance: Migrate all institutions to shared self-insurance for health insurance
3. Long-term Opportunities
   a. Centralize selected functional support staff (Finance, HR, IT and Research administration)
   b. Converge into single ERP environment (two or three of the institutions likely need to upgrade to cloud-based platforms within the next 2-5 years)

In January 2019, a Board Work Group convened to review the report and discuss potential next steps for Board action and implementation of the opportunities presented in the report. The Work Group will discuss with the Board their findings, and they will recommend a more formal Work Group be established to identify necessary decision points for the Board and develop an implementation plan, based on those decision points, with a timeline for the Board's consideration. While there are some areas in which the Board could immediately start implementation, other long-term opportunities could take a year or more to initiate.

IMPACT

The proposed action would create a special subcommittee of the Board to begin prioritizing and identifying recommendations for the full Board on implementing specific efficiencies identified in the Huron Consulting report. A consultant would be engaged to facilitate the work of the subcommittee. The consultant would be funded through institutional funds. Forming a small workgroup of Board members will allow for preliminary work and prioritization to be framed and brought back to the Board for action.

ATTACHMENTS

Attachment 1 – Huron final report

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval.

BOARD ACTION

I move accept the Huron report and for the Board President to appoint a subcommittee of Board members to identify a timeline and decision points for Board consideration and implementation plans based on Board adopted recommendations. The work of the subcommittee would be facilitated by a consultant funded through institutional funds.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

IDAHO STATE BOARD OF EDUCATION

ADMINISTRATIVE REVIEW & CONSOLIDATION ASSESSMENT

FINAL REPORT

December 2018

SECTIONS

1

OBJECTIVES AND CONTEXT

Idaho State Board of Education

OBJECTIVES

ENGAGEMENT AND DELIVERABLE GOALS

Engagement Objectives:

1. Assess current state of administrative operations for the four in-scope institutions: Boise State University, Idaho State University, Lewis-Clark State College, and the University of Idaho.
2. Identify opportunities for increased efficiency and effectiveness and estimate attendant cost savings.
3. Provide recommendation to the Board as to whether the state should pursue consolidation of administrative operations including guidance regarding scope and sequence of implementation.

Report Contents:

1 **Context**

This report includes context regarding the four institutions, stated goals, and the operational landscape that has helped to shape our approach

2 **Roadmap**

Our report includes a starting-point roadmap for ISBOE that includes near-term considerations, enabling steps, and long-term opportunities

3 **Analysis**

We provide analysis supporting the roadmap and recommendations capturing both efficiency opportunities and related savings estimates

Notes on Analysis

- Savings estimates do not account for required financial or capacity investments
- Metric-grounded opportunities do not account for variability in current service levels

HURON

HURON'S APPROACH

TARGETED PURSUIT

Huron's outlined approach included assessing each institution for opportunities to collaborate or consolidate across three areas: workforce, purchasing, and enterprise systems.

Labor Duplication / Fragmentation

Where is there duplication or fragmentation of staff that can be addressed through reorganization, outsourcing, consolidation, or a shift to a shared operating model?

Analyses

- Internal benchmarking
- External benchmarking
- Spans and layers
- Outsourcing inventory

Purchasing Power

Where are there opportunities to negotiate group purchasing contracts and limit off-catalogue spend?

Analyses

- Spend analysis
- Procure-to-pay operations high-level assessment

Technological Adoption / Rationalization

Where is there duplication of functionality across systems that can alleviate direct and indirect cost through consolidation or ERP upgrades in the long-term?

Analyses

- Systems inventory
- Technology environmental scan

For each of these areas, Huron outlined near-term, intermediate-term, and long-term opportunities. Huron also analyzed opportunities surfaced during stakeholder interviews.

HIGHER EDUCATION "SYSTEMNESS"

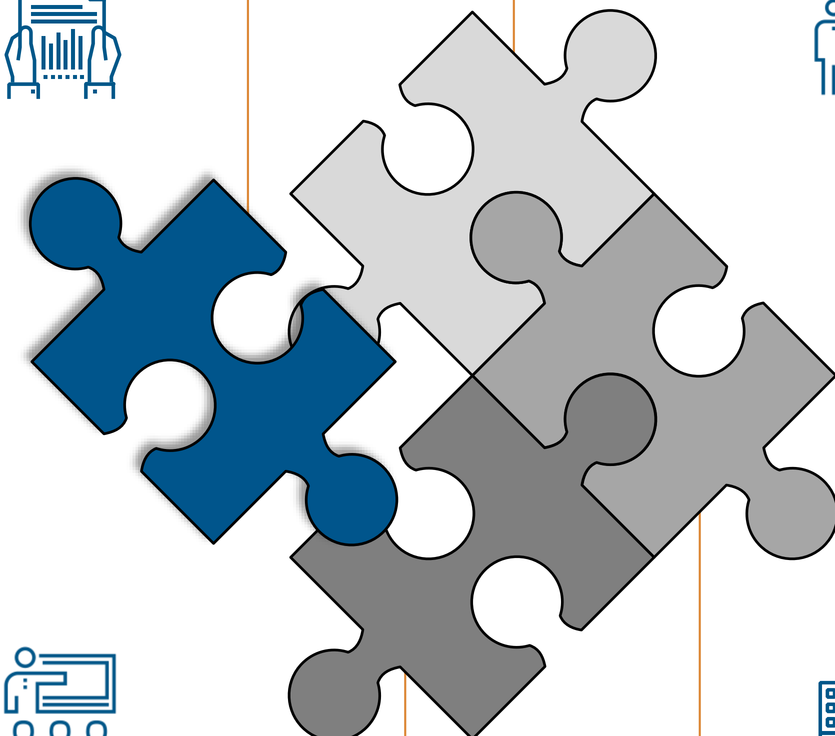
Idaho State Board of Education

ADMINISTRATIVE OPERATIONS AS A PIECE OF A LARGER PUZZLE

Huron's charge to assess opportunities for administrative ("back office") consolidation keeps in mind the broader considerations of moving to system-like operations.

Institutional Administrative Operations
How are administrative operations organized for optimal efficiency, effectiveness, and service faculty, students, and staff?

Scope of ISBOE
What is the role of the Board? How are the institutions governed to optimize "systemness"?



Community Colleges
How are community colleges integrated to maximize access, improve time to graduation, and limit student debt?

Academics
How are institutions aligned to optimize student outcomes, research productivity, and innovation?

HURON

Idaho State Board of Education

ALIGNING TACTICS AND GOALS

STRATEGIES FOR ACHIEVING ECONOMIES OF SCALE

The Board's charge is to focus on inter-University *partnerships* and consolidation, but these opportunities should be evaluated as part of a full spectrum of strategies for efficiency gains.

Strategies for Scale

(A) Self-Assessment → **(B) Partnership** → **(C) Integration**

(A) Self-Assessment

What are the opportunities for efficiencies within each institution?

- Program / portfolio mgmt.
- Workforce mgmt. (structure and comp.)
- Procurement / sourcing
- Resource allocation (budgeting / costing)
- Revenue mgmt. / pricing
- Asset mgmt.

(B) Partnership

What are the opportunities to achieve additional scale through partnership?

- Shared policies and governance
- Shared purchasing efforts and contracts
- Shared labor support for commodity transaction activities
- Co-location – shared physical assets

(C) Integration

How is scale optimized through merged entities?

- Single management structure
- Maximum deduplication of support structures
- Integrated portfolio rationalization
- Integrated growth strategies

HURON

2

ROADMAP SUMMARY

HURON

ROADMAP OVERVIEW (1/4)

KEY FINDINGS GUIDING ROADMAP DEVELOPMENT

Stakeholder interviews and data analysis revealed several key findings that have shaped our approach to developing a roadmap for the Board and the four institutions.

1. Individual efforts to consolidate staff have taken place but narrow spans still exist at some layers across all institutions – more than **940 supervisors have three or fewer direct reports.**

2. Despite expanded delegated purchasing authority, **shared vendor contracts and strategic approaches to sourcing across institutions remain uncommon.**

3. Three of the four institutions use on-premise ERPs that will **require an upgrade to a cloud-based platform** in the next 5-10 years.*

4. The four institutions have adopted a collaborative approach to problem-solving and information sharing but **lack formal structure that can enable increases in efficiency and reduce cost.**

*Note: BSU is currently using Oracle Cloud for financials, transitioning to a cloud-based ERP for HR, and using an on-premise SIS.

ROADMAP OVERVIEW (2/4)

OPPORTUNITY CATEGORIES AND DEFINITIONS

Several efforts should be pursued regardless of several outlined foundational decisions. Pending priority decisions, sequenced projects serve as enablers for downstream efforts.

Priority Steps / Opportunities

Foundational Decisions

- Strategic decisions related to a transition to a single ERP, the long-term delivery mechanism for shared / centralized services, and potential integrations that shape the roadmap

Priority Pursuits

- Opportunities to address "within the walls" of each institution;
- Broad cross-institutional support exists;
- Forward-looking planning

Contingent Opportunities

Analysis Driven

- Projects to be pursued if supported by both **foundational decisions** and **business case assessments**

ERP Optimized

- Best supported by transition to a single ERP in order to maximize efficiencies

ROADMAP OVERVIEW (3/4)

OPPORTUNITIES, SEQUENCING, AND ESTIMATED SAVINGS

Idaho State Board of Education

(A) Self-Assessment

Foundational Decisions

Integration / Mergers? → Reevaluate Path Forward

- Make decisions regarding:
  - ERP convergence
  - Delivery mechanism for services / governance for collaboration

Priority Pursuits

- Intra-institution workforce optimization
  - Mid-management (spans and layers)
  - Functional support
- ERP planning and assessment

Est. Savings: up to $19M*

Near-Term (0-2 Years)

(B) Partnership

Analysis Driven

- Strategic sourcing / contracts and e-procurement system
- ERP implementation
- Self insurance
- Workforce resource sharing (e.g., legal support)

Est. Savings: up to $9M

Intermediate-Term (2-6 Years)

ERP Optimized

- System-wide centralization of staff
- Additional technology integration and rationalization

Est. Savings: up to $10M*

*Workforce savings not mutually exclusive

Long-Term (6-10 Years)

HURON

ROADMAP OVERVIEW (4/4)

OPPORTUNITIES / BENEFITS REQUIRING FURTHER ANALYSIS

Quantified opportunities (up to $38M) in the roadmap do not include (1) opportunities requiring further analysis, (2) non-financial benefits, and (3) opportunities not yet analyzed.

1 Opportunities in Roadmap with Unquantified Savings

1. Leverage resource capabilities to fill gaps (e.g., General Counsel, Internal Audit)
2. Centralize technology infrastructure (non-labor)
3. Rationalize enterprise applications
4. Reduction in effort from limiting number of P-Cards in circulation

2 Non-Financial Benefits of Opportunities in Roadmap

1. **Risk mitigation** through centralized IT security, improved data governance, and limited p-card use
2. **Service delivery** to faculty and staff through standardized processes and roles
3. **Improved decision support** from improved data management and reporting

3 Opportunities Surfaced During Stakeholder Interviews Not Yet Analyzed

1. Outsource bookstore (expand existing Follett contract)
2. Outsource fleet management
3. Shared library contracts and consortia memberships
4. Consolidate instructional design for online programs
5. Shared tech transfer

Additional overview of these opportunities can be found in section 3E.

NEAR-TERM PRIORITIES

FOUNDATIONAL DECISIONS

Strategic decisions related to a the long-term delivery mechanism for shared / centralized services, transition to a single ERP, and potential integration shape the roadmap.

If the Board pursues…	Implications for Roadmap	Roadmap Assumptions
Governance Bodies / Delivery Mechanism*	▪ Steps required to establish: – ISBOE as service provider – System office – 501(c)3 – Peer provider	▪ Potential required legislation is not an obstacle ▪ Decision is TBD
Transition to a single ERP over time	▪ Enablement of long-term opportunities ▪ Defer system-wide staff centralization	▪ ISBOE will pursue convergence of ERP over time
Institutional Integration	▪ Would require revisiting of proposed scope and sequence of initiatives	▪ Roadmap assumes mergers are not being considered at this time

*Detail regarding governance and delivery mechanisms can be found on pages 14 and 15.

FOUNDATIONAL DECISIONS

GOVERNANCE AND POLICY ALIGNMENT

In the near-term, the role of chosen delivery mechanism will focus on governance, policy management, and a program management office.

Governance

- Integrated governance aligns strategy with academic and business priorities across the four institutions.
- A commonly governed approach to continuous improvement allows for efficiencies to be maximized across institutions.

Policy

- Alignment of policies across institutions enables effective collaboration and streamlining of operations.
- Common policies promote standardization of operations and reduce the risk of conflict in interpretation and approach.

Pgrm. Management Office (PMO)

- Shared program management ensures consistency in implementation of strategy across the four institutions.
- A single PMO supports capacity building for large-scale projects.

FOUNDATIONAL DECISIONS

GOVERNANCE BODIES / DELIVERY MECHANISMS

Partnership efforts will require new, or reconfigurations of existing governance structures. The below framework outlines possible delivery mechanisms.

Governance Bodies / Delivery Mechanisms

1 Build Out ISBOE

Build-out and staff the Office of the ISBOE to either manage policies, initiatives, and / or a dedicated workforce providing services.

2 Establish a System Office

Establish a new system office that will specifically govern the four four-year institutions

3 Jointly Govern a 501(c)3

Set up a jointly governed 501(c)3 that will govern / manage collaboration

4 Leverage institution as a Service Provider

Create mechanism for one institution to serve as service provider for select partnerships on behalf of the "system"

Key Considerations

- Ability to secure legislative approval
- Cultural and political buy-in
- Long-term scalability

NEAR-TERM OPPORTUNITIES

PRIORITY PURSUITS

Each of the institutions may prioritize optimizing workforce structure "within their walls" in the near-term in addition to beginning planning for transitions to cloud-based ERP systems.[1]

Priorities	Est. Savings Opportunity	Report Section
Intra-Institution Workforce Optimization – Middle-Management (Spans and Layers) Optimize mid-level manager footprint by improving average span of control (i.e. number of direct reports) within each institution.	**$4.1M-$11.3M[2]**	**3B.3**
Intra-Institution Workforce Optimization – Functional Support Staff[3] Optimize support staffing levels at each institution based on internally benchmarked (leading metric among three largest Idaho institutions) operating ratios.	**$4.6M-$8.4M[2]**	**3B.4**
ERP Assessment and Planning[1] Assess current ERP environment and draft plan for integration through subsequent cloud upgrades.		**3D.2**
TOTAL (Excluding $1M Overlap in Estimates)	**$8.2M-$18.7M[2]**	

Notes:
1. Boise State University has already completed much of this exercise for their institution, including prior and ongoing implementation efforts for finance and HR modules.
2. Estimates are not mutually exclusive. Total accounts for estimated $1M in overlap.
3. Includes savings from internal benchmarking of functional staff and generalists shown on pages 18 and 20.

PRIORITY PURSUITS

MIDDLE-MANAGEMENT OPTIMIZATION (SPANS AND LAYERS)

In Huron's experience, institutions with comparable average spans of control to the Idaho institutions (3.1-4.0) may improve 0.25 to 0.75 through targeted reorganization.

	BSU	ISU	LCSC	UI	Total
Current Headcount[1]	2,014	1,116	280	1,685	**5,095**
Current Supervisors	552	288	69	540	**1,449**
Current Span of Control	3.7	3.9	4.0	3.1	**N/A**
Est. Supv. at Span + 0.25*	538	282	68	522	**1,410**
Opportunity ($) at Span + 0.25*	$1.5M	$0.7M	$0.1M	$1.8M	**$4.1M**
Est. Supv. at Span + 0.75*	515	268	67	492	**1,342**
Opportunity ($) at Span + 0.75*	$3.9M	$2.3M	$0.2M	$4.9M	**$11.3M**

*Note: All estimates shown above (number of supervisors and associated opportunity) represent a 50% reduction from original estimates.

Estimates assume that 50% of the change in supervisors will transition out of the organization while 50% will reclassify over time to non-managerial roles. Additional details in Section 3B.3.

Notes:

1. Headcount is derived from personnel file, and **excludes faculty and athletic admins**, as well as student, temporary, and retired employees.
2. Only layers with an average span below 4.0 are increased as part of our savings estimate.

PRIORITY PURSUITS

FUNCTIONAL SUPPORT STAFFING LEVELS OPTIMIZATION

Huron internally benchmarked the Idaho institutions against the "most efficient performer" for several metrics and estimated the savings from all institutions performing at this level.

Functional Area *	Operating Metric	Ratio of Highest-Performing Institution1,[2]	Total FTE Above Best Ratio	Potential Savings
Finance	OpEx/ Finance FTE	$4.4M:1	25.6	$1.2M-$1.8M
Human Resources	Employees/ HR FTE	251.7:1	30.7	$1.7M-$2.6M
Research Administration	Research Exp/ Post-Award FTE	$3.9M:1	6.5	$400K-$600K
Information Technology	Institutional FTE/ Tier 1 FTE	433.2:1	17.1	$900K-$1.4M
Total				**$4.2M-$6.4M**

Ratios do not account for business support FTE with "generalist" titles whom likely perform fractional FTE portions of the business support functions above.

Details regarding methodology and supporting analyses are included in section 3B.4.

Notes:
1. Due to its small scale, we did not use metrics from LCSC as benchmarks, though it was technically the "highest performing" in some cases.
2. Ratios do not account for contribution from 492.3 FTE of Generalist support.

PRIORITY PURSUITS

SUPPORT STAFF CONSOLIDATION: GENERALISTS

Staffing ratios do not include multi-function "generalists," that in Huron's experience spend 15% to 40% of their effort on business support activities (e.g., finance, HR).

Estimated Generalist Effort [1]	
Finance	10%-25%
Human Resources	5%-10%
Research Admin.	0%-5%
Estimated % Functional Support	**15%-40%**
Admin + Other	60%-85%
Generalist FTE	493.4 FTE
Generalist FTE Providing Functional Support	74.0-197.3 FTE

Example Generalist Titles	
Management Assistant	Office Assistant
Office Specialist	Business Manager
Administrative Coordinator	Office Manager
Program Assistant	Administrative Assistant

Additional analysis is required to understand the fragmentation of *generalist* effort at each institution, which is likely to vary.

Notes:
1. Estimates based on Huron Activity Assessment results from prior engagements.

PRIORITY PURSUITS

SUPPORT STAFF CONSOLIDATION: GENERALISTS

Savings from the *generalist* staff segment would be harnessed through functionally aligning roles and normalizing staffing ratios to align with internal (Idaho) and external benchmarks.

Institution	Generalist FTE	Total Salary + Benefits	FTE Providing Functional Support (15%-40% of Total)	Target % Savings of Functional Support	Potential Savings[1]
BSU	173.2	$9.8M	26.0-69.3	10%-20%	**$150K-$800K**
ISU	143.8	$7.7M	21.6-57.5	10%-20%	**$100K-$650K**
UI	122.8	$6.7M	18.4-49.1	10%-20%	**$100K-$550K**
LCSC	53.5	$2.9M	8.0-21.4	10%-20%	**$50K-$250K**
Total	493.4	$27.1M	74.0-197.3	---	**$400K-$2M**

Based on experience with other institutions, a 10%-20% savings opportunity in generalist functional support is achievable, totaling **$0.4M-$2.0M** across the four institutions.

Notes:
1. Based on average salary and benefits total at each institution ranging from $50K-$55K.

PRIORITY PURSUITS

ERP ASSESSMENT AND PLANNING

Two or three of the institutions likely need to upgrade their ERP in the intermediate-term. An assessment and planning process should integrate operations tied to the move to the cloud.

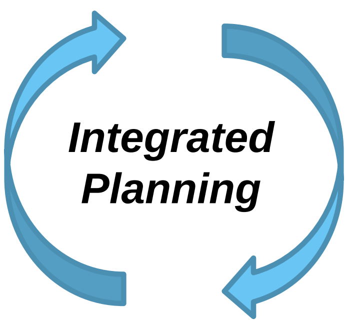
Roles & Responsibilities

- Business support role definitions are inconsistent across units and often highly fragmented, contributing to highly variable **business processes**

How We Work

Policy and Process

- Variable business processes challenge **data management and reporting**
- A common approach is difficult if policies conflict or are inconsistent



Reporting

- Reporting is commonly challenged by inconsistent data governance and use of multiple **redundant and shadow systems**

Infrastructure Support

Technology Duplication

- Bolt-on and shadow systems are leveraged to meet needs unmet by current technology platform
- Consolidation of some enterprise applications is dependent on ERP

INTERMEDIATE-TERM OPPORTUNITIES

ANALYSIS DRIVEN

Using the governance/delivery mechanism defined in *foundational decisions,* institutions may pursue shared contracts and collaborative implementation of cloud-based ERPs.

Opportunity	Est. Savings Opportunity	Report Section
Strategic Sourcing and eProcurement Negotiate vendor agreements / contracts across institutions and implement eProcurement system housing shared catalogs for jointly negotiated pricing and contracts.	**$3.1M-$6.6M**	**3C.3**
ERP Implementation Migrate all institutions to a shared cloud-based ERP for finance, HR, and student information.	[Enabler]	**3D.2**
Self-Insurance Decouple from state health insurance and migrate all institutions to shared self-insurance plan or University of Idaho's plan.	**$0-$2.2M**	**3E.2**
Workforce Resource Sharing Capabilities Leverage institutional strengths to address gaps for other institutions (e.g., legal support at LCSC)	[TBD]	**N/A**
TOTAL	**$3.1M-$8.8M**	

ANALYSIS DRIVEN

STRATEGIC SOURCING OPPORTUNITIES (1/3)

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Addressable spend represents 63% of total non-labor OpEx and presents material savings opportunities through sourcing activities such as contract negotiation, discounts, and rebates.

Estimated Savings Opportunities

Easy / Medium / Difficult

Level 1 Category	Level 2 Category	FY18 Spend ($K)	Complexity	Opportunities (%)	Opportunities ($K)
Administrative					
	Document Services	$1,340	Medium	2% - 4%	$27 - $54
	General Retail	$4,493	Medium	2% - 4%	$90 - $180
	Office-Related Products	$3,577	Easy	8% - 10%	$286 - $358
	Shipping & Logistics	$1,869	Medium	3% - 6%	$56 - $112
Scientific & Medical Supplies					
	Medical Supplies and Equipment	$2,035	Medium	3% - 5%	$61 - $102
	Scientific Supplies and Equipment	$12,220	Medium	8% - 11%	$978 - $1,344
	Clinical Support Services	$2,051	Difficult	0% - 2%	$0 - $41
	Health Information Management	$190	Medium	0% - 2%	$0 - $4
	Laboratory Services	$741	Difficult	0% - 2%	$0 - $15
Facilities					
	Furniture	$1,594	Medium	2% - 6%	$32 - $96
	Maintenance & Repair Products	$7,159	Easy	7% - 9%	$501 - $644
	Maintenance & Repair Services	$3,400	Medium	1% - 3%	$34 - $102
	Construction	$17,945	Difficult	*Lower opportunity requiring extensive planning involving complex and lengthy strategic sourcing processes.*	
	Fleet	$2,717	Difficult		
	Real Estate	$2,825	Difficult		
	Utilities	$23,512	Difficult		
Potential Savings Subtotal		**$87,668**			**$2,065 - $3,051**

Of total addressable spend, this subset of categories presents the greatest opportunity for cost savings and should be prioritized – up to **$3.1M** out of a total opportunity of **$6.6M**.

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ANALYSIS DRIVEN

STRATEGIC SOURCING OPPORTUNITIES (2/3)

Idaho State Board of Education

Additional opportunities for cost savings exist across the remaining categories, although they may require a greater level of effort to achieve.

Estimated Savings Opportunities

Easy Medium Difficult

Level 1 Category	Level 2 Category	FY18 Spend ($K)	Complexity	Opportunities (%)	Opportunities ($K)
Information Technology					
	Audio & Visual	$2,223	Medium	1% - 5%	$22 - $111
	IT Hardware	$8,841	Medium	5% - 8%	$442 - $707
	IT Services	$10,696	Difficult	1% - 5%	$107 - $535
	Software	$6,610	Difficult	1% - 5%	$66 - $331
	Telecommunications	$1,972	Medium	1% - 3%	$20 - $59
Travel					
	Agency	$614	Medium	1% - 3%	$6 - $18
	Air Travel	$4,907	Medium	1% - 4%	$49 - $196
	Entertainment	$4,317	Difficult	0% - 2%	$0 - $86
	Ground Transportation	$2,325	Medium	1% - 3%	$23 - $70
	Lodging	$6,885	Medium	1% - 3%	$69 - $207
Food Service					
	Catering	$1,207	Medium	2% - 3%	$24 - $36
	Food Service Management[1]	$16,913	Difficult	1% - 6%	$169 - $1,105
	Food Service Products	$1,136	Medium	1% - 3%	$11 - $34
Other					
	Athletic Products	$2,855	Difficult	1% - 4%	$29 - $114
Potential Savings Subtotal		**$71,501**			**$1,038 - $3,520**

Spend on IT, travel, and food service represents up to **$3.5M** out of a total opportunity of **$6.6M**.

Notes:
1. Food Service Management spend may be higher than what is displayed. Line data suggests that $2.9M was spent during 2018, but University contract spend provided by UI suggests that spend maybe $6M.

HURON

ANALYSIS DRIVEN

STRATEGIC SOURCING OPPORTUNITIES (3/3)

Additional categories of spend are not included in our cost savings analysis due to the complexity involved in modified approaches to sourcing.

Estimated Savings Opportunities

Easy Medium Difficult

Level 1 Category	Level 2 Category	FY18 Spend ($K)	Complexity	Opportunities (%)	Opportunities ($K)
Professional Services					
	Accounting	$475	Difficult	*Lower opportunity requiring extensive planning involving complex and lengthy strategic sourcing processes.*	
	Legal Services	$807	Difficult		
	Management Consulting	$2,173	Difficult		
	Marketing	$4,722	Difficult		
	Other Professional Services	$7,645	Difficult		
	Staffing	$1,488	Difficult		
Library Resources					
	Books	$5,033	Difficult	*Lower opportunity requiring extensive planning involving complex and lengthy strategic sourcing processes.*	
	Databases	$1,693	Difficult		
	Serials	$7,107	Difficult		
Financial Services					
	Banking and Investment	$37,543	Difficult	*Lower opportunity requiring extensive planning involving complex and lengthy strategic sourcing processes.*	
	Benefits	$3,051	Difficult		
	Insurance	$1,157	Difficult		
	Other Financial Services	$176	Difficult		
Potential Savings Subtotal		**$73,070**		**TBD**	
Potential Savings Total				**$3,102 - $6,570**	

Of **$232.2M** in addressable spend, savings estimates total **$3.1M-$6.6M**, not including marginal opportunities in professional and financial services and library resources.

ANALYSIS DRIVEN

E-PROCUREMENT IMPLEMENTATION

Implementation of a common eProcurement system will reduce manual processes and mitigate off-contract or rogue spend.

More than **3,000 P-Cards** are in use across the four institutions

P-Cards were used for **$37.3M** of addressable spend in FY2018 and **$14.1M** of non-addressable spend

$37.3M represents **16%** of addressable expenditures

Use of P-Cards…

- Increases administrative costs associated with reconciliation
- Increases costs of purchased goods and services due to lost opportunities to leverage scale
- Increases compliance risk
- Reduces leadership visibility
- Reduces financial controls

eProcurement

- Incentivizes use of contracts over P-Cards
- Provides workflows and processes to support end-users
- Enables improved processing / reporting

Nearly **$10M** in P-Card spend across vendors with known catalogues exemplifies opportunity

Note: Additional information can be found in Sections 3C.1-3C.5.

Shifting a portion of the combined total $37.3M in addressable P-Card spend to contract spend represents improved risk mitigation in addition to potential savings.

Notes:
1. P-Card spend represents total addressable and non-addressable spend attributed to P-Cards.

ANALYSIS DRIVEN

SELF-INSURANCE

Self-insurance emerged as a theme during stakeholder interviews and is already a strategy employed by the University of Idaho.

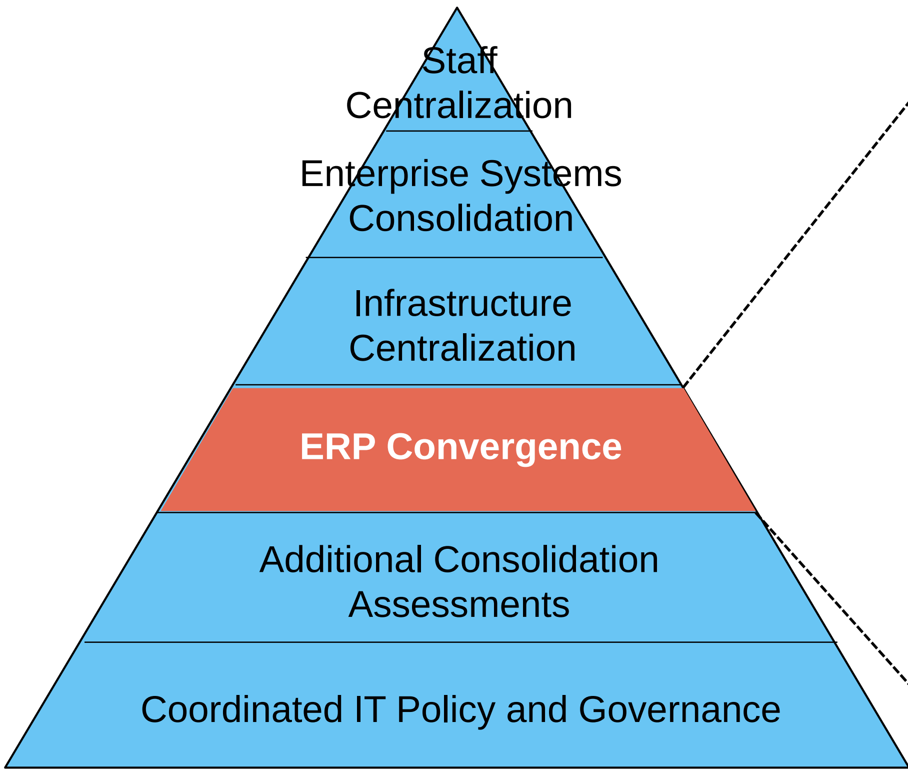
	Current Premium Expenditure (Medical and Dental)	Self-Insurance Premium Expenditure (High Savings Estimate)
BSU	$32.2M	$31.0M
ISU	$22.3M	$21.5M
LCSC	$6.1M	$5.9M
UI	---	---
TOTAL	**$60.6M**	**$58.4M**
	EST. SAVINGS (UP TO):	**$2.2M**

Premium savings estimates of up to **$2.2M** annually are based on alignment with the University of Idaho's self-insured plan and require further assessment to validate.

ANALYSIS DRIVEN

ERP CONVERGENCE

Given two or three of the institutions likely need to upgrade to cloud-based platforms in the near-future, there is an opportunity to converge into a single environment.



Benefits of ERP Convergence

- Improved data integrity, including backups, and an associated reduction in overall institutional risk through reduction in duplicative systems and shadow systems
- Expanded reporting capabilities both within and across institutions to support decision-making and compliance
- Adoption of standardized and best-in-class business processes across institutions
- Reduced licensing costs via shared contracts
- Centralization of systems administration support staff

Challenge: Coordinated transition to a single ERP environment, while promoting many benefits, is more complex than independently managed upgrades.

Notes:
1. Analysis does not account for any detailed costs/ expenses and does not account for the number of users being served.

LONG-TERM OPPORTUNITIES

ERP OPTIMIZED

Long-term opportunities are more complex and will require a significant time investment to build on foundational steps, overcome political challenges, and develop institutional buy-in.

Opportunity	Est. Savings Opportunity	Report Section
Staff Centralization Centralize selected functional support staff (e.g., Finance, Human Resources, IT, and Research Administration) across institutions.	$6.9M-$9.8M[1]	**3B.5**
Additional Technology Integration / Rationalization Find commonalities and standardize infrastructure, applications, and audit the number of existing licenses to enable further staff consolidation.	TBD	**3D.4**
TOTAL	**$6.9M-$9.8M[1]**	

Notes:
1. Estimate shown represents marginal savings over near-term opportunities. More details are found on page 30.

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ERP OPTIMIZED

SUPPORT STAFF CENTRALIZATION BASED ON LEADING METRICS

In the long-term, centralizing functional support staff would provide the opportunity for the four institutions to drive toward leading practice industry benchmarks.[1]

Functional Area	Metric	Industry Leading Benchmark Ratio	FTE Savings Above Internal Benchmark Optimization	Potential Savings
Finance	OpEx/Finance FTE	\$5.5M[2]:1	46.2 FTE	\$2M-\$3.4M
Human Resources	Institutional Headcount/HR FTE	200.0:1[3]	---	
Research Administration	Research Exp/Post-Award FTE	\$8.0M:1	15.5 FTE	\$900K-\$1.4M
Information Technology	Labor as a % of IT Budget [4]	40.4%	N/A	\$4M-\$5M[5]
Total				**\$6.9M-\$9.8M[5]**

Notes

[1] Industry Leading Benchmark Ratios are based on Huron's observation of leading practices in higher education along with cross-industry surveys.

[2] Huron does not recognize and benchmark for sizing full finance functions. \$5.5M represents an improvement on the internal benchmark of \$4.4M.

[3] Internal benchmark currently exceeds industry benchmark indicating limited additional opportunity.

[4] Near-term opportunity focused on Tier 1 support. Long-term consolidation may consider the whole IT function. For this purpose we referenced the *Computer Economics* 2017 IT Spending & Staffing Benchmarks for midsize organizations.

[5] Savings estimates shown here represent marginal savings over near-term opportunities. Full savings estimates are shown on pages 33 and 64.

If all four institutions move staffing levels to industry leading benchmark ratios, we estimate **\$6.9M-\$9.8M** in savings. Additional analysis can be found in section 3B.5.

ERP OPTIMIZED

TECHNOLOGY INTEGRATION

Integrating and rationalizing technology across institutions will allow for efficiencies through the consolidation of licenses, support staff, and infrastructure.

Technology Rationalization and Integration will set the foundation for…

Infrastructure Standardization
Standardization and consolidation of technology infrastructure will:

- Reduce institutional risk profile
- Enable consolidation of support staff
- Optimize acquisition and maintenance costs

Reduction in Licensing Costs
Standardization of systems will provide opportunities to consolidate licenses for:

- Learning Management Systems
- Customer Relationship Management
- Enterprise Resource Planning software
- Student Information Systems

Consolidation of Staff
Shared systems and processes are prerequisites for sharing services such as:

- Tier 1 Helpdesk Support
- Server administration
- Systems administration

ERP OPTIMIZED

SYSTEMS RATIONALIZATION[1,2]

The green-colored cells portray common systems across the four institutions. The total annual spend on licensing across the four institutions is $11.5M (see Section 3D.3).

Technology Systems	BSU	ISU	LCSC	UI
ERP/ HCM	Oracle Cloud / PeopleSoft	Banner	Ellucian Colleague	Banner
Document Management	Hyland	Banner	Hyland	Stellent
Reporting/BI/Survey	Qualtrics, SPSS, Oracle Cloud	Qualtrics, Argos	Qualtrics, SPSS, F9 Reporting	Qualtrics, SAS, SPSS, Argos
CRM	Ellu. Advance, Hobsons, Blackbaud	Blackbaud, Ellucian Recruit	Ellucian CRM	Ellucian Advance, Hobsons Radius
Networking (including monitoring)	Cisco, Palo Alto, Ruckus	Cisco	Cisco	Cisco
IT Systems	Microsoft, Red Hat	Microsoft	Microsoft	Microsoft, Red Hat
Virtualization	VMware, Acropolis	VMware	VMware	VMware
Backups	CommVault	CommVault	Quest Rapid Recovery	CommVault
IT Security – MFA	Duo			Duo
Service Desk (Remote Tools)	Bomgar	Bomgar	Bomgar, Dameware	Bomgar
Learning Management System	Blackboard	Moodle	Blackboard	Blackboard
Portfolio and Project Management	Team Dynamix	Team Dynamix		Team Dynamix

Technology integration and application rationalization may lead to savings in direct costs which may be estimated through more in-depth analysis.

Notes:
1. Based on IT expense data submitted as part of Huron's data request.
2. The level of customization for each of the systems has not been accounted for.

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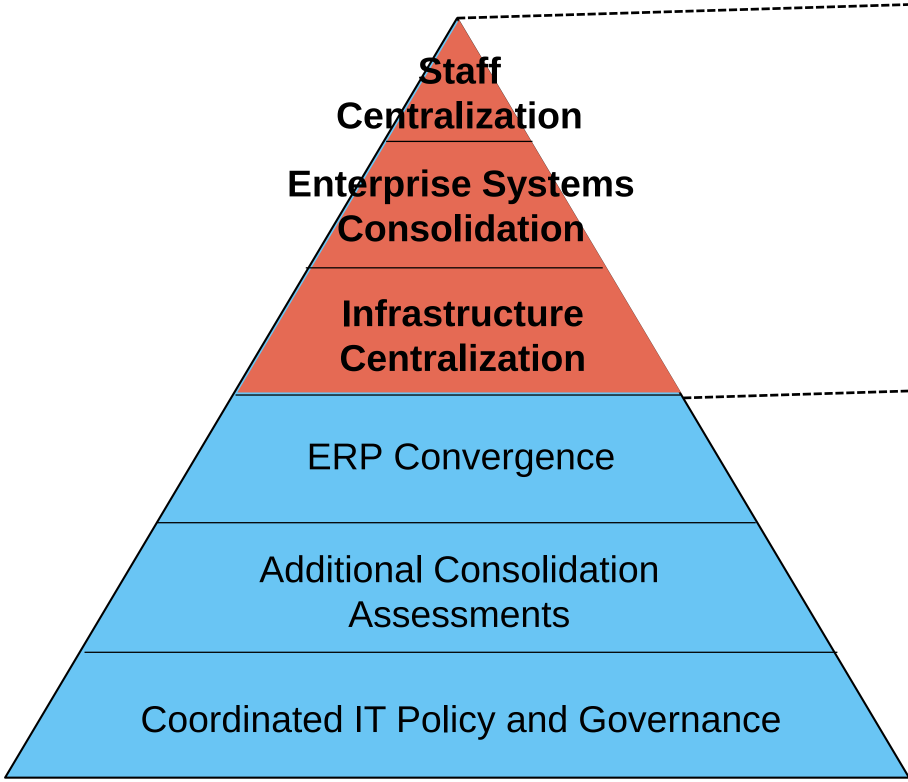
ERP OPTIMIZED

CONSOLIDATION AND CENTRALIZATION

Huron's long-term recommendations for systems integration include alignment of enterprise systems, centralization of infrastructure, and centralization of support staff.



Opportunity Type
▪ Further consolidate tier 1 service desk support
▪ Examples Include: ▪ Learning Management System (LMS) ▪ Customer Relationship Mgmt. (CRM)
▪ Centralize servers ▪ Centralize backup and recovery ▪ Establish central data center ▪ Centralize server administration staff

Total Workforce Savings Estimates	
Current Total IT Budget	$60M
Labor Salary + Benefits	$30M
2017 *Computer Economics* Benchmark	Personnel = 40% of IT Budget
Labor Savings Opportunity	$5M-6M[1]

Efforts to centralize and consolidate technology systems, infrastructure, and support staff could save **$5M-$6M**. Additional information can be found in Sections 3B.4 and 3D.3.

Notes:
1. Assumes that savings is harnessed as capacity. Savings estimates on pages 29-30 represent marginal savings over near-term opportunities.

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NEXT STEPS

Huron recommends the following immediate next steps:

- **Next Steps (ISBOE)**
  - Determine delivery mechanism for near-term opportunities
  - Identify needs for legislative action and pursue as appropriate
- **Next Steps (Institutions)**
  - Work with ISBOE to formalize overarching or functional governance structure across institutions
  - Assess next steps to pursue internal opportunities for cost reduction at each institution

3

ANALYSES

HURON

SECTION 3A: THEMES AND INSTITUTIONAL SNAPSHOTS

3A.1 THEMES AND OBSERVATIONS

SYNOPSIS OF FINDINGS FROM STAKEHOLDER INTERVIEWS

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More than 100 stakeholder interviews conducted across the four institutions during this engagement yielded several key observations and findings:

- An integral part of achieving collaboration will result from policy alignment across institutions
- Political considerations may be a barrier to change
- Doubts exist about ISBOE as a delivery mechanism given its current perceived capacity constraints
- Institutions feel the delivery mechanism needs to be tailored specifically to higher ed (vs. “K-20”)
- A shared ERP would be a worthy goal but with a large upfront cost

- Working with the state offices for HR, capital projects, and purchasing is perceived as a challenge
- Two sets of rules (UI’s status as a land grant institution) are perceived to limit opportunities for collaboration
  - Different needs of institutions (research v. non-research institutions) may make partnership a challenge
  - Self-insurance is seen as a promising opportunity

- A lack of governance structure across institutions limits the possibility of leveraging economies of scale
- Investment in IT security tools and management of cybersecurity varies by institution although there is commonality in the activities and tools being used for IT security
- Institutions have diverse application portfolios with varying architectural standards and principles, resulting in duplication of efforts and spending; there is limited commonality in how applications are configured

- In FY2018, institutions procured items from more than 35,000 vendors (prior to categorization), some of which offered similar products and services
- There are more than 130 statewide contracts available for agency usage and opportunities to evaluate spend and implement sourcing solicitations to meet the needs of the institutions
- Utilization of state contracts is not mandated or routinely audited by the State Division of Purchasing

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3A.2 SUMMARY FINDINGS DASHBOARD

MEASURING OPPORTUNITY FOR HURON'S TARGETED AREAS

The below opportunity snapshots measure nominal opportunity of each institution taking into account each institution's scale and current operating model.

	B	University of Idaho	ISU	LEWIS-CLARK STATE COLLEGE
Labor Duplication / Fragmentation	◑	◕	◔	◔
Technological Adoption / Rationalization	◔	◕	◑	◔
Purchasing Power	◕	◕	◑	◔

Opportunity		Labor	Technology	Purchasing
◔	Low	Role Clarity / Scale	Alignment / Modernity	Limited Scalability
◑	Medium-Low	↑	↑	↑
◕	Medium-High	↓	↓	↓
●	High	Duplication / Fragmentation	Duplication / Lagging	Opportunity to Scale

3A.3 ADDRESSABLE EXPENDITURE

SIZE OF OPPORTUNITIES FROM COLLABORATION

Huron sized the cost pools for each institution for the three areas of analysis outlined in our approach against which it calculated savings opportunities. The size of the cost pools are:

Institution	Labor: Functional Business Support[1]	Purchasing: Addressable Spend	Information Technology: Licensing Spend[2]
BSU	$29.3M	$64.7M	$ 5.2M
ISU	$13.7M	$55.5M	$ 3.1M
LCSC	$2.8M	$10.4M	$ 0.5M
UI	$24.5M	$101.6M	$ 2.7M
TOTAL	**$70.3M**	**$ 232.2M**	**$ 11.5M[1]**
Report Section	**3B.4**	**3C.2**	**3D.3**

The collective size of the cost pools addressable by collaboration across institutions – for the areas of Huron's focus – total **$314M** and represent a starting place for framing our analysis.

Notes:
1. This cost pool does not represent the total cost pool for spans and layers analysis within each institution, although overlap exists between the two cost pools.
2. This cost pool includes only licensing expenditure, and does not include full IT expenditure (labor, equipment, etc.).

SECTION 3B: WORKFORCE ANALYSIS

3B.1 WORKFORCE ANALYSIS

WORKFORCE ROADMAP OVERVIEW

Near-term steps target optimization of middle-management structure and consistent staffing levels; long-term centralization efforts are enabled by ERP convergence.

	Roadmap Activity	Detail	Time Horizon
1	**Spans and Layers**	▪ Use spans and layers analysis to assess supervisory structure at each institution ▪ Identify layers for further analysis based on narrow spans of control (fewer than three direct reports per supervisor) ▪ Assess employee population at each layer identified for review - Functions such as custodial operations would be expected to have large spans - Functions such as major gift development would be expected to have narrow spans ▪ Identify opportunities to reorganize supervisory structure based on detailed function-specific or unit-specific analysis	Near-Term
2	**Functional Support Staff Optimization**	▪ Determine optimum staffing levels based on performance metrics at each institution based on internal benchmarking against Idaho peers ▪ Develop a strategy at each institution to align functional support staff capabilities ▪ Seek to achieve staffing levels consistent with internally benchmarked operating ratios at each institution with consideration for service levels ▪ Assess duties performed by generalists and identify opportunities to align generalist staff to internal and external benchmark ratios	Near-Term
3	**Workforce Resource Sharing**	▪ Identify capability gaps across institutions (e.g., legal support, internal audit) ▪ Conduct business case analysis to determine viability of opportunity for sharing resources ▪ Draft memorandum of understanding outlining shared model	Intermediate-Term
4	**Staff Centralization**	▪ Seek to achieve staffing levels consistent with industry best practice benchmarks for functional areas at each institution ▪ Design shared / centralized operating model and pursue implementation	Long-Term

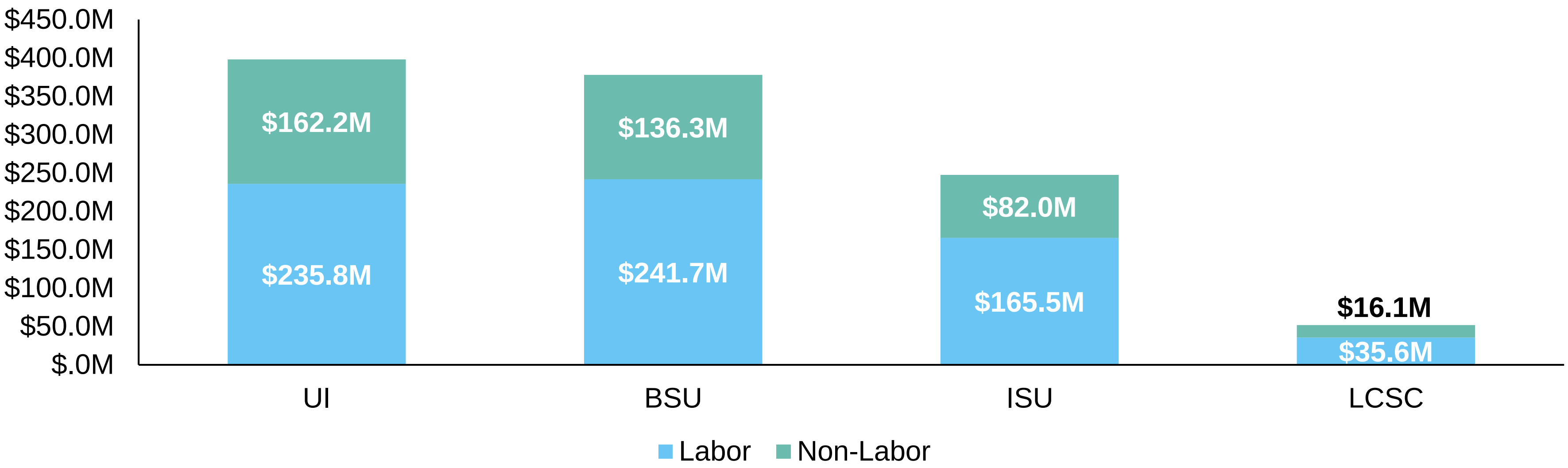
Notes:
1. Near-Term implies a 0-2 year time horizon.
2. Intermediate-Term implies a 2-6 year time horizon.
3. *Long-Term implies a 6-10 year time horizon.*

3B.2 LABOR COST POOLS

OVERALL FINANCIAL IMPACT OF WORKFORCE

Labor costs – total compensation including benefits – represent 59% to 69% of aggregating operating expenditures across the four institutions.

Operational Expenditure Breakdown[1]



Labor as % of OpEx	59%	64%	67%	69%

Consistent with higher education institutions, labor represents the largest cost bucket at each institution and therefore the potential largest candidate for savings.

Notes:
1. Derived from 2017 audited financial statements.

3B.2 LABOR COST POOLS

ADDRESSING LABOR THROUGH VARIOUS STRATEGIES

Revisiting the three strategies for pursuing economies of scale, Huron sized the cost pools for each strategy, which also target different staff segments (although overlap exists).

Strategies

	(A) Self-Assessment	(B) Partnership	(C) Integration
Labor Segment	▪ Supervisors / Middle management	▪ Transaction support staff	▪ University administration ▪ Academic administration
Analysis	▪ Spans and layers	▪ Benchmarking of staffing ratios	▪ Duplication analysis
Cost Pool	**$99M** in salary and ben. of supervisors w/ <4 direct reports	**$70M** in salary and ben. for business support functions	**$92M** in salary and ben. for director-level and above leadership

Cost Pools Not Mutually Exclusive

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3B.3 SPANS AND LAYERS ANALYSIS

OVERVIEW OF APPROACH

This analysis is used to analyze overhead structure by assessing organizational depth (managers between front-line staff and the President) and width (direct reports per manager).

Depth

Few Layers

- May lack appropriate leadership or decision-making hierarchy
- Leadership can get "lost in the weeds" without distance from day-to-day operations

Many Layers

- Promotes system of multi-layered reviews and approvals creating slow pace of change and decrease individual accountability
- Investment in management layers diverts funds from more compelling areas
- May put too much distance between leadership and the majority of staff

Width

Narrow Span

- Increases staffing costs due to low supervisor-to-staff ratios
- Managers may have too few direct reports to develop supervisory skills or evaluate staff
- "Thin" spans often result in unnecessary layering, both above and below

Wide Span

- Overworked, "overstretched" managers
- Areas of high, but secondary, importance given short shrift in favor of top priorities
- Tempting for managers to focus on areas of comfort rather than on issues
- Staff must have adequate skills to work independently
- May create feeling of neglect and dissatisfaction among staff

Although there is no "right size" that fits all organizations, too many/few spans or layers can impact the effectiveness of an institution.

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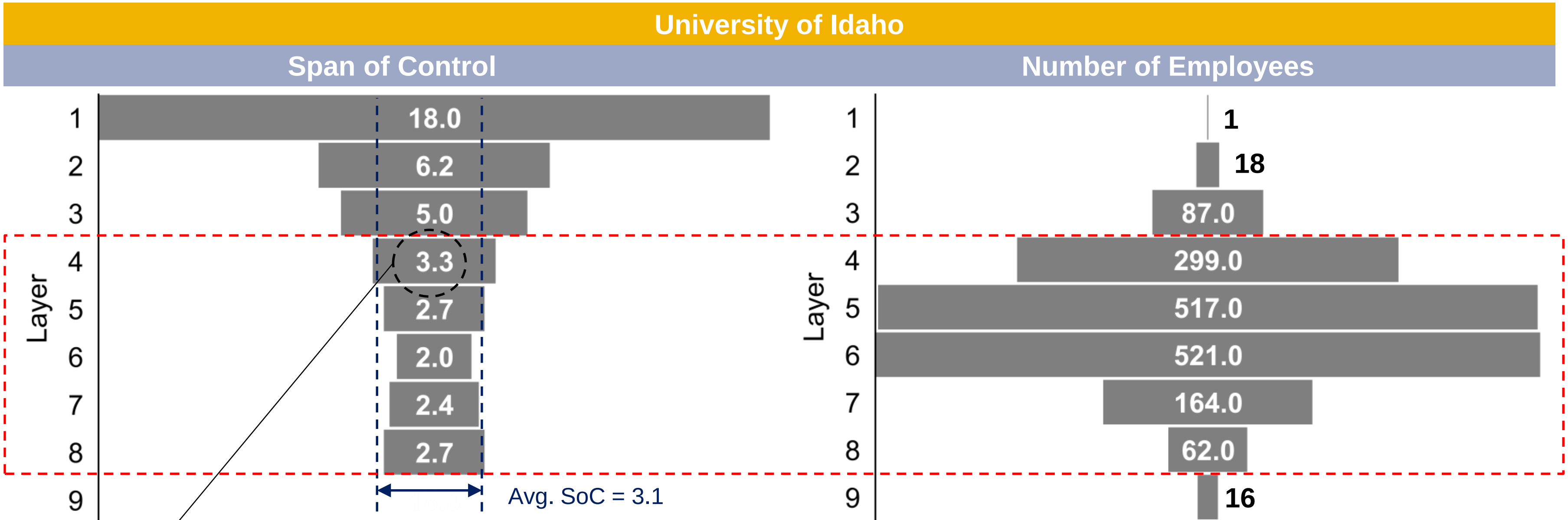
3B.3 SPANS AND LAYERS ANALYSIS

AVERAGE SPAN OF CONTROL BY LAYER[1] – UI

The University of Idaho's average span of control is **3.1**. The layers with the lowest spans of control are also the layers with the most employees.



Interpreting the Diagram:
517 employees at Layer 5 are supervised by 157 supervisors at Layer 4, with an average span of 3.3 (517/157=3.3)

	1 Report	2 Reports	3 Reports	4-6 Reports	7-9 Reports	10+ Reports
Total	197	117	73	95	32	26
PCT	36%	22%	13%	18%	6%	5%

More than half of all supervisors at UI (71%) have three or fewer direct reports

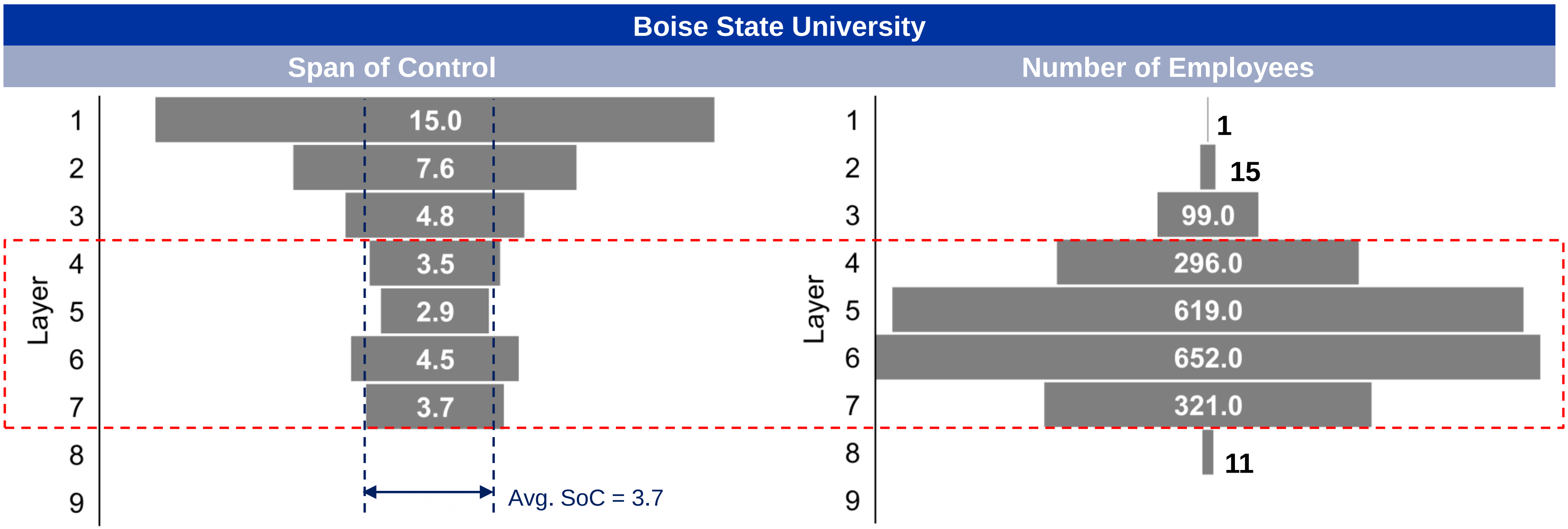
387 (71%) of supervisors at the University of Idaho have three or fewer direct reports.

Notes:
1. Based on analysis of adjusted staff population derived from census files provided as part of data request.

3B.3 SPANS AND LAYERS ANALYSIS

AVERAGE SPAN OF CONTROL BY LAYER[1] – BSU

Boise State University's average span of control is **3.7**. The layers with the lowest spans of control are also the layers with the most employees.



	1 Report	2 Reports	3 Reports	4-6 Reports	7-9 Reports	10+ Reports
Total	175	102	72	127	35	41
PCT	32%	19%	13%	23%	6%	7%

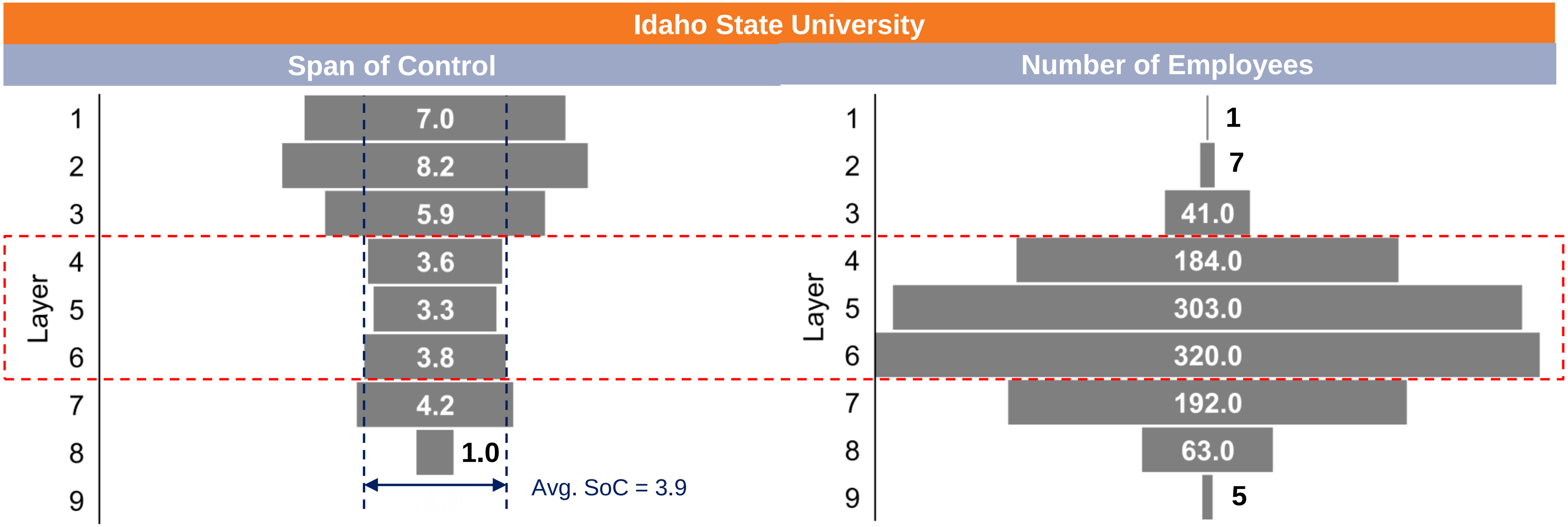
349 (64%) of supervisors at Boise State University have three or fewer direct reports.

Notes:
1. Based on analysis of adjusted staff population derived from census files provided as part of data request.

3B.3 SPANS AND LAYERS ANALYSIS

AVERAGE SPAN OF CONTROL BY LAYER[1] – ISU

Idaho State University's average span is **3.9**. The layers with the lowest spans of control are also the layers with the most employees.



	1 Report	2 Reports	3 Reports	4-6 Reports	7-9 Reports	10+ Reports
Total	89	53	25	74	30	17
PCT	31%	18%	9%	26%	10%	6%

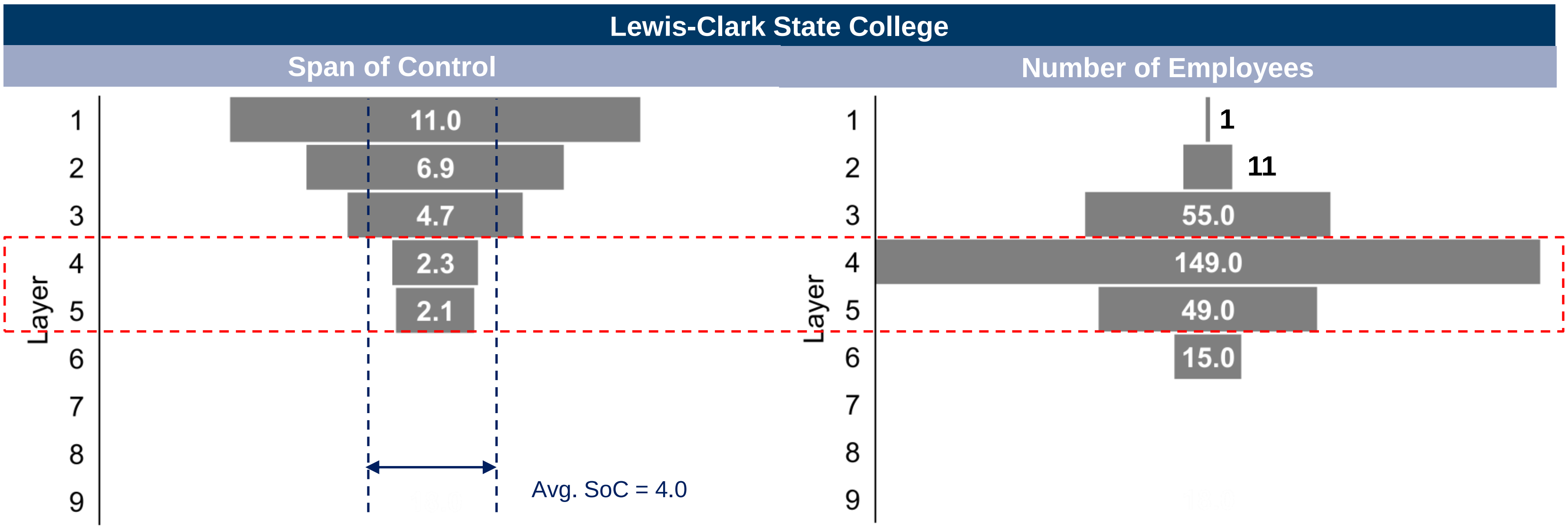
167 (58%) of supervisors at Idaho State University have three or fewer direct reports.

Notes:
1. Based on analysis of adjusted staff population derived from census files provided as part of data request.

3B.3 SPANS AND LAYERS ANALYSIS

AVERAGE SPAN OF CONTROL BY LAYER[1] – LCSC

Lewis-Clark State College has an institution-wide average span of control of **4.0**. The layers with the lowest spans of control are also the layers with the most employees.



	1 Report	2 Reports	3 Reports	4-6 Reports	7-9 Reports	10+ Reports
Total	17	12	12	18	5	5
PCT	24%	18%	18%	26%	7%	7%

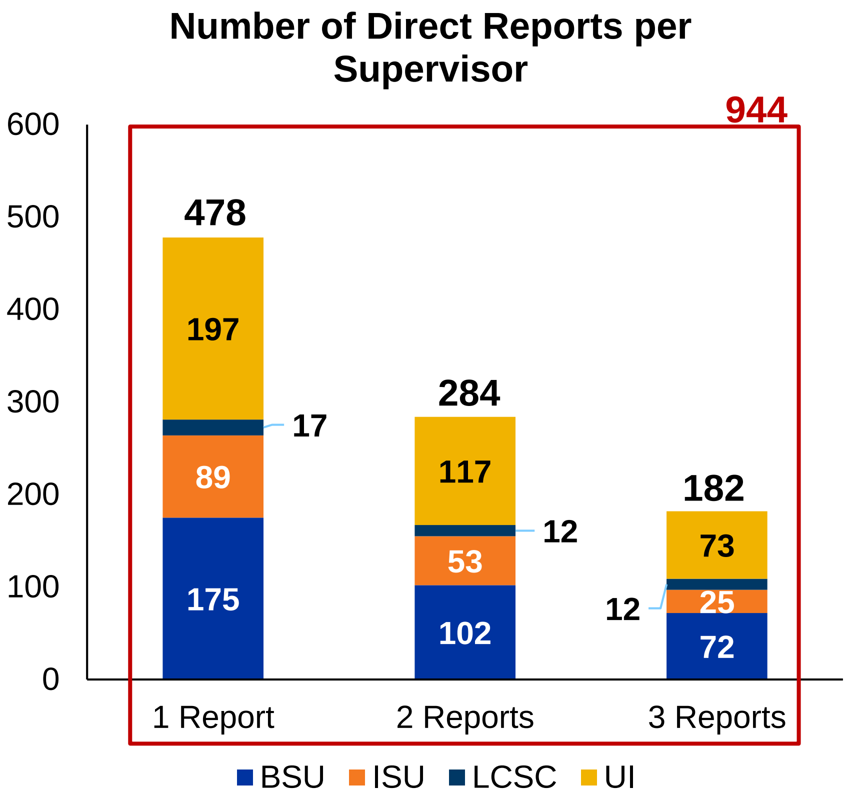
41 (60%) of supervisors at Lewis-Clark State College have three or fewer direct reports.

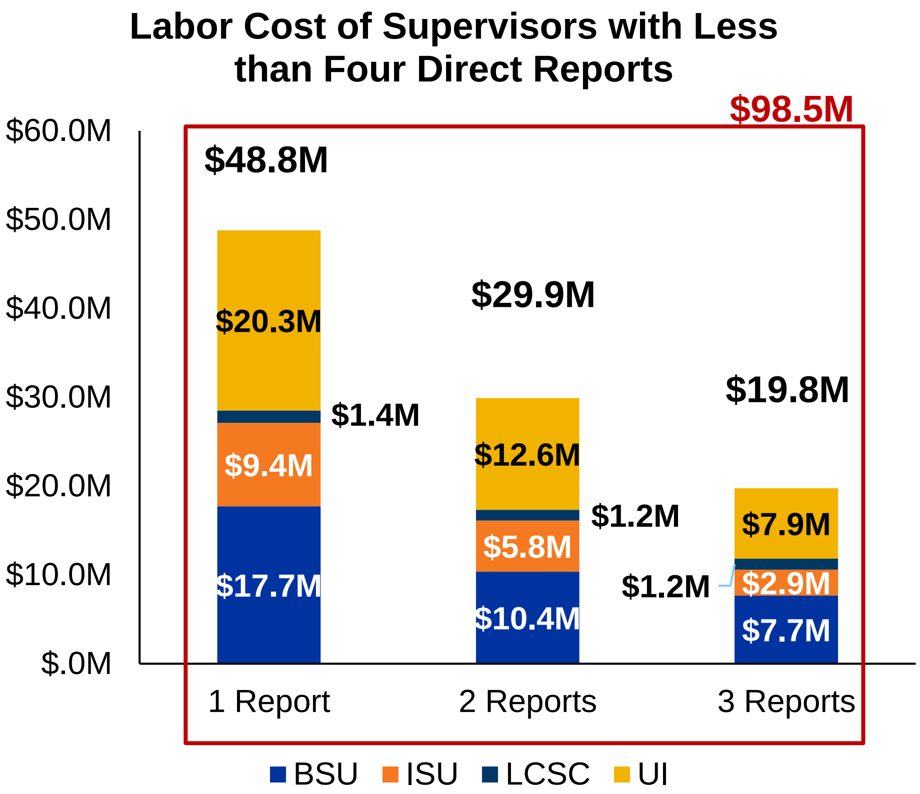
Notes:
1. Based on analysis of adjusted staff population derived from census files provided as part of data request.

3B.3 SPANS AND LAYERS ANALYSIS

SUPERVISORY STRUCTURE

Across the four institutions, nearly 950 supervisors have only one, two, or three direct reports, indicating an opportunity to optimize each institution's management footprint.





Salary and benefits for supervisors with fewer than four direct reports totals nearly **$99M.**

3B.3 SPANS AND LAYERS ANALYSIS

COST SAVINGS ESTIMATION OVERVIEW

Estimates of cost savings associated with our spans and layers analysis are predicated on organizational restructuring that reallocates supervisory responsibility.

University of Idaho: Layer 5		
Direct Reports (Layer 6)	**Supv.**	**Avg. Span**
521	192	2.71

1. Current average span of 2.71 + 0.25
2. 521 headcount divided by the average span of 2.96 yields **176** supervisors.
3. 192 current layer 5 supervisors less 176 = a delta of **15** supervisors
4. Average salary + benefits per supervisor in layer 5 is $18.4M**,** divided by 521 = **$96K**
5. Assuming the transition of 50% of 15 supervisors and the reclassification of 50%, 7 supervisors multiplied by average salary + benefits ($96K) =estimated savings of **$672K**

	University of Idaho Layer 5 Savings				
Increase from Current Span	**Avg. Span**	**Supv.**	**ΔSupv.**	**Avg. Salary & Benefits**	**Salary & Benefits Savings**
+ 0.25	1 2.96	2 176	3 15	4 $96K	5 $672K
+ 0.75	3.46	151	41		$1.9M

At organizational layers with average spans below four, a range of savings is estimated by increasing the average span, and identifying the implied reduction in supervisory overhead.

3B.3 SPANS AND LAYERS ANALYSIS

CROSS-INSTITUTIONAL COMPARISON

Variation in span of control suggests an opportunity to optimize supervisory structure across the four institutions, a potential source of material reduction in overhead.

	BSU	ISU	LCSC	UI
Average Span of Control	3.7	3.9	4.0	3.1
Number of Layers	8	9	6	9
Supervisors with Three or Fewer Direct Reports	64%	58%	60%	71%

By increasing the average span of control at each institution by 0.25 or 0.75, the organization could save between **$4.1M** and **$11.3M** from salaries and benefits as outlined in page 17.

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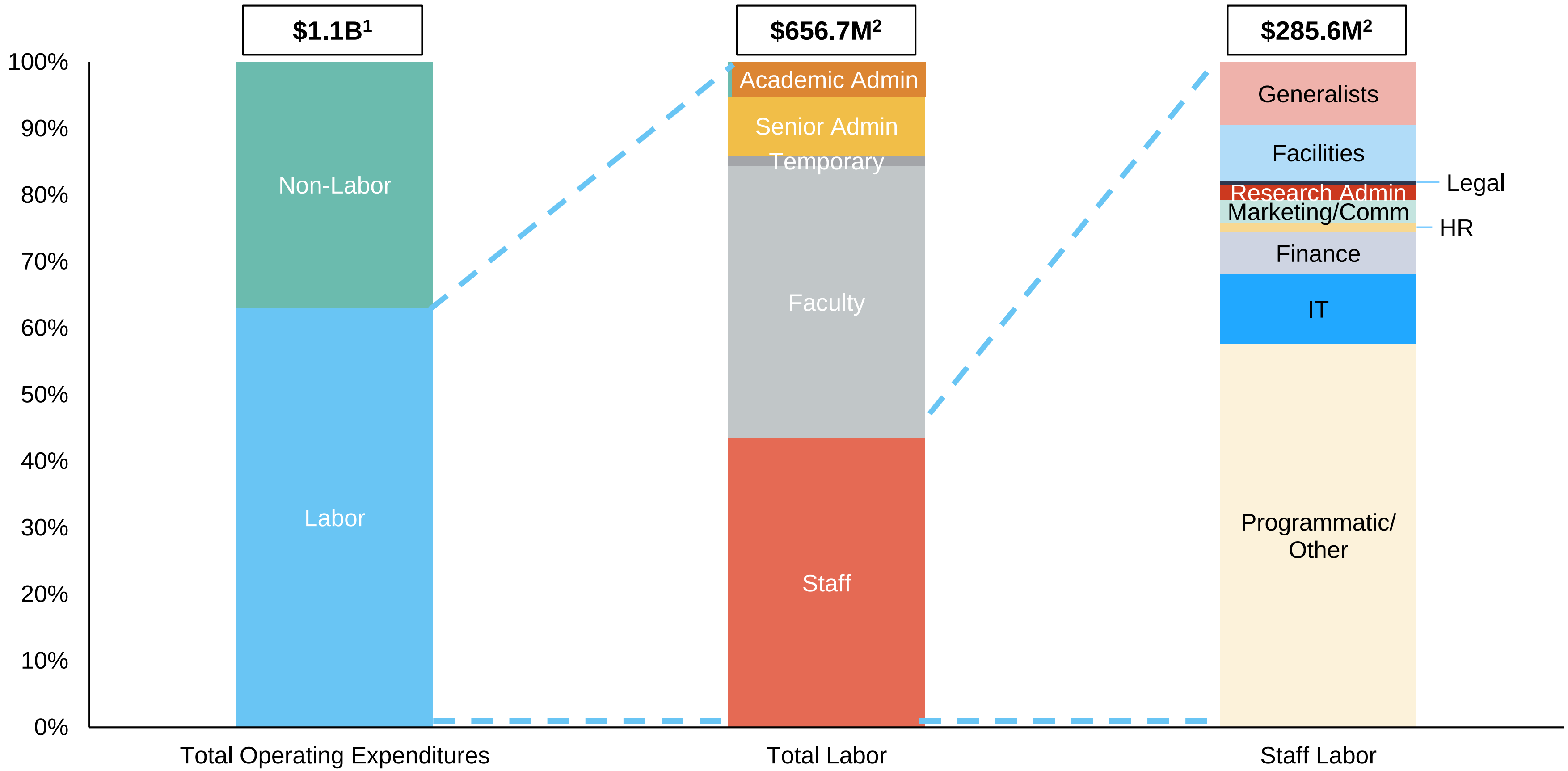
3B.4 FUNCTIONAL LABOR COST POOL

TOTAL SCOPE OF OPPORTUNITY

Next, we identify the pool from which functional support staff optimization can draw savings.

Labor Cost Breakdown (Includes Salary and Benefits)



Focusing on opportunities within "staff" results in a pool of less than $300M from which to pursue efficiencies.

Notes:
1. Derived from 2017 audited financial statements.
2. Excludes student employees, adjunct faculty, and secondary jobs.

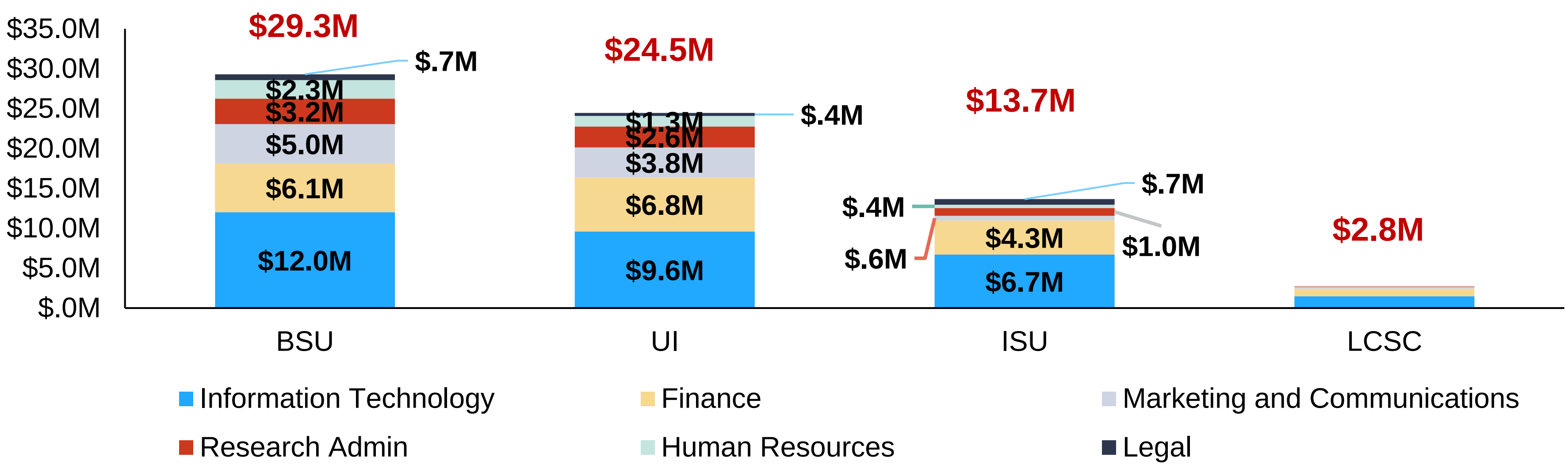
3B.4 FUNCTIONAL LABOR COST POOL

Idaho State Board of Education

SPEND BY BUSINESS SUPPORT FUNCTION

Across the four institutions, six administrative support functions represent **$70.3M** in annual salary and benefits.

Labor Spend by Functional Area[1,2]



	BSU	UI	ISU	LCSC
% of Total Labor Cost[3]	**12%**	**10%**	**8%**	**8%**

As a next step, we segment activities within these functions that lend themselves to consolidation across institutions.

Notes:
1. Based on salary and benefits.
2. Functional labor cost derived from personnel data.
3. Functional labor cost compared to total labor expenditure separately for each institution.

HURON

3B.4 FUNCTIONAL LABOR COST POOL

UNPACKING ADMINISTRATIVE FUNCTIONS

To further segment the labor pool, we will highlight examples of “commodity” activities, or subfunctions, that are commonly candidates for consolidation.

Sample Activities / Sub-Functions in Scope

FINANCE	HR	IT	RESEARCH ADMIN.
Accounts Payable	Absence Management	Helpdesk	Award Management
Accounts Receivable & Billing	Benefits	Desktop Support	Billing & AR
Asset Management	Core HR	Server Admin	Compliance
Budgeting	Payroll	Application Dev.	F&A Cost Processing
Financial Management (GL)	Performance Management		Project Management
Purchasing	Profile Management		Proposal Management
Travel and Expense	Recruiting		
	Time and Labor		

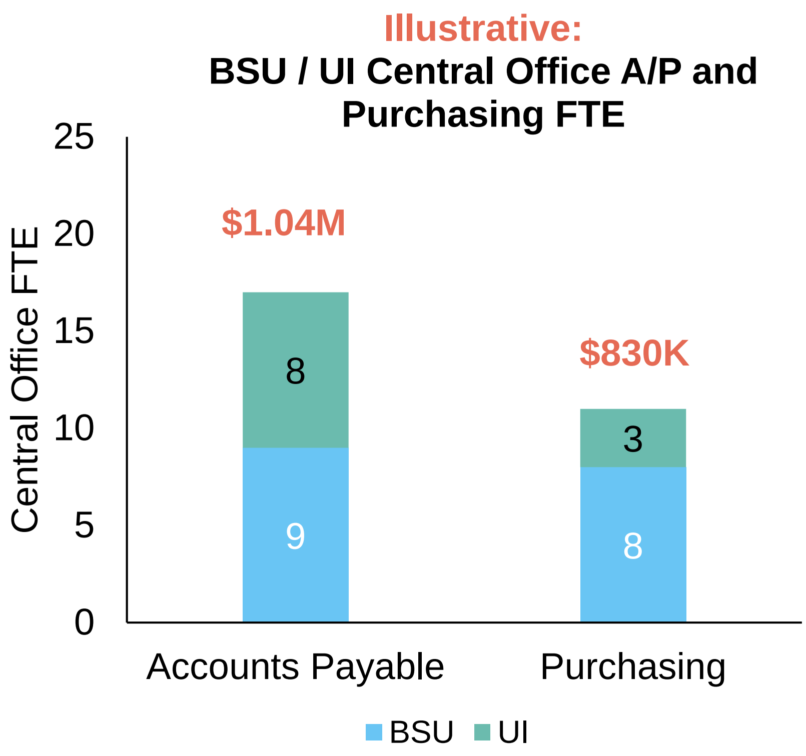
Other functions under review: communications, legal, library management, facilities planning

Further segmenting functional support to look at these sub-functions **lessens the size of the cost** pool from which there might be savings from efficiency gains.

3B.4 FUNCTIONAL LABOR COST POOL

ILLUSTRATIVE FUNCTIONAL COST POOL

A selection of seven titles that commonly present opportunity for consolidation across the four institutions reveals a limited scope of actual opportunity for savings.



Interpretation

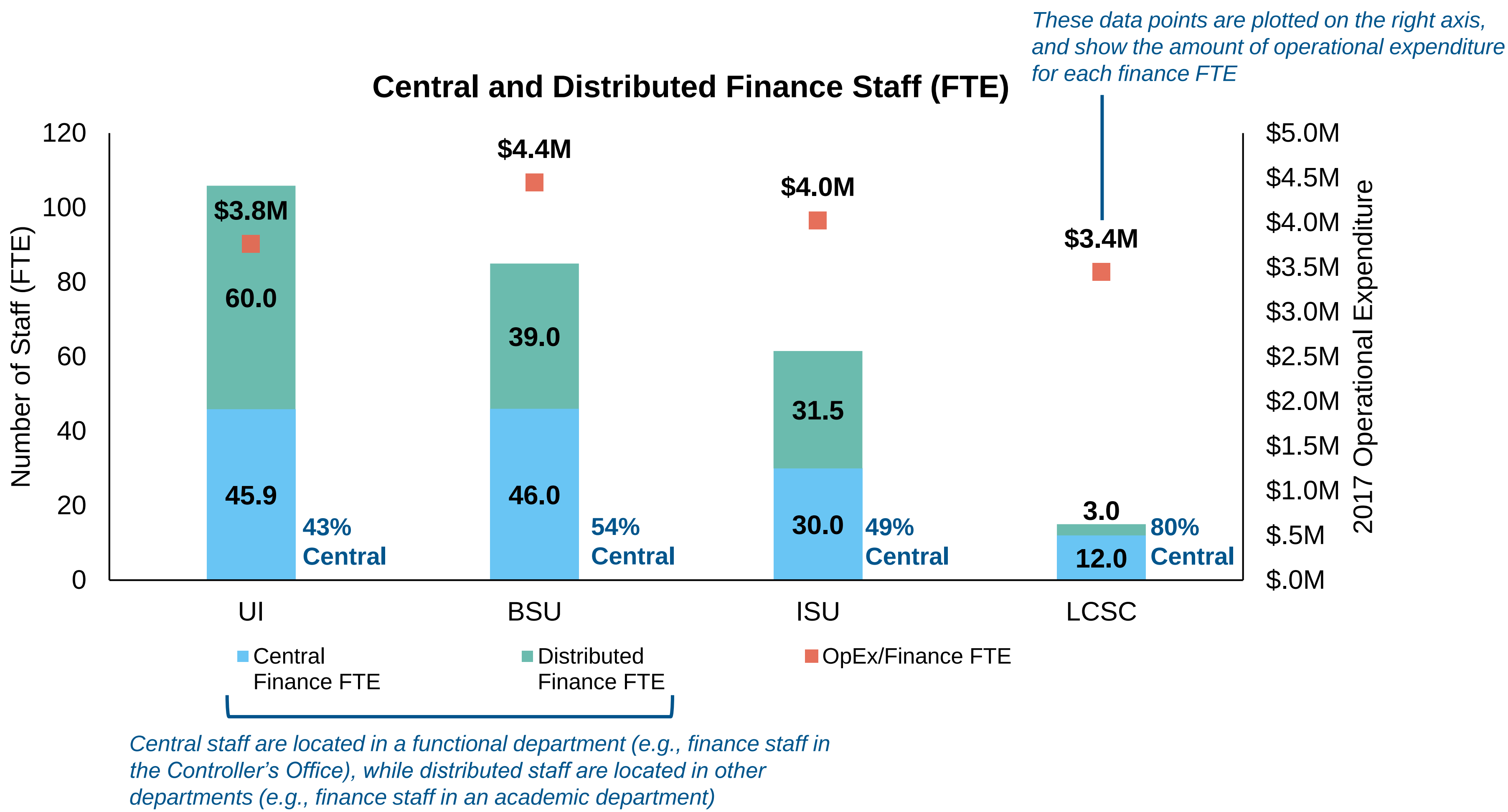
- The overall $70.3M cost bucket looks at the entirety of these functions
- Select sub-functions are stronger candidates to effectively consolidate across universities than others
- This opportunity is usually at the central office level, thereby materially reducing the size of the cost pool

Consolidation of non-commodity functional support becomes more feasible in more mature and integrated technology environments.

3B.5 FUNCTIONAL STAFF OPTIMIZATION

OPEX TO FINANCE FTE[1,2] (1/2)

The four institutions appear to have similar central and distributed finance staff but some institutions are able to support a greater portion of OpEx with each finance staff member.

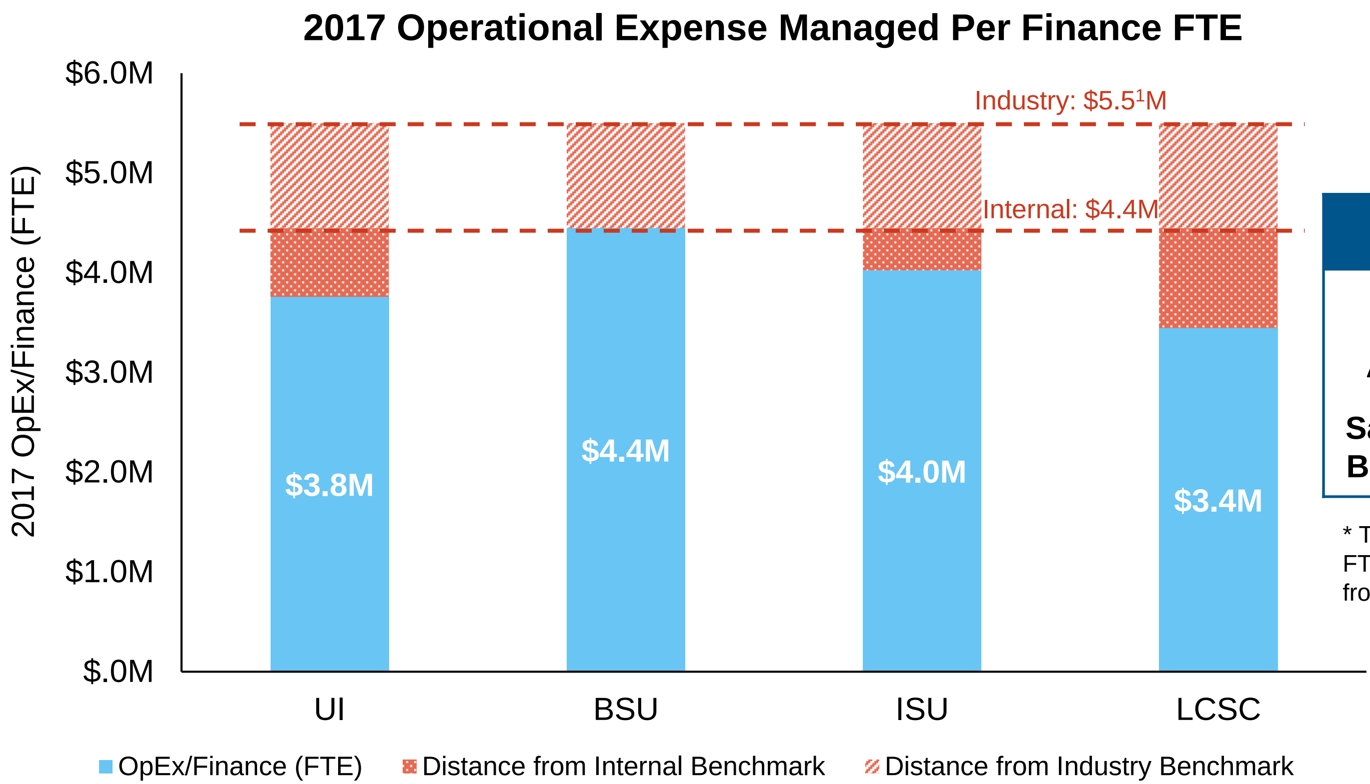


Notes:
1. Based on analysis of adjusted staff population derived from census files provided as part of data request. Also excludes senior admins.
2. Operational Expenditure derived from 2017 financial statements.

3B.5 FUNCTIONAL STAFF OPTIMIZATION

OPEX TO FINANCE FTE (2/2)

While the institutions vary slightly with regards to the portion of OpEx each finance staff member supports, BSU sets the internal benchmark at $4.4M.



	Internal	Industry*
Ratio	$4.4M	$5.5M
Δ FTE	25.6	46.2
Salary & Benefits	$1.2M-$1.8M	$2M-$3.4M

* This column represents **marginal** change in FTE and Salary & Benefits **above** the change from internal benchmarking

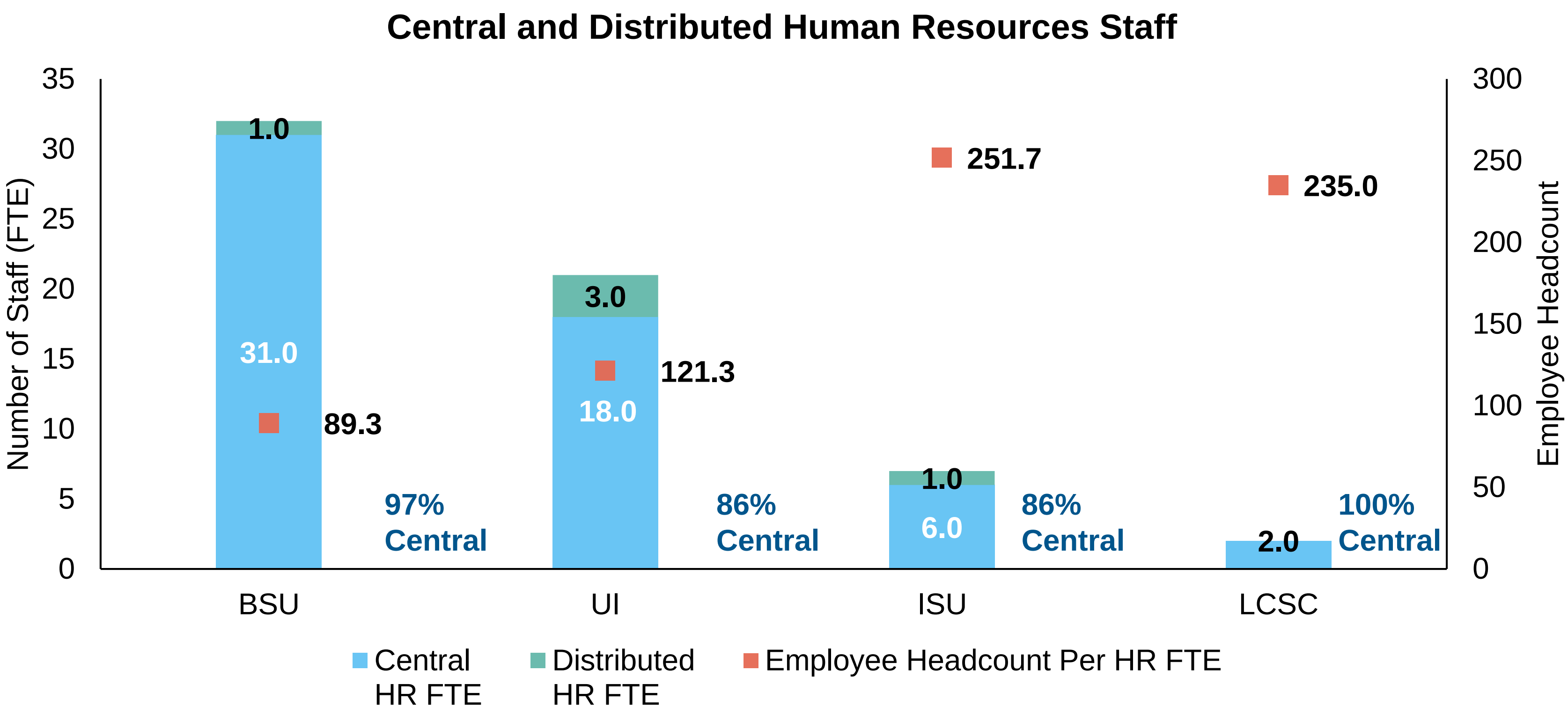
If the four institutions optimized their OpEx to Finance FTE ratio to the internal or industry best practice, the organization may save between **$3.2M-$5.2M** in total.

Notes:
1. Huron does not recognize and benchmark for sizing full finance functions. $5.5M represents an improvement on the internal benchmark of $4.4M.

3B.5 FUNCTIONAL STAFF OPTIMIZATION

EMPLOYEE HEADCOUNT TO HR FTE[1,2] (1/2)

While the HR function is highly centralized across all four institutions, the ratio of employees to HR staff varies widely.



Support ratios for HR do not account for services provided by state offices.

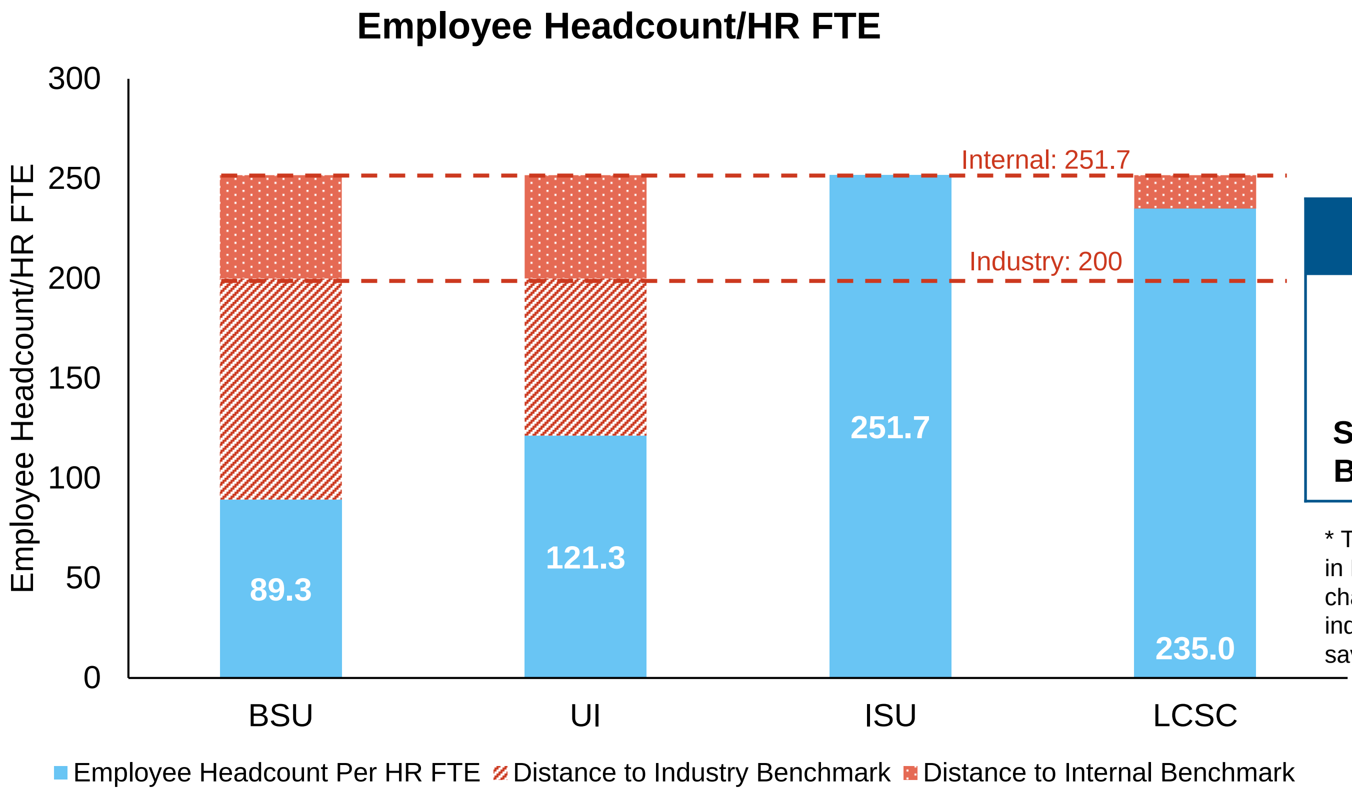
Notes:

1. Based on analysis of adjusted staff population derived from census files provided as part of data request. Also excludes senior administrators except in the case of LCSC, where the HR Director is included.
2. Employee headcount derived from personnel data, excludes retirees, student workers, and temporary employees.
3. Because of its smaller scale and HR services provided by the state, LCSC is not used as the internal benchmark

3B.5 FUNCTIONAL STAFF OPTIMIZATION

EMPLOYEE HEADCOUNT TO HR FTE (2/2)

ISU sets the internal benchmark for employee headcount managed per Human Resources FTE at 251.7:1.



	Internal[1]	Industry*
Ratio	251.7	200
Δ FTE	30.7	--
Salary & Benefits	$1.7M-$2.6M	--

* This column represents the **marginal** change in FTE and Salary & Benefits **above** the change from internal benchmarking. The industry benchmark does not offer an additional savings opportunity in this case.

If the four institutions optimized their total employee headcount to HR FTE ratio to ISU's benchmark, they may save between **$1.7M-$2.6M** in total.

Notes:
1. Because of its smaller scale and HR services provided by the state, LCSC is not included in savings estimates.

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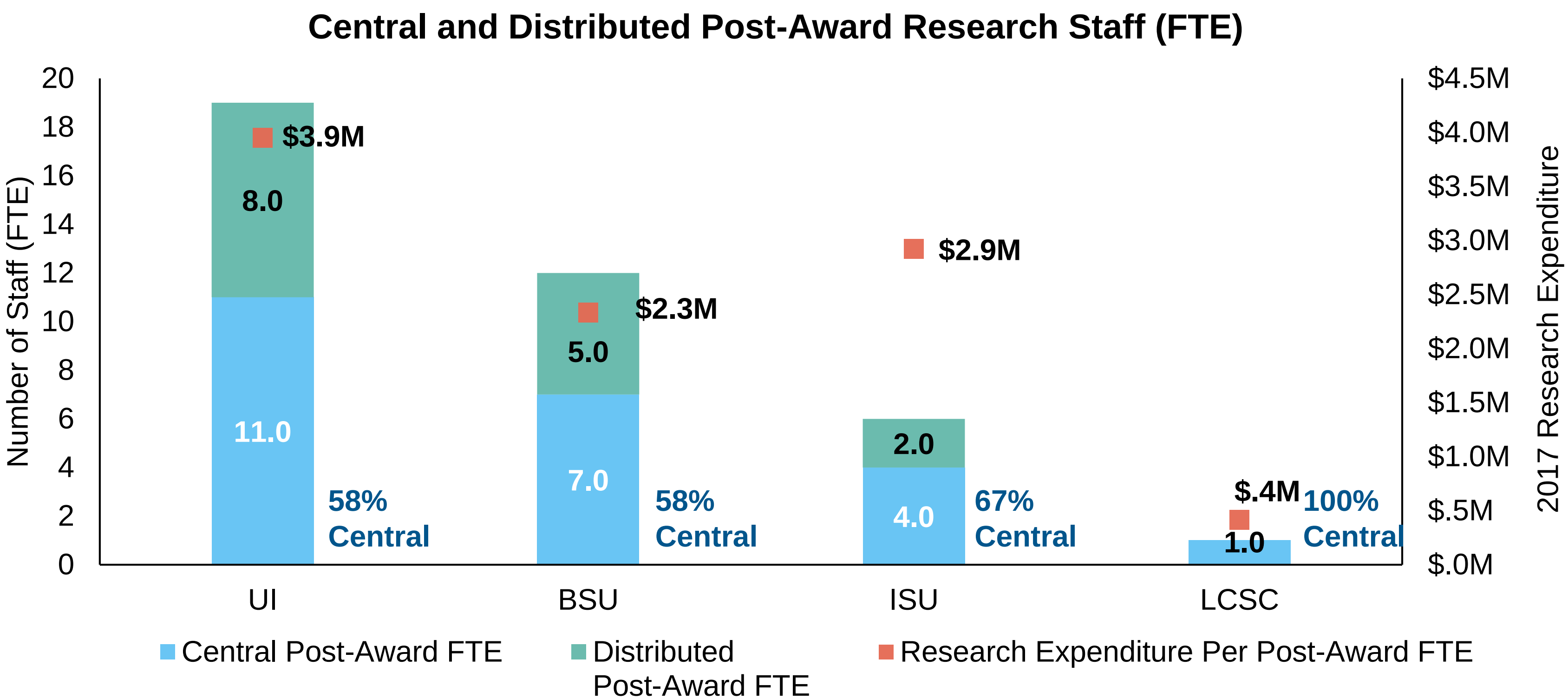
3B.5 FUNCTIONAL STAFF OPTIMIZATION

RESEARCH EXPENDITURE TO POST-AWARD FTE[1,2] (1/2)

UI maintains a robust, centralized research staff that, likely due to maturity as a research institution, is able to support a greater level of research expenditure per research FTE.



UI sets the internal benchmark for Research Expenditure/Post-Award FTE at $3.9M.

Notes:
1. Based on analysis of adjusted staff population derived from census files provided as part of data request. Also excludes senior admins.
2. Research Expenditure derived from 2017 financial statements.

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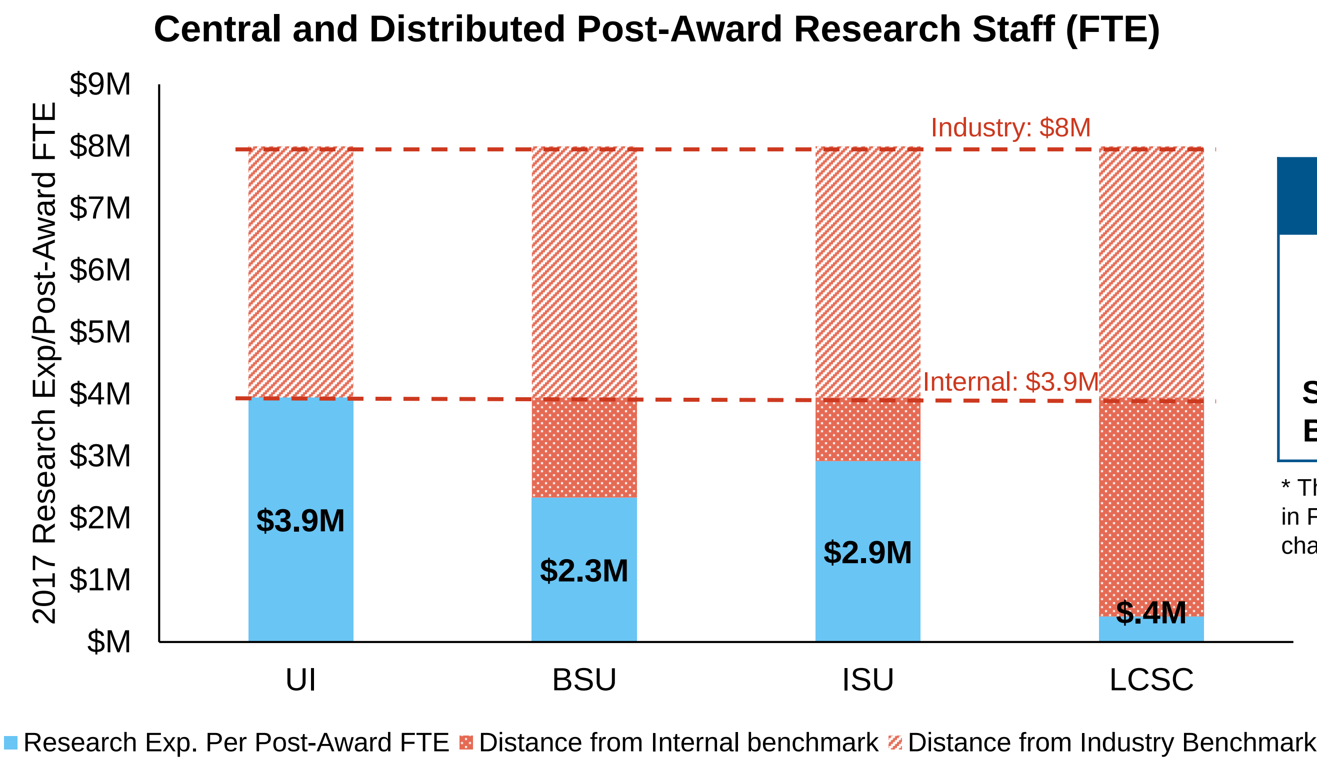
3B.5 FUNCTIONAL STAFF OPTIMIZATION

RESEARCH EXPENDITURE TO POST-AWARD FTE (2/2)

Opportunities for cost savings would be possible by aligning BSU and ISU to the internal benchmark set by UI or by aligning both institutions to industry benchmarks.



	Internal	Industry*
Ratio	$3.9M	$8.0M
Δ FTE	6.5	15.5
Salary & Benefits	$400K-$600K	$0.9M-$1.4M

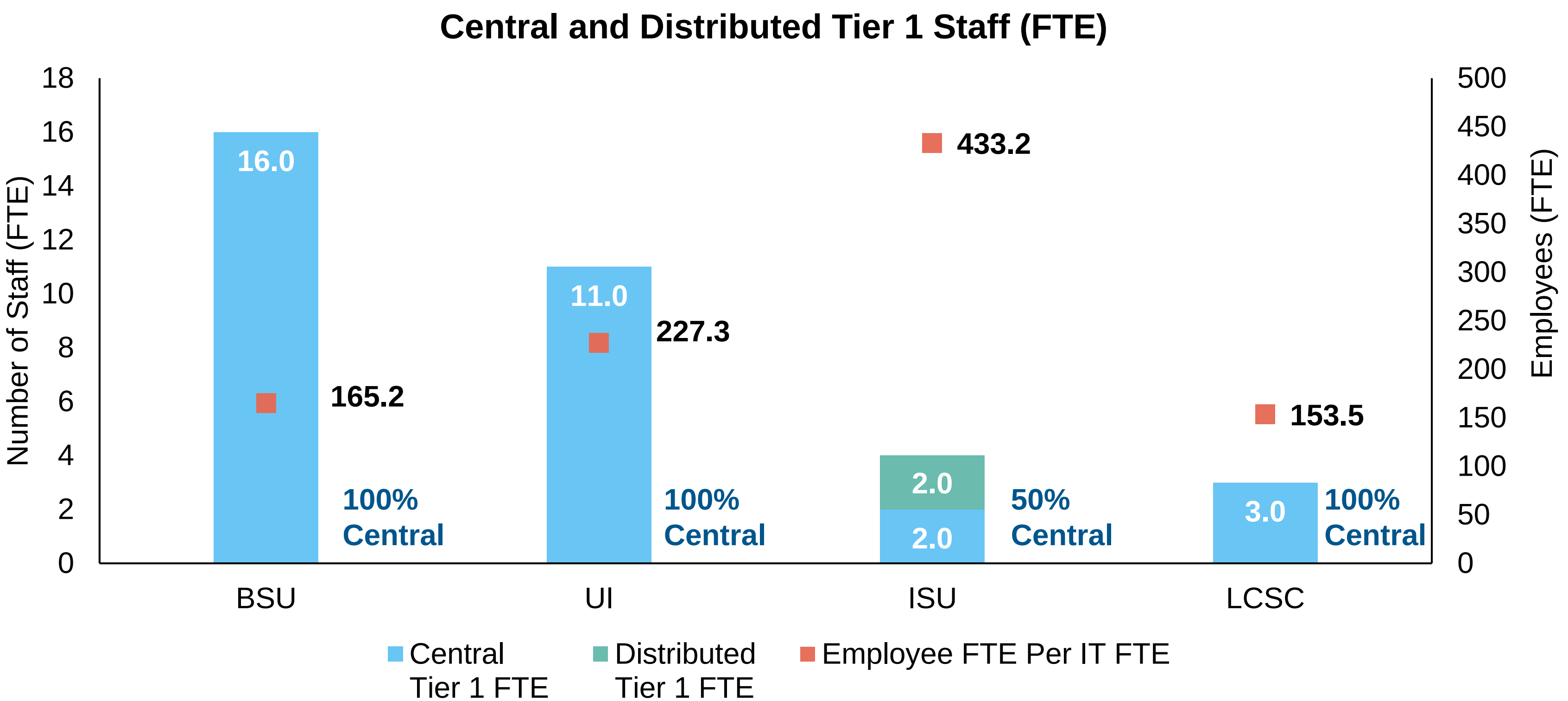
* This column represents the **marginal** change in FTE and Salary & Benefits **above** the change from internal benchmarking.

Additional savings up to **$1.4M** may be realized through optimizing the operating ratio of *Research Expenditure to Post-Award FTE* to industry leading practice.

3B.5 FUNCTIONAL STAFF OPTIMIZATION

IT TIER 1 FTE TO EMPLOYEE FTE[1] (1/2)

The ratio of institutional employee FTEs to IT FTEs allows us to compare IT staffing levels across institutions.



Although Tier 1 IT support staff are highly centralized across the four institutions, the number of employees supported per staff member varies.

Notes:
1. Based on analysis of adjusted staff population derived from census files provided as part of data request. IT FTE excludes senior admins.

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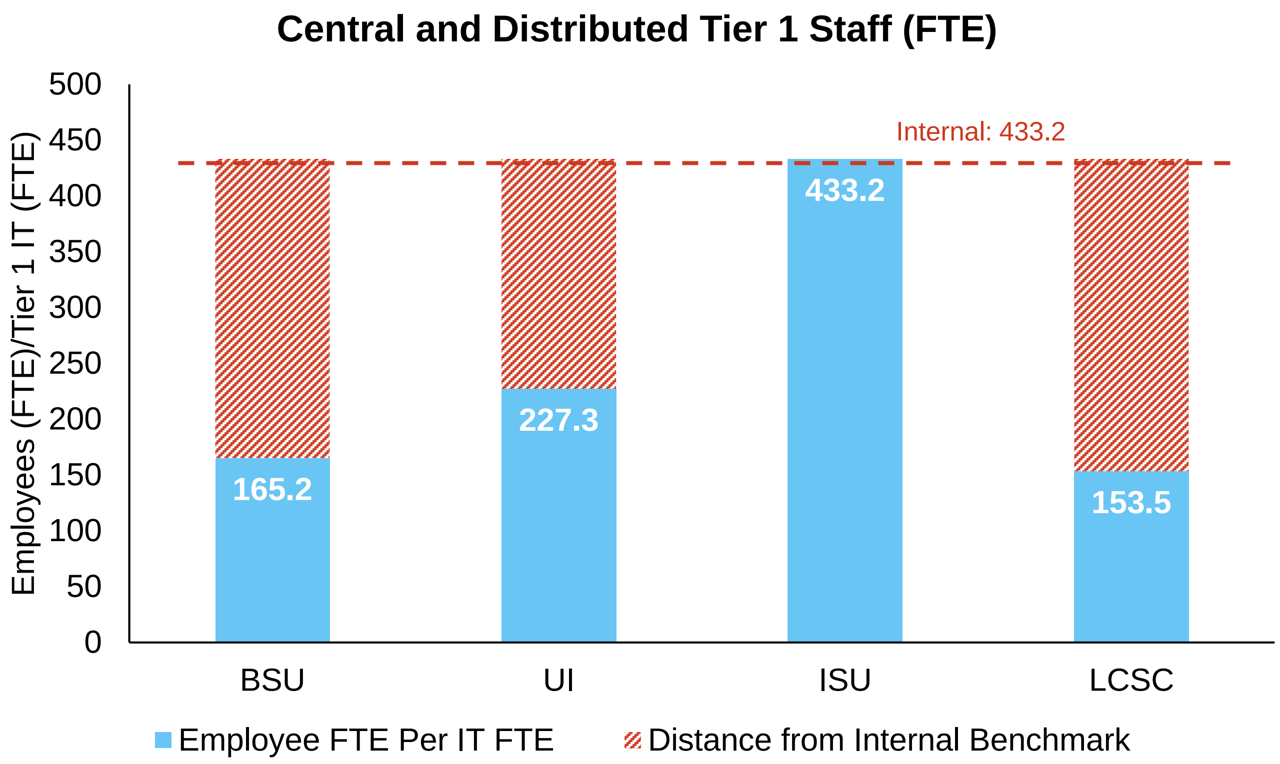
3B.5 FUNCTIONAL STAFF OPTIMIZATION

IT TIER 1 FTE TO EMPLOYEE FTE (2/2)

Internal benchmarking suggests a variation in the number of employees supported by each Tier 1 IT staff member, suggesting an opportunity for improvement in staff efficiency.



	Internal
Ratio	433.2
Δ FTE	17.1
Salary & Benefits	$0.9M-$1.4M

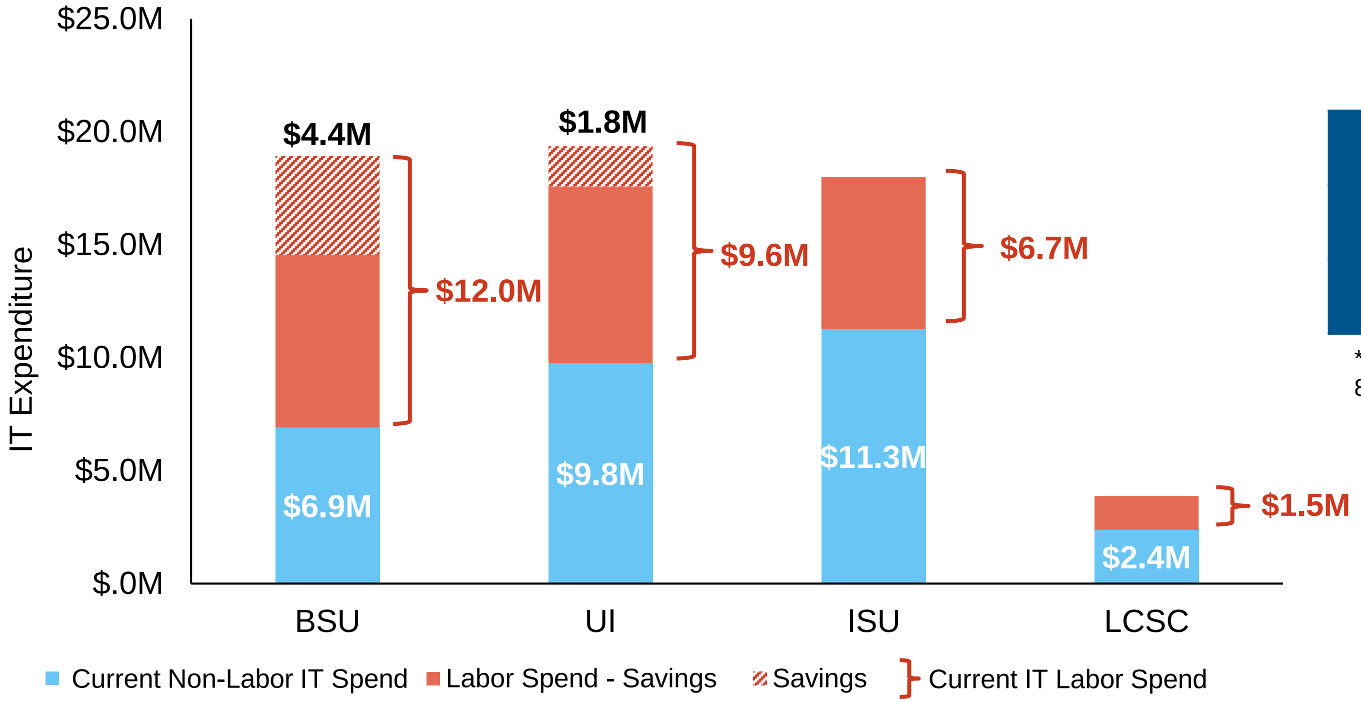
If the four institutions matched the internal benchmark set by ISU, it would imply potential cost savings of **$0.9M-$1.4M**.

3B.5 FUNCTIONAL STAFF OPTIMIZATION

IT LABOR AS % OF IT SPEND

While near-term savings focus on Tier 1 support, long-term consolidation may consider the whole IT function, which provides an opportunity to align to best-practice budget allocations.

Labor as Proportion of Total IT Spend[1]



Target %	**40.4%[2]**
Δ %	**9%**
Savings	**$5M-$6M***

* Assumes realization potential of 80-95% of estimated savings.

Aligning to a best-practice target of labor as 40.4% of total IT spend would produce **$5M-$6M** in savings.

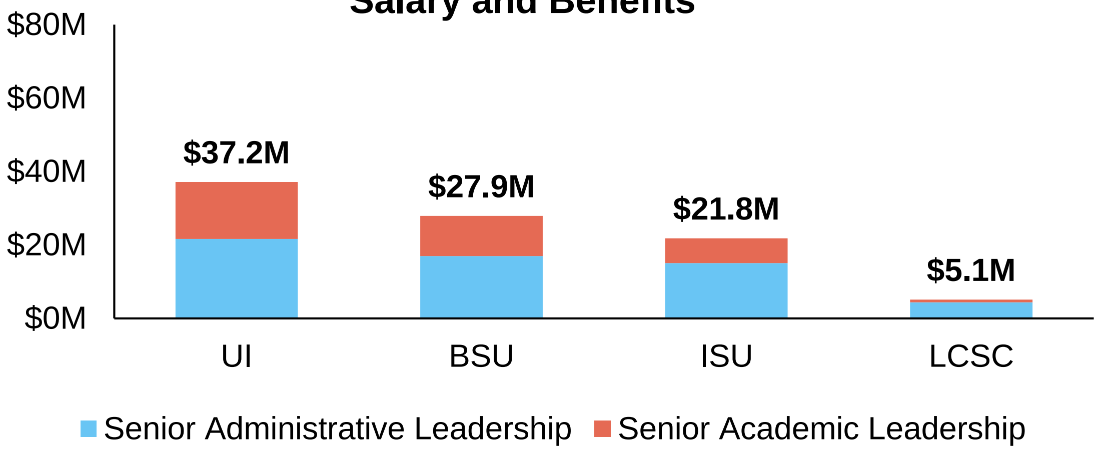
Notes:
1. IT labor spend derived from personnel data. Non-Labor spend derived from purchasing data. Functional staff excludes senior admins.
2. Industry benchmark for mid-size organizations from *Computer Economics* 2017. This is not a higher-ed specific benchmark.

3B.6 INSTITUTIONAL INTEGRATION

LEADERSHIP DUPLICATION ANALYSIS

Senior Academic/Admin leadership roles represent 7-10% of total operational expenditures (labor and non-labor) at each of the four institutions.

Academic and Administrative Leadership Salary and Benefits



Leadership Titles Include…	
Senior Administration	**Academic Administration**
President	Provost, Vice Provost
CFO, COO,CIO	VP
VP, Assoc. VP	Dean
Asst. VP	Assoc. Dean
Exec. Dir, Assoc. Dir	Asst. Dean
Asst. Dir, Dir	Asst. Provost

	UI	BSU	ISU	LCSC
% of Total OpEx	**9%**	**7%**	**9%**	**10%**

Should the Board consider mergers in the future, savings could be achieved through consolidation of leadership roles which would not be addressed through partnership models.

Notes:
1. Based on salary and benefits.
2. Functional labor cost derived from personnel data.

SECTION 3C: PURCHASING ANALYSIS

3C.1 PURCHASING ANALYSIS

PURCHASING ROADMAP OVERVIEW (1/2)

Our analysis suggests that substantial cost savings opportunities can be facilitated through the implementation of a cross-institutional and technology-driven purchasing process.

	Roadmap Activity	Detail	Time Horizon
1	**Strategic Sourcing Category Efforts**	▪ Introduce strategic sourcing efforts for high spend level 2 categories (e.g., leveraging collective purchasing power, vendor consolidation, etc.) - Starting point should be commodity areas that have low complexity but high potential savings due to volume of spend (e.g., office products, scientific supplies) ▪ Reassess opportunities quarterly	Intermediate-Term
2	**Category Management Strategy**	▪ Establish category management strategies for key spend areas ▪ Formulate strategy for maverick spend reduction (e.g., reduce volume of P-Cards in use across institutions) ▪ Formulate strategy for vendor performance management	Intermediate-Term
3	**Unify Contract Management Activities**	▪ Evaluate the continuation of existing contracts, renegotiating pricing, service delivery and other components of the contracts ▪ Assess high supplier spend to determine additional savings opportunities from new contracts ▪ Implement an integrated contract management solution as part of the eProcurement solution that can provide a centralized, searchable contract repository	Intermediate-Term

Notes:
1. Intermediate-Term implies a 2-6 year time horizon.

3C.1 PURCHASING ANALYSIS

PURCHASING ROADMAP OVERVIEW (2/2)

Our analysis suggests that substantial cost savings opportunities can be facilitated through the implementation of a cross-institutional and technology-driven purchasing process.

	Roadmap Activity	Detail	Time Horizon
4	**eProcurement Solution Implementation**	▪ Implement a SaaS eProcurement solution that addresses manual processes, is easy for end-users to adopt, integrates with financial management system(s), and addresses other inherent challenges observed with current requisitioning tools ▪ Transition to a P2P process that: - Enables operational efficiencies across the entire lifecycle (e.g., e-Requisitions, e-Invoices) - Improves transaction processing, contract compliance, and financial reporting ▪ Encourage utilization of e-Requisitions for all low dollar/low risk purchases from catalog suppliers ▪ Consider assessing the travel and expense programs across institutions as an additional payment mechanism	Intermediate-Term

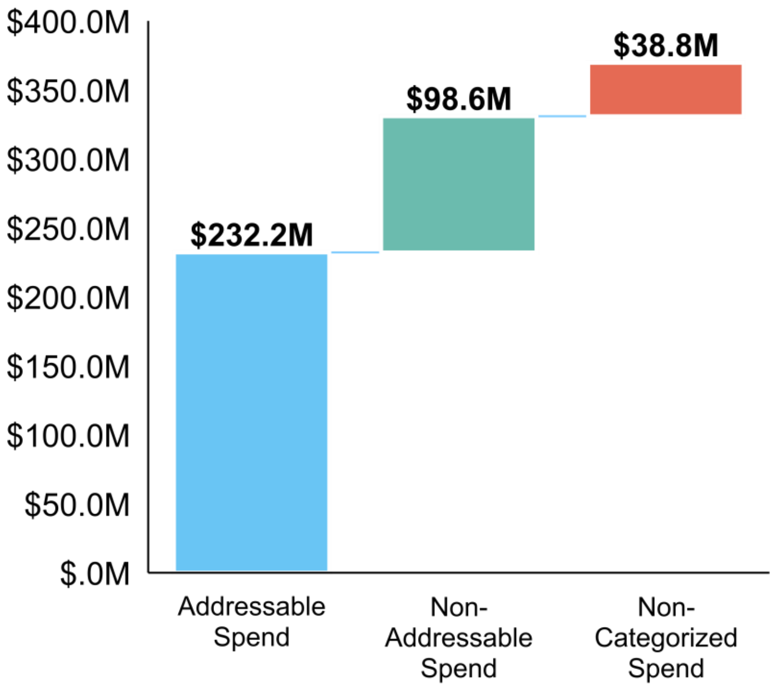
Notes:
1. Intermediate-Term implies a 2-6 year time horizon.

3C.2 PURCHASING ANALYSIS

SPEND CATEGORIZATION OVERVIEW

Of nearly $370M in FY2018 spend, **$232M (63%)** represents a spend base for potential savings through strategic sourcing and contracting practices.

FY2018 Combined Spend[1]



***Note:** Due to inconsistencies in data provided by institutions (currently non-addressable and non-categorized), Huron recommends further analysis prior to final deliberations. See additional notes on analysis approach on page 88.*

Addressable Spend – 63%

- Vendor spend that can be influenced by sourcing efforts to achieve better pricing, financial incentive terms, and improved supplier relationships
- Addressable spend is divided into categories and commodity / service areas (Level I and II) to identify additional opportunities for savings

Non-Addressable Spend – 27%

- Spend not addressable by strategic sourcing efforts
- Non-addressable spend is attributed to:
  - Professional associations/organizations
  - Government entities
  - Payment to individuals (due to the lack of visibility into expense reimbursements)

Non-Categorized Spend – 10%

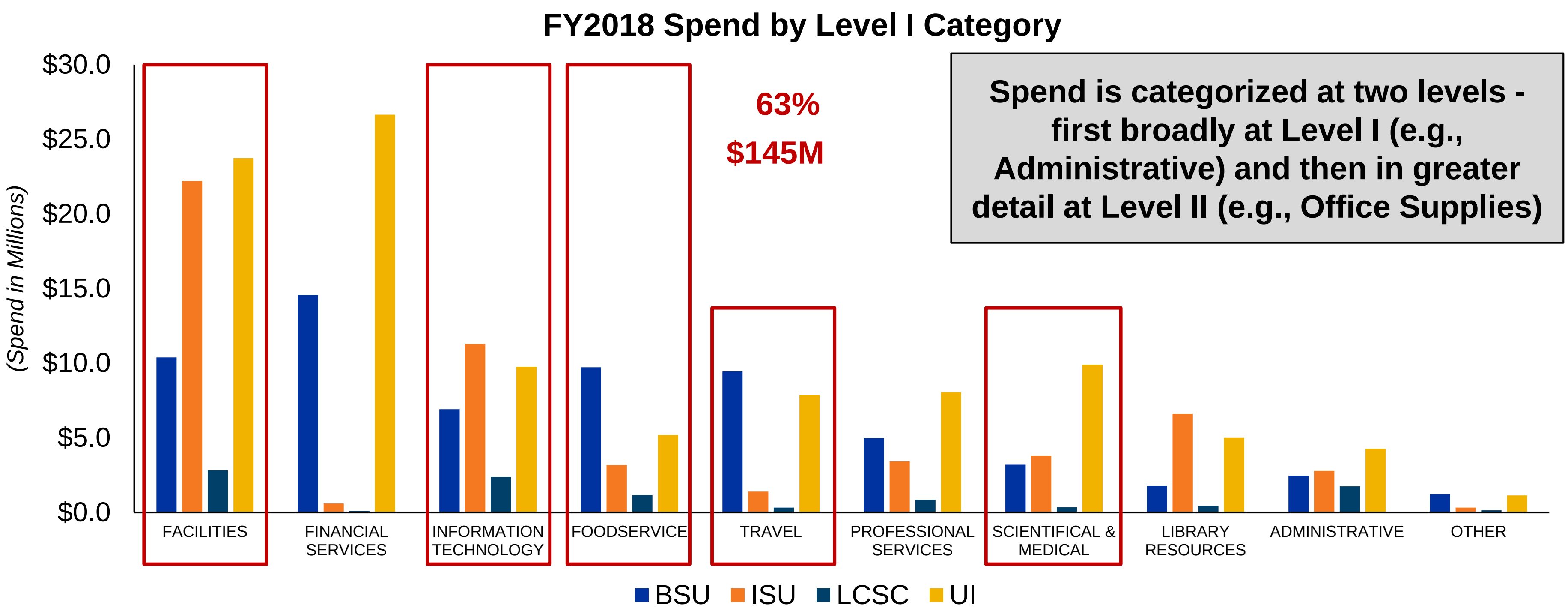
- Over 20K additional vendors with nominal spend or unidentifiable names
- Uncategorized vendors account for nearly $40M in estimated annual spend

Notes:
1. Total FY2018 spend excludes spread payments (tuition) by Boise State University to the State of Idaho totaling $104,439,815. Similar payments were not included in data provided by other institutions.

3C.3 PURCHASING ANALYSIS

LEVEL I SPEND: ANALYSIS BY CATEGORY (1/2)

Five spend categories – Facilities, Information Technology, Foodservice, Travel and Scientific & Medical – account for $145M (63%) of addressable spend.



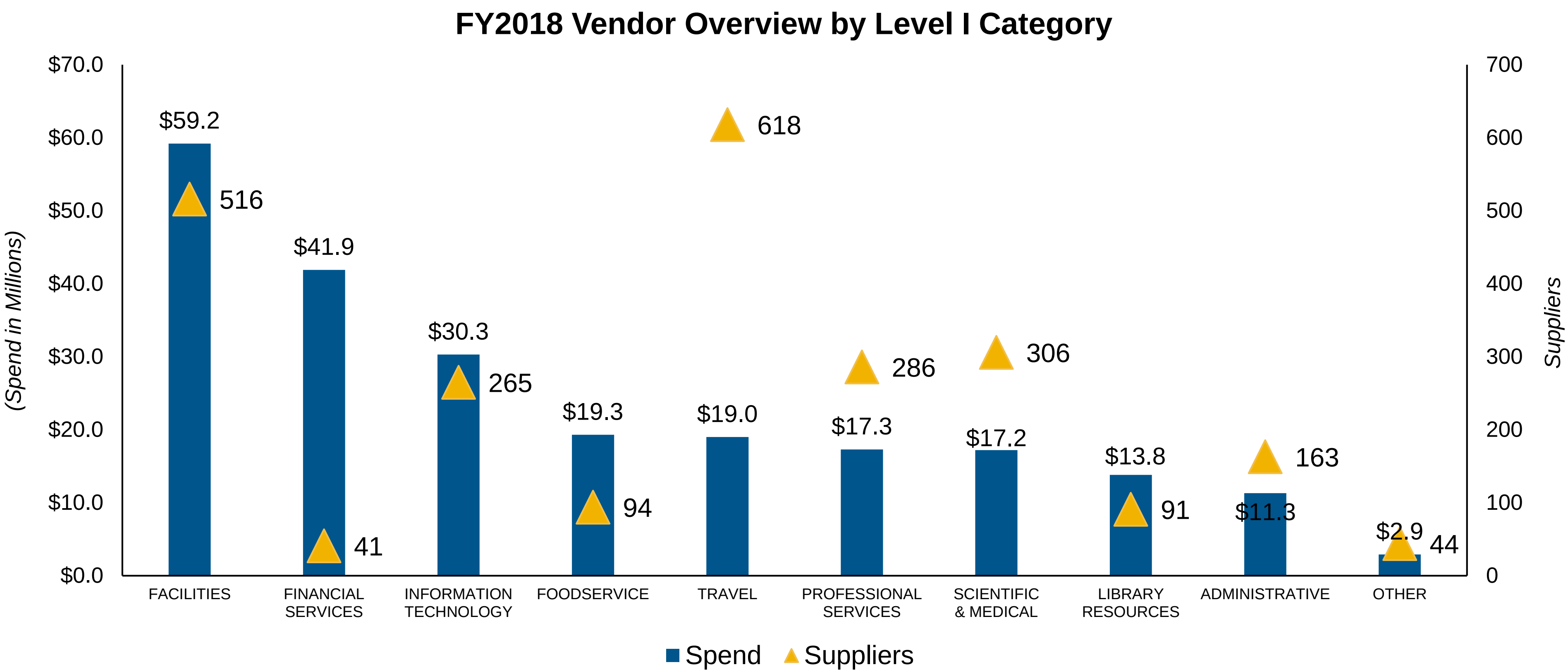
Spend is categorized at two levels - first broadly at Level I (e.g., Administrative) and then in greater detail at Level II (e.g., Office Supplies)

Within the top 5 Level I categories, excluding Financial Services, there are opportunities to leverage University spend, increase buying power, and strategically source products/services.

3C.3 PURCHASING ANALYSIS

LEVEL I SPEND: VENDOR BREAKDOWN BY CATEGORY (2/2)

Large vendor bases dilute the buying power and savings associated with preferred vendors, leading to inconsistent and increased pricing.



Strategic sourcing activities in key categories can help to channel spend to preferred vendors, identify opportunities to negotiate contracts and reduce administrative costs.

3C.4 PURCHASING ANALYSIS

ADDRESSABLE SPEND SEGMENTATION BY P-CARD VS. AP/PO

Analysis of the FY2018 spend data by procurement channel – including AP, Purchase Order and P-Card – revealed approximately **$37.3M** of total addressable spend is on P-Cards.

Spend In Millions ($)

	BSU		ISU		LCSC		UI			
Fiscal Year 2018	**Spend**	**%**	**Spend**	**%**	**Spend**	**%**	**Spend**	**%**	**Grand Total**	**% of Total**
P-Card Spend	$14.5	22%	$6.2	11%	$2.8	27%	$13.8	14%	$37.3	16%
AP/PO Spend	$50.2	78%	$49.3	89%	$7.6	73%	$87.8	86%	$194.9	84%
Total	**$64.7**		**$55.5**		**$10.4**		**$101.6**		**$232.2**	

P-Cards Increase…	
Flexibility (ability to purchase from many vendors)	**Risk** (reduced process visibility and oversight)
Expediency (ability to quickly purchase goods/services)	**Labor Cost** (effort related to account coding and reconciliation)

Notes:
1. LCSC dataset included payments to internal departments including Athletics.
2. BSU spread payments (tuition) made to the State of Idaho have been excluded.
3. P-Card payments to vendors were excluded to avoid duplicative spend.
4. Some institutional spend includes utilities, payments to government entities and other higher ed institutions.

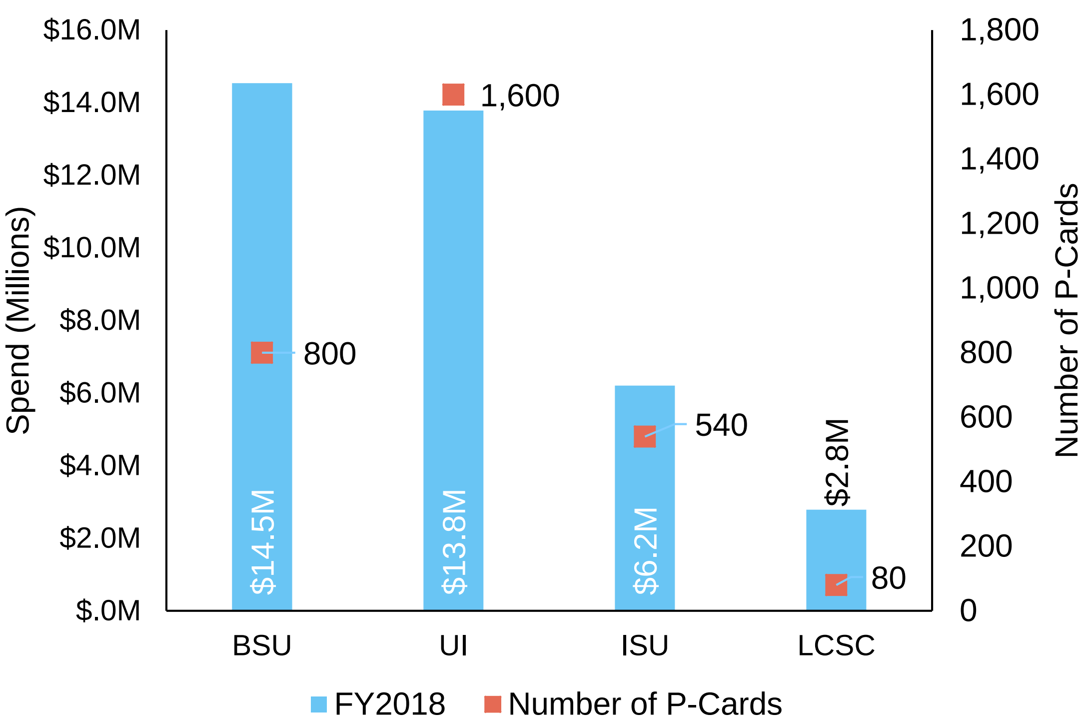
3C.5 PURCHASING ANALYSIS

Idaho State Board of Education

NUMBER OF P-CARDS AND SPEND

More than 3,000 P-Cards are in circulation across the four institutions and the **$37.3M** in addressable P-Card spend represents **16%** of total addressable spend.

FY2018 P-Card Spend and Usage



Top 20 FY2018 Vendors by P-Card Spend

Vendor	Total P-Card Spend (000s)
AMAZON.COM	$2,609
OFFICE DEPOT	$2,437
DELL MARKETING LP	$1,472
ALASKA AIRLINES	$1,350
DELTA AIRLINES	$1,149
THERMO FISHER	$1,040
CDW GOVERNMENT	$1,008
UNITED AIRLINES	$901
MARRIOTT HOTEL	$854
SOUTHWEST AIRLINES	$779
PAYPAL PAYMENTS	$611
BRADY INDUSTRIES	$573
ENTERPRISE RENTAL	$487
GRAINGER	$472
VWR INTERNATIONAL	$464
HILTON HOTEL	$457
NIKE	$437
HOME DEPOT	$346
XEROX CORP	$329
AMERICAN AIRLINES	$318

Vendors with Known Catalogues

Many of the top 20 vendors by P-Card spend support electronic requisitioning and invoicing while other vendors represent spend that could be managed through a travel program.

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3C.6 PURCHASING ANALYSIS

LEVERAGING COMMON CONTRACTS

Huron's experience suggests that particular vendors present savings opportunities through the use of common contracts where state or independently negotiated contracts are used.

Potential Contract Opportunities

Supplier	Level 2 Category	State Contract	University 3rd Party Contract(s)	Potential Contract Opportunity	Combined FY2018 Spend (All Institutions)
Dell	Computer Hardware	✓	BSU	✓	$3,962,227
HP	Computer Hardware	✓	BSU	✓	$682,651
Amazon	IT Services/General Retail	✗	BSU / UI	✓	$2,664,740
Grainger	MRO Products	✗	UI	✓	$755,688
Blackboard	IT Software	✗	BSU / UI	✓	$525,329
CenturyLink	Utilities	✓	BSU / UI	✓	$716,442
Schindler	MRO Services	✗	UI / LCSC	✓	$233,555
Agilent Technologies	Scientific Supplies	✗	UI	✓	$408,417
Fisher Scientific	Scientific Supplies	✗	UI	✓	$666,730
CDW	Computer Hardware	✗	UI	✓	$1,657,366
Total					**$12,273,145**
			Estimated Savings	**2%-4% of Spend**	**$0.2M-$0.5M[1]**

Huron commonly observes savings opportunities between 2% and 4% of total spend by leveraging common contracts, though detailed projections require deeper analysis.

Notes:
1. Contract savings estimates are not mutually exclusive and overlap with strategic sourcing opportunities found on pages 23, 24, and 25.

3C.7 PURCHASING ANALYSIS

Idaho State Board of Education

EXAMPLE OF STRATEGIC SOURCING OPPORTUNITIES

An example of the approach that the four institutions may take to strategic sourcing within the context of a particular category of spend is detailed here.

Subcategory	Sourcing Activities	FY2018 Spend ($K)	Estimated Savings (%)	Estimated Savings ($K)
Scientific Supplies & Equipment	▪ Institutions have 187 Scientific Supplies & Equipment Suppliers. The top 15 scientific suppliers represent 53% of total Scientific Spend suggesting there are opportunities to **consolidate the vendor base** and **leverage aggregate** spend through a **competitively bid RFP or incumbent supplier negotiations** for primary and secondary scientific suppliers. ▪ **Develop core list** of 500-800 high volume/high transaction items that cover approximately 30% of total spend to **drive product consolidation** and cost savings. **Negotiate category discounts** for non-core purchases to obtain competitive discounts off manufacturer list price. ▪ Identify opportunities for **demand management** and product standardization reducing product proliferation in scientific supplies subcategories. ▪ Negotiate **market competitive financial incentives** appropriate for the combined institutional account size including one time contract signing and recurring volume rebate, prompt payment discount, etc.	$12,220	8% - 11%	$978 - $1,344

To achieve savings, institutions may engage in more detailed spend analysis and strategic sourcing activities for this and other key subcategories as highlighted on page 23.

HURON

SECTION 3D: INFORMATION TECHNOLOGY ANALYSIS

3D.1 SYSTEMS ANALYSIS

SYSTEMS ROADMAP OVERVIEW (1/2)

The path from the current state to full systems and infrastructure alignment is predicated on foundational steps and the selection and implementation of a single ERP or aligned ERPs.

	Roadmap Activity	Detail	Time Horizon
1	**Foundational Steps**	▪ Implement centralized IT governance with representation from all institutions[1] ▪ Establish a central Program Management Office (PMO) to oversee the application of IT strategy ▪ Centralize IT policy across the four institutions ▪ Develop a cross-institution strategy for enterprise architecture & cloud strategy	Near-Term
2	**ERP Assessment and Planning**	▪ Conduct a cross-institution review and assessment of ERP systems and business processes that use ERP	Near-Term
3	**ERP Implementation**	▪ Assess and standardize current business processes, roles, reporting, and technology portfolio ▪ Centralize data and storage across the four institutions ▪ Optimize and standardize services and software ▪ Implement a shared ERP environment which houses transactional and reporting data across the four institutions ▪ Establish data standards and streamline ad-hoc reports	Intermediate-Term

Notes:
1. This is the primary prerequisite for all other actions along the roadmap.
2. Requires virtualization as a prerequisite.
3. Requires service rationalization as a prerequisite.
4. Requires IT Funding model and cloud strategy as a prerequisite.
5. Near-Term implies a 0-2 year time horizon.
6. Intermediate-Term implies a 2-6 year time horizon.
7. Long-Term implies a 6-10 year time horizon.

3D.1 SYSTEMS ANALYSIS

SYSTEMS ROADMAP OVERVIEW (2/2)

The following steps highlight key steps in transitioning to a synergistic technology environment across institutions.

	Roadmap Activity	Detail	Time Horizon
4	**Funding Model Evaluation**	▪ Reevaluate existing IT funding model and create a transparent and centralized model	Intermediate-Term
5	**Systems and Infrastructure Rationalization**	▪ Review enterprise applications across the four institutions to identify opportunities to consolidate to single platforms aligned with the shared ERP system ▪ Audit existing licenses to determine opportunities for reduction ▪ Establish a fully virtualized centralized data center with service terms predicated on established SLAs and using the infrastructure-as-a-service model ▪ Reevaluate the existing service delivery model and consolidate commodity services ▪ Centralize data backup and recovery[2] ▪ Consolidate redundant enterprise applications and shadow systems used across all campuses.[2,3,4]	Long-Term
6	**Workforce Consolidation**	▪ Centralize Server Administration with remote sites transitioned to VMWare or Data Center ▪ Centralize service desk operations3 ▪ Centralize IT security and consolidate vendors/platforms	Long-Term

Notes:
1. This is the primary prerequisite for all other actions along the roadmap.
2. Requires virtualization as a prerequisite.
3. Requires service rationalization as a prerequisite.
4. Requires IT Funding model and cloud strategy as a prerequisite.
5. Near-Term implies a 0-2 year time horizon.
6. Intermediate-Term implies a 2-6 year time horizon.
7. Long-Term implies a 6-10 year time horizon.

3D.2 SYSTEMS ANALYSIS

ERP CONVERGENCE: ILLUSTRATIVE PLANNING OPTIONS

A cogent approach requires consideration of BSU's transition to the cloud, along with UI's and ISU's near-term ERP upgrade requirements (2-5 years).

1 Convergence Approach Options

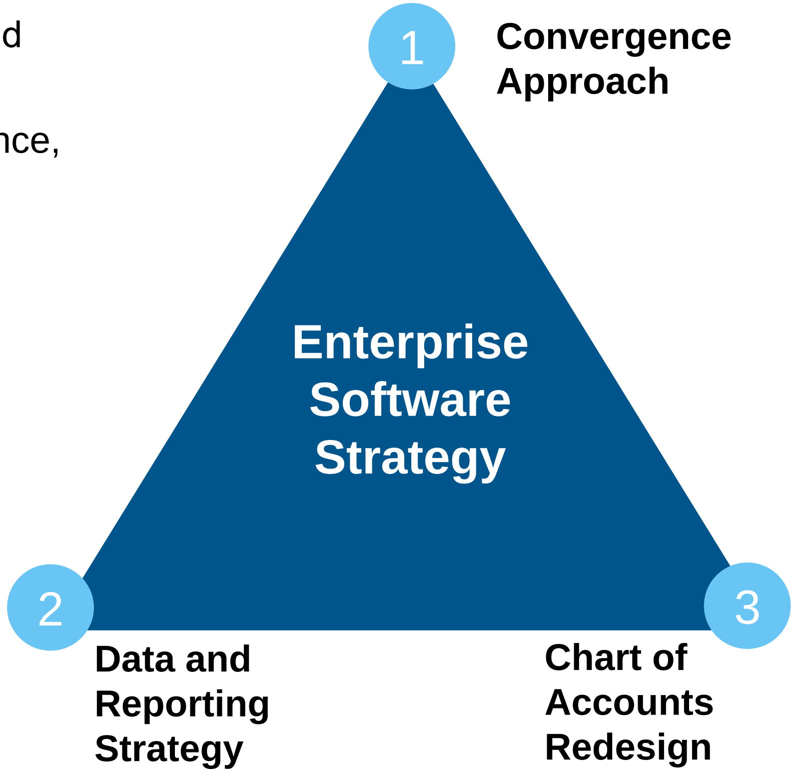
- Should the other institutions leverage Boise's design and configurations?
- Should the four institutions implement all modules (finance, HR, student) concurrently?
- Should the institutions implement concurrently or sequentially?

2 Data and Reporting Strategy Options

- How will data warehousing be managed?
- What will be norms for data stewardship and data governance?

3 Chart of Accounts Redesign Options

- What is the timing for chart of accounts alignment?
- How does it sequence with other projects?



3D.2 SYSTEMS ANALYSIS

ERP CONVERGENCE: CRITICAL PATH

While consideration of the full spectrum of IT activity along the roadmap is critical, the steps involved in ERP implementation alone are substantial.

ERP Assessment and Implementation

1 Assess and Recommend

- Assessment of current state operating model
  - Staffing
  - Roles and responsibilities
  - Business processes
  - Policies and procedures
- Identification of gaps
- Development of proposed future state operating model

2 Design

- Design future state business processes in collaboration with institutional stakeholders
- Select pilot processes to demonstrate success
- Finalize future state organizational redesign
- Develop technical design and security documents
- Design integrations with adjacent systems
- Finalize conversion plan

3 Configure and Test

- Design a test strategy and plan
- Build and execute test scripts
- Build application security
- Configure test environments
- Design a cutover approach
- Develop and test conversion programs
- Resolve all unit testing defects

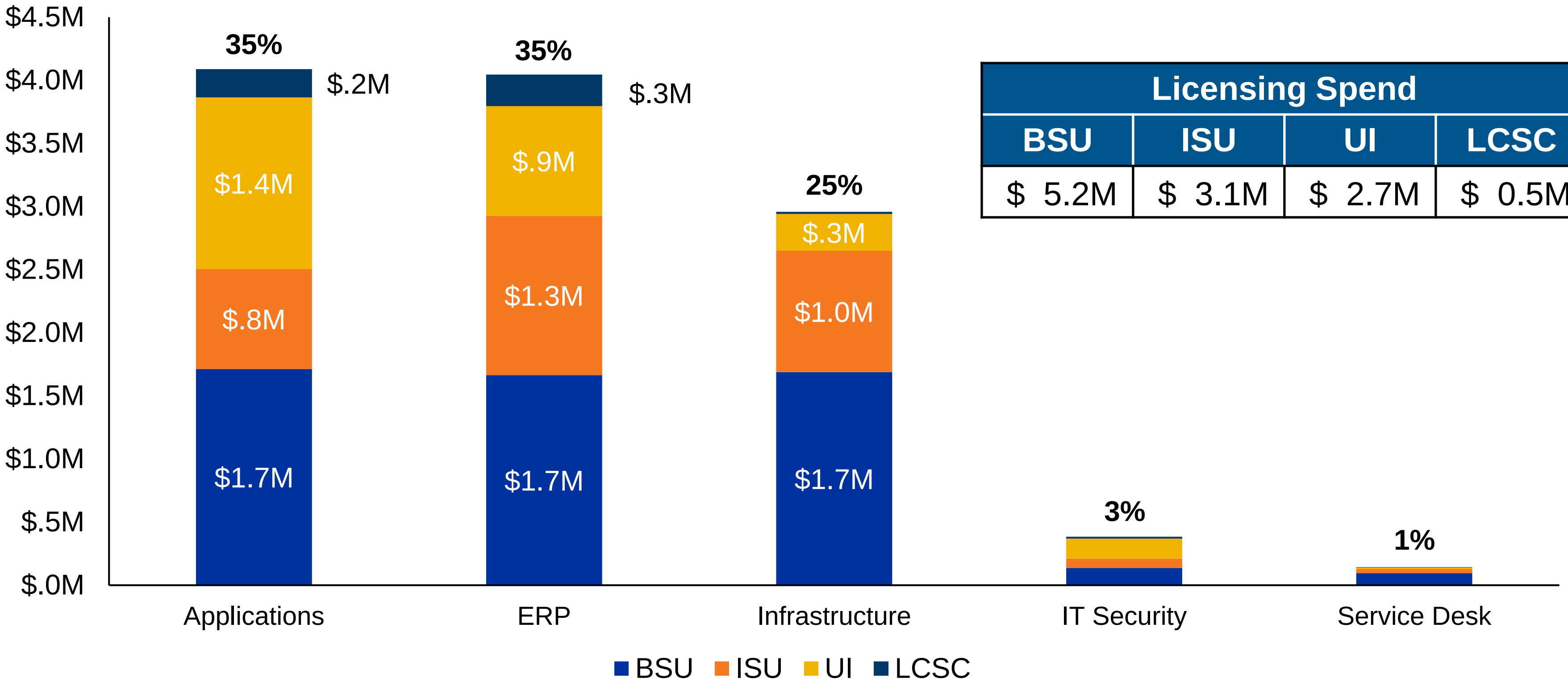
4 Finalize and Implement

- Evaluate test results
- Signoff on testing
- Design detailed cutover plan
- Test and validate conversion programs
- Execute mock conversions
- Resolve and test all defects
- Conduct implementation readiness assessment

3D.3 IT SPEND ANALYSIS

IT LICENSING SPEND TOTALS

IT licensing expenditure totals **$11.5M** annually across the four institutions including spend related to ERP and related expenses, infrastructure, and enterprise applications.



Licensing Spend			
BSU	ISU	UI	LCSC
$ 5.2M	$ 3.1M	$ 2.7M	$ 0.5M

Selected licensing spend categories represent 2-4% of non-labor operating expenditures.

Notes:
1. Based on information gathered through interviews and through Huron's data request; does not include all IT expenditure.

SECTION 3E: SURFACED OPPORTUNITIES

3E.1 SURFACED OPPORTUNITIES

WORKFORCE-RELATED OPPORTUNITIES

Several opportunities were identified during stakeholder interviews that were out of scope but are enumerated in this section of the report.

1

Workforce Consolidation or Centralization

- Huron's experience suggests that there may be opportunities to consolidate functions that require domain expertise such as cybersecurity, economic development, and tech transfer
- Additional opportunities for workforce consolidation may be found in high-volume, repetitive functions such as travel for athletic operations
- Further consolidation may be possible in some functions such as server administration, although such consolidation is predicated on centralization of technology infrastructure

2

Resource Sharing

- Our interviews identified gaps that could be addressed by leveraging current capabilities at another institution among the four, including General Counsel, Internal Audit, and Instructional Design

3

Workforce Outsourcing

- Huron's experience suggests that opportunities to outsource institution-operated bookstores are generally advantageous and should be evaluated and pursued
- Additional opportunities for outsourcing of functions may be identified through further analysis of fleet operations and book store operations

3E.2 SURFACED OPPORTUNITIES

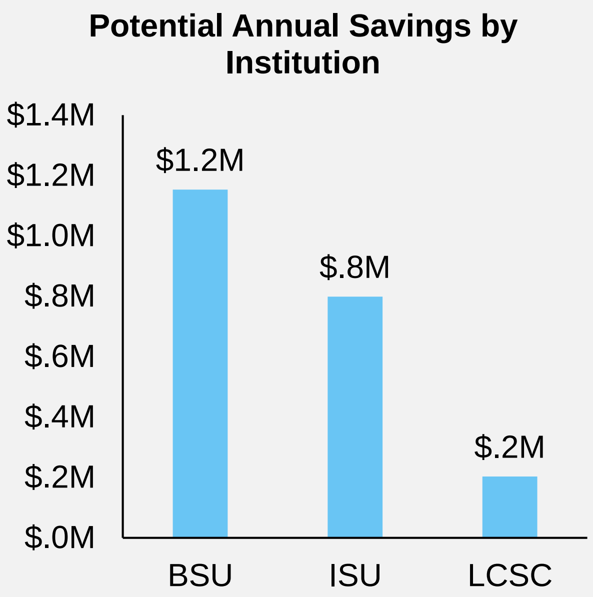
INSURANCE AND RESOURCE POOLING

The nature of some opportunities allowed for additional analysis during this engagement.

4

Self-Insurance

- Alignment to the current University of Idaho medical and dental plans would allow institutions to:
  - Leverage their demographics relative to the state risk pool
  - Determine benefits and make changes as needed
- Potential risks include:
  - Added cost per individual relative to state plan
  - Plan design would need to be carefully considered to meet needs of individual institutions
- Athletics injury insurance may present an opportunity to consolidate coverage across institutions as well although this separate opportunity has not been evaluated in detail



5

Non-Labor Resource Pooling

- Our interviews suggested that opportunities may exist to pool some resources such as library storage, and library subscriptions across institutions

Further analysis is required to fully vet the potential savings and operational viability of these surfaced opportunities.

4

APPENDIX

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APPENDIX I: NOTES REPOSITORY

WORKFORCE ANALYSIS (1/2)

Reference	Note
	Created Variables
3B.5	**Central/Distributed:** Functional support staff located in the colleges or outside their department are considered distributed (e.g., a finance employee in the Math Department, or an HR professional located in Facilities).
3B.5	**Functional Support Staff:** Employees were coded as Finance, HR, Research Administration, or Information Technology using their department and job title, with job title taking precedence (e.g., an IT analyst located in the Human Resources department is considered an IT employee)
3B.5	**Generalists:** Generalists were coded by title. Example titles are found on page 19.
3B.5	**Post-Award staff:** Any employee in the research administration with post-award function title was included (e.g., Post-Award, Compliance, Grant Accounting, Grants/Contract Specialist, Sponsored Project Administrator).
3B	**Salary and Benefits:** The most recent available fringe rates (FY19) were used to calculate fully-loaded salaries at each institution: https://www.uidaho.edu/finance/budget-office/fringe-benefits https://vpfa.boisestate.edu/budget-and-planning/fringe-rates/ https://www.isu.edu/research/research-support/osp/financial-rates/ http://www.lcsc.edu/budget/
3B.5	**Senior/Academic Admins:** Senior Admins: Assistant/Associate Director and above, Academic Admins: Assistant/Associate Dean and above
3B.5	**Tier 1 IT:** Tier 1 IT employees were identified by title. Titles include: Tech Support Specialist, Tech Support Specialist Team Lead, IT Support Technician, Technology Solutions Partner

APPENDIX I: NOTES REPOSITORY

WORKFORCE ANALYSIS (2/2)

Reference	Note
	Data Exclusions
3B.3	**Spans and Layers analysis:** Spans and Layers analysis is derived from the personnel file. Headcount excludes students, temporary workers, adjuncts, and secondary jobs, as well as **faculty and athletic admins**. Faculty admins (deans, assistant deans, etc.) are included. Additionally, faculty and athletic admins who supervise administrative employees are counted as supervisors. Any individual that was missing supervisory data at any level was excluded from this analysis (n=97).
3B.4	**Functional Support Staff analysis:** This analysis excludes students, temporary workers, adjuncts, secondary jobs and senior admins.
	Analysis Notes
3B.3	**Spans and Layers:** Supervisory structure determined by supervisor listed for each employee in the personnel file
3B.4	**Functional Staff Optimization/Centralization Savings**: Savings were generated by multiplying the FTE above the Optimum Ratio by the median fully-loaded salary for that category. The savings range represents the generated point estimate +/-20%.

APPENDIX I: NOTES REPOSITORY

PURCHASING ANALYSIS

Reference	Note
3C	Vendor payments for P-Cards and fleet cards were removed when combining the various data sources to avoid duplication of spend data.
3C	Individual reimbursements were recorded in the universities' spend under the individual names. These entries were normalized to a single vendor name "Individual Payment" and were not included in categorized spend analysis.
3C	Huron was provided with a revised data set for Boise State University reflecting AP spend. This new data file may not reflect all AP spend for BSU. Detailed data discussions suggest that potential exclusions impact types of spend categorized as non-addressable and thus not included in detailed analysis and savings opportunity calculations. Huron reviewed and validated original and revised data sets with procurement departments from each in-scope institution.
3C	<u>Huron's Purchasing Analysis Process (Summary)</u> 1. Submit data request and review data provided by institutions 2. Conduct stakeholder interviews and request clarification 3. Remove duplicate data (e.g., payment to P-Card vendors in addition to total P-Card transactions) 4. Categorize data into Level I and Level II based on Huron's taxonomy a. Level I example: Administrative (High-Level) b. Level II example: Office Supplies (Detail) 5. Categorize by addressable, non-addressable , and non-categorized spend based on Huron's expertise in strategic sourcing and supplier contract negotiation a. Addressable spend example: Office Supplies b. Non-addressable spend example: Payments to the state government c. Non-categorized spend example: Payments to an individual or unknown supplier 6. Validate categorizations with client 7. Recommend approach over time based on anticipated value and effort required

APPENDIX II: INTERVIEW LIST

BOISE STATE UNIVERSITY (1/2)

Name	Title
Alicia Estey	Senior AVP Campus Operations
Alexis Rowland	Senior Business Manager
Brian Bolt	Deputy CIO
Corbin Harp	Business Manager, College of Business and Economics
Corey Cook	Dean, School of Public Service
Diana Esbensen	Business Manager, College of Education
Evelyn Redshaw	Senior Business Manager, College of Arts and Sciences
Greg Hahn	AVP Communications and Marketing
Jo Ellen DiNucci	AVP Finance and Administration
JoAnn Lightly	Dean, College of Engineering
Leslie Durham	Interim Dean, College of Arts and Sciences
Leslie Webb	VP Student Affairs
Lynn Harrsch	Senior Business Manager
Mark Bannister	Interim Dean, College of Business and Economics
Mark Heil	CFO, VP Finance
Mark Wheeler	Dean, Division of Extended Studies

Note: some stakeholder interviews included more than one participant listed above.

APPENDIX II: INTERVIEW LIST

BOISE STATE UNIVERSITY (2/2)

Name	Title
Marty Schrimpf	Interim President
Matt Wilde	General Counsel
Max Davis-Johnson	CIO
Randi McDermott	COO, VP Campus Operations
Rich Osguthorpe	Dean, College of Education
Rob Pangaro	Business Ops Manager, College of Business and Economics
Roger Brown	Director, Government and Community Relations
Shawn Miller	AVP Human Resources
Terri Spinazza	Purchasing Director
Tim Dunnagan	Dean, College of Health Sciences
Tony Roark	Interim Provost, VP Academic Affairs
Troy Haan	Director, Development and BIRS
Focus Group: Administrative Support Staff	---

Note: some stakeholder interviews included more than one participant listed above.

APPENDIX II: INTERVIEW LIST

IDAHO STATE UNIVERSITY (1/3)

Name	Title
Adam Jacobsmeyer	Executive Director of Treasury, Business Services & Policy
Angie Dangerfield	University Business Officer, College of Arts and Letters
Anita Smith	Dean, College of Nursing
Bob Hite	Interim Controller
Brian Hickenlooper	Interim CFO
Brian Sagendorf	Director, Human Resources
Cheryl Hanson	AVP Facilities Services
Chris Owens	Interim Dean, College of Pharmacy
Cornelis Van der Schyf	VP Research
Craig Thompson	Housing Director
David Buck	Director, Purchasing Services
Deb Gerber	University Business Officer, College of Business, Library
Fred Parish	University Business Officer, College of Science and Engineering
George Casper	Director of Events
Jim Kramer	University Business Officer, Athletics
Joanne Hirase-Stacey	General Counsel

Note: some stakeholder interviews included more than one participant listed above.

APPENDIX II: INTERVIEW LIST

IDAHO STATE UNIVERSITY (2/3)

Name	Title
Joe Wilcox	University Business Officer, Kasiska Division of Health Sciences
Kandi Turley-Ames	Dean, College of Arts and Letters
Karl Bridges	Dean, University Librarian
Kathleen Kangas	Dean, College of Rehab and Comm Sciences
Kathryn Hildebrand	Dean, College of Education
Kent Tingley	VP University Advancement
Kevin Satterlee	President
Laura McKnight	Dean, College of Health Professions
Laura Woodworth-Ney	Exec VP & Provost
Lisa Lewis Mangum	Director, Enterprise Applications
Lisa Leyshon	Associate Controller
Lyle Castle	Vice Provost Outreach, Dean for Idaho Falls
Lyn Redington	VP Student Affairs
Lynette Mitchell	AVP Finance
Michael Alvord	University Business Officer, College of Technology
Patricia Marincic	AVP ISU Meridian

Note: some stakeholder interviews included more than one participant listed above.

APPENDIX II: INTERVIEW LIST

IDAHO STATE UNIVERSITY (3/3)

Name	Title
Pauline Thiros	Interim Athletic Director
Randy Gaines	CIO
Ron Solbrig	Director, Health Center
Scott Rasmussen	Dean, College of Technology
Scott Scholes	AVP Enrollment Management
Scott Snyder	Dean, College of Science and Engineering
Staci Phelan	University Business Officer, Student Affairs
Stuart Summers	AVP Marketing and Comm
Tom Ottaway	Dean, College of Business
Focus Group: Administrative Support Staff 1	---
Focus Group: Administrative Support Staff 2	---

Note: some stakeholder interviews included more than one participant listed above.

APPENDIX II: INTERVIEW LIST

LEWIS CLARK STATE COLLEGE

Name	Title
Allen Schmoock	CIO/CTO
Andrew Hanson	VP Student Affairs
Celeste McCormick	IT Help Desk Manager
Cynthia Pemberton	President
Fred Chilson	Dean, School of Professional Studies
Jeff Ober	Dean, Career and Technical Education
Julie Crea	Sr Director, Budget Office
Logan Fowler	VP Comm/Marketing
Lori Stinson	Provost
Mary Flores	Dean, School of Liberal Arts and Sciences
Sheila Kom	Head of Procurement
Todd Kilburn	VP Finance, CFO
Tom Garrison	VP Facilities
Vikki Swift-Raymond	VP Human Resources
Focus Group: Administrative Support Staff	---
Focus Group: Enterprise System Stakeholders	---

Note: some stakeholder interviews included more than one participant listed above.

APPENDIX II: INTERVIEW LIST

UNIVERSITY OF IDAHO (1/2)

Name	Title
Brian Borchers	Lead, Enterprise Systems
Brian Foisy	VP Finance/CFO
Brian Johnson	VP Facilities
Cathy Roheim	Senior Associate Dean, College of Agriculture and Life Sciences
Chuck Staben	President
Dan Ewart	CIO
Dennis Becker	Interim Dean, College of Natural Resources
Ginger Carney	Dean, College of Science
Greg Cain	Interim AVP Auxiliary Services
Janet Nelson	VP Research
Janice Todish	Lead Business Officer, College of Letters, Arts, and Social Sciences
Joe Christensen	Lead Business Officer, College of Business and Economics
John Wiencek	Provost
Julia McIlroy	Director, Purchasing Services
Kent Nelson	General Counsel
Linda Campos	Controller

Note: some stakeholder interviews included more than one participant listed above.

APPENDIX II: INTERVIEW LIST

UNIVERSITY OF IDAHO (2/2)

Name	Title
Lisa Miller	Lead Business Officer, Auxiliary Services
Marc Chopin	Dean, College of Business and Economics
Margarita Cardon	Lead Business Officer, College of Agriculture and Life Sciences
Mellody Miller	Lead Business Officer, College of Science
Michael Parrella	Dean, College of Agriculture and Life Sciences
Sean Quinlan	Interim Dean, College of Letters, Arts, and Social Sciences
Stefany Bales	VP Comm/Marketing
Steve Hacker	Lead Business Officer, College of Natural Resources
Wes Matthews	Executive Director, Human Resources
Focus Group: Administrative Support Staff 1	---
Focus Group: Administrative Support Staff 2	---

Note: some stakeholder interviews included more than one participant listed above.

HURON

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IDAHO STEM ACTION CENTER

SUBJECT

STEM School Designation Recommendations

REFERENCE

December 2016	Board approved legislation to provide for the award of a science, technology, engineering and mathematics (STEM) school or STEM program designation.
April 2018	Board approved STEM School Designation standards for public schools and programs.
December 2018	Board received an update from the STEM Action Center on the process for identifying schools for STEM School Designation and a general update on the activities of the STEM Action Center.

APPLICABLE STATUTE, RULE, OR POLICY

Section 33-4701, Idaho Code

ALIGNMENT WITH STRATEGIC PLAN

Goal 3: Workforce Readiness, Objective A: Workforce Alignment

BACKGROUND/DISCUSSION

Section 33-4701, Idaho Code, was enacted by the legislature in 2017, establishing a STEM school designation to be earned by schools and programs that meet specific standards established by the State Board of Education (Board). Pursuant to Section 33-4701, Idaho Code, the Board is charged with awarding STEM school and STEM program designations annually to those public schools and programs that meet the standards established by the Board in collaboration with the STEM Action Center.

The Board approved STEM School Designation Standards at the Regular April 2018 Board meeting. As provided in the information at the April Board meeting, the Board approved STEM School Designation Standards aligned with AdvancED STEM School Certification Standards and Indicators. In June 2018 the STEM Action Center in collaboration with Board staff began planning for the Idaho STEM School Designation application process. Schools submitted materials to the AdvancED platform between August – October 2018. School site visits were conducted November 1 – 6, 2018 with AdvancED STEM Certification awarded at the conclusion of the visit based on the AdvancED STEM School Criteria. Due to the alignment between the AdvancED STEM School Certification requirements and the Idaho STEM School Designation Standards, any school receiving AdvancED STEM School Certification will have also met Idaho's standards for STEM School Designation.

Four schools applied for the Idaho STEM School Designation, and all were certified through the AdvancED process: Galileo STEM Academy and Barbara Morgan STEM Academy in West Ada, Temple View Elementary in Idaho Falls, and Bingham Academy in Blackfoot. The STEM Action Center Board is recommending the State Board of Education approve of all four schools for Idaho STEM School Designation. Schools receiving this designation are eligible to receive funds from the STEM Action Center.

IMPACT

There is no fiscal impact to the State Board of Education. The STEM Action Center will award $10,000 from its general fund appropriation in FY19 to each designated school. The STEM Action Center is anticipating this annual $10,000 award for the duration of the designation, and up to four additional years, pending annual appropriation.

ATTACHMENTS

Attachment 1 – STEM School Designation Recommendation

STAFF COMMENTS AND RECOMMENDATIONS

Pursuant to Section 33-4701, Idaho Code:

- The state board of education shall award STEM school and STEM schools and public school programs that meet the standards established by the state board of education in collaboration with the STEM Action Center.
- The STEM Action Center Board shall make recommendations annually to the State Board of Education for the award of a STEM school designation.
- STEM designations shall be valid for a term of five (5) school years. At the end of each designation term, a school may apply to renew its STEM designation. Schools may apply to expand a STEM program designation to a STEM school designation, in alignment with established deadlines, at any time during the term of the STEM program designation.

The STEM Action Center Board met on January 15th and is forwarding the schools identified in Attachment 1 for Board consideration.

Staff Recommends Approval

BOARD ACTION

I move to approve the request by the STEM Action Center Board to designate Galileo STEM Academy and Barbara Morgan STEM Academy in West Ada School District #2, Temple View Elementary School in the Idaho Falls School District #91, and Bingham Academy Charter High School in Blackfoot Idaho as STEM Schools.

Moved by __________ Seconded by __________ Carried Yes _____ No _____

Idaho STEM Certification Review Summaries
Prepared by AdvancED for
The Idaho STEM Action Center

Galileo STEM Academy, West Ada, Grades K-8

The AdvancED STEM Certification Review Team conducted an on-site review of Galileo STEM Academy on November 1-2, 2018. The school was well-prepared and provided the team with a wide variety of documents prior to the on-site visit including an Executive Summary, Narrative Summaries, and a Self-Assessment. While on-site, the team interviewed 41 stakeholders and formally observed 24 classrooms using the eleot®. The team also informally visited numerous classrooms and discussed STEM-related issues with members of the staff.

The STEM Certification Review Team found that the school is meeting the AdvancED Standard for STEM Certification. The Galileo team's average rating of the 11 STEM Indicators was 3.50 compared to the AdvancED average of 2.8 required for STEM Certification. Along with rating the Indicators, the team also identified four Powerful Practices. These Powerful Practices were related to positive school climate, collaboration opportunities for teachers, support of cross grade level activities, a STEM Advisory committee consisting of community business partnerships, and the opportunity for student interactions with STEM professionals.

As with any school, the STEM Certification Review Team also found some areas where the school could make its STEM program even stronger. One area identified as an Opportunity for Improvement was development of an assessment rubric with common components for all grade levels. The team also mentioned that the school might want to consider expanding the PLCs (Professional Learning Communities) for the staff. While PLCs are already in place, the staff and administration stated that this was an area of focus for improvement to sustain the work that is occurring.

In closing, the AdvancED STEM Certification Review Team commended all of the Galileo STEM Academy stakeholders for their hard work and dedication to implementing a high-quality STEM program for all students.

ATTACHMENT 1

Barbara Morgan STEM Academy, West Ada, Grades K-5

The AdvancED STEM Certification Review Team conducted an on-site review of Barbara Morgan STEM Academy on November 5-6, 2018. The school was well-prepared and provided the team with a wide variety of documents prior to the on-site visit including an Executive Summary, Narrative Summaries, and a Self-Assessment. While on-site, the team interviewed 64 stakeholders and formally observed 23 classrooms using the eleot®. The team also informally visited numerous classrooms and discussed STEM-related issues with members of the staff.

The STEM Certification Review Team found that the school is meeting the AdvancED Standard for STEM Certification. The BMSA team's average rating of the 11 STEM Indicators was 3.38 compared to the AdvancED average of 2.8 required for STEM Certification. Along with rating the Indicators, the team also identified four Powerful Practices. These Powerful Practices were related to the collaboration that has created a "culture of curiosity", common planning periods of 60 minutes for teachers to collaborate and develop interdisciplinary STEM projects and the support of EL (English Learner)program. In addition, the review team also found that the staff made a concerted effort to "get to know" the students and give the students a "voice" in school decision making with the development of a Student Leadership Team.

As with any school, the STEM Certification Review Team also found some areas where the school could make its STEM program even stronger. Two areas identified as Opportunities for Improvement were the development of more systematic protocols for the use of performance-based assessments and increasing the opportunities for students to participate in internships, mentorships, and job shadowing. The team also mentioned that the school might want to consider formalizing some of their processes for sustainability, increasing the use of differentiation in the classroom, developing a consistent engineering design model that could be used on a school-wide basis, and continuing to search for grant opportunities to support the STEM program.

In closing, the AdvancED STEM Certification Review Team commended all of the Barbara Morgan STEM Academy stakeholders for their hard work and dedication to implementing a high quality STEM program for all students.

ATTACHMENT 1

Temple View Elementary School, Idaho Falls, Grades PK-6

The AdvancED STEM Certification Review Team conducted an on-site review of Temple View Elementary School on November 1-2, 2018. The school was well-prepared and provided the team with a wide variety of documents prior to the on-site visit including an Executive Summary, Narrative Summaries, and a Self-Assessment. While on-site, the team interviewed 64 stakeholders and formally observed 17 classrooms using the eleot®. The team also informally visited multiple classrooms and discussed STEM-related issues with members of the staff.

The STEM Certification Review Team found that the school is meeting the AdvancED Standard for STEM Certification. The team's average rating of the 11 STEM Indicators was 3.27 with an average of 2.8 required for STEM Certification. Along with rating the Indicators, the team also identified four Powerful Practices. These Powerful Practices were related to collaboration opportunities for teachers, professional development activities directly related to STEM implementation, community partnerships, and student interactions with STEM professionals.

As with any school, the STEM Certification Review Team also found some areas where the school could make its STEM program even stronger. One area identified as an Opportunity for Improvement was related to the alignment of performance-based assessments with the curriculum being taught. The team also mentioned that the school might want to consider formalizing some of their processes for sustainability, expanding the range of technology tools used to support student learning, and developing a consistent engineering design model that could be used on a school-wide basis.

In closing, the AdvancED STEM Certification Review Team commended all of the Temple View Elementary School stakeholders for their hard work and dedication to implementing a high-quality STEM program for all students.

ATTACHMENT 1

Bingham Academy, Blackfoot, Grades 9 – 11 (currently)

The AdvancED STEM Certification Review Team conducted an on-site review of Bingham Academy on November 5-6, 2018. The school was well-prepared and provided the team with a wide variety of documents prior to the on-site visit including an Executive Summary, Narrative Summaries, and a Self-Assessment. While on-site, the team interviewed 51 stakeholders and formally observed 24 classrooms using the eleot®. The team also informally visited multiple classrooms and discussed STEM-related issues with members of the staff.

The STEM Certification Review Team found that the school is meeting the AdvancED Standard for STEM Certification. The team's average rating of the 11 STEM Indicators was 3.0 with an average of 2.8 required for STEM Certification. Along with rating the Indicators, the team also identified two Powerful Practices. These Powerful Practices were related to the collaborative culture that has led to many opportunities for inquiry-based learning for students and the structured opportunities for teachers to collaborate and develop interdisciplinary STEM projects. In addition to the Powerful Practices, the team also found that the staff made a concerted effort to "get to know" the students and meet the individual needs of all students.

As with any school, the STEM Certification Review Team also found some areas where the school could make its STEM program even stronger. Two areas identified as Opportunities for Improvement were the development of more systematic protocols for the use of performance-based assessments and increasing the opportunities for students to participate in internships, mentorships, and job shadowing. The team also mentioned that the school might want to consider formalizing some of their processes for sustainability, increasing the use of differentiation in the classroom, developing a consistent engineering design model that could be used on a school-wide basis, and continuing to search for grant opportunities to support the STEM program.

In closing, the AdvancED STEM Certification Review Team commended all of the Bingham Academy stakeholders for their hard work and dedication to implementing a high-quality STEM program for all students.