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<th>TAB</th>
<th>DESCRIPTION</th>
<th>ACTION</th>
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<tr>
<td>1</td>
<td>IDAHO STATE UNIVERSITY</td>
<td>Action Item</td>
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<td>Idaho Central Credit Union Bengal Alumni Center Financing Approval</td>
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<td>2</td>
<td>UNIVERSITY OF IDAHO</td>
<td>Action Item</td>
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<td>Alaska Airlines Air Service Agreement: Boise to Pullman</td>
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IDAHO STATE UNIVERSITY

SUBJECT
Idaho Central Credit Union Bengal Alumni Center Financing Approval

REFERENCE
August 2017  Idaho State University FY19 Six-Year Capital Project Plan approved
April 2018   The Idaho State Board of Education (Board) approved planning and design for the new Alumni Center.
February 2020 Board approved facility naming: “Idaho Central Credit Union Bengal Alumni Center”
August 2020  Board approved bidding and construction of the Idaho Central Credit Union Bengal Alumni Center for a total cost not to exceed $9,200,000.

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

BACKGROUND/DISCUSSION
Idaho State University (ISU) seeks approval from the Board to increase the maximum total cost of construction of the Idaho Central Credit Union Bengal Alumni Center to $11,700,000. Due to rapidly inflating labor and building material costs, the project bids came in significantly higher than anticipated at $11,700,000, which is $2,500,000 more than approved by the Board in August 2020.

ISU and the ISU Foundation have developed a fundraising strategy to cover the project cost escalation, so that the remaining funds will be raised during construction of the project. The ISU Foundation has agreed to serve as a guarantor of the contributions up to $2,500,000. ISU previously agreed to commit $2,000,000 of institutional reserves to the project to match a generous donor commitment of $2,000,000.

<table>
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<tr>
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<th>Amount</th>
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<tr>
<td>Philanthropic Support</td>
<td>$9,700,000</td>
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<tr>
<td>Idaho State University Reserves</td>
<td>$2,000,000</td>
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<tr>
<td>Total</td>
<td>$11,700,000</td>
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IMPACT
As ISU continues to focus aggressively on enrollment growth, fundraising, branding and image building, the new Idaho Central Credit Union Bengal Alumni Center will provide a state-of-the-art facility for the enhancement of those functions. The Center will enrich student recruitment and outreach efforts to
business and industry. In addition, approval of this project will fulfill a commitment made by ISU over a number of years to ISU donors who have provided the majority of the funding for the project.

STAFF COMMENTS AND RECOMMENDATIONS

Given significant increases in the cost of construction generally, and building materials in particular, Idaho State University finds itself in a challenging situation. Delays in the Idaho Central Credit Union Bengal Alumni Center project will likely only inflate costs to a greater degree, and it is imperative that ISU respond quickly to complete the project before the costs increase again above the current $369/square foot, including sitework, which the Division of Public Works has indicated is reasonable in the current building environment. Since the ISU Foundation is willing to serve as the guarantor to keep the cost locked in at the current increase, ISU has established a path forward without any greater investment of University reserves or the need for financing. Staff recommends approval.

BOARD ACTION

I move to approve the request by Idaho State University to proceed with construction of the Idaho Central Credit Union Bengal Alumni Center for a total cost not to exceed $11,700,000.

Moved by __________ Seconded by __________ Carried Yes _____ No _____
UNIVERSITY OF IDAHO

SUBJECT
Alaska Airlines Air Service Agreement: BOI – PUW

APPLICABLE STATUTE, RULE, OR POLICY
Idaho State Board of Education Governing Policies & Procedures, Section V.I.3

BACKGROUND/DISCUSSION
This authorization request seeks to allow the University of Idaho (UI) to enter into an Air Service Agreement with Alaska Airlines, Inc. (Alaska) to provide regularly scheduled direct air service between Boise Airport (BOI) and Pullman-Moscow Airport (PUW). UI seeks to establish regular, scheduled air travel from southern Idaho to north central Idaho to expedite travel to and from our state capital for students, families, employees, and business partners.

To incentivize a new destination and flight schedule from BOI to PUW, UI would agree to guarantee revenue to Alaska Airlines for a maximum of $500,000 per year for three years (maximum of $1.5 million) if revenue from scheduled flights does not exceed the minimal profitability level agreed to by both parties.

IMPACT
University of Idaho’s Moscow campus is a destination residential campus. To significantly grow enrollment, we need to provide safe, reliable, travel options to our potential and current students. The narrow highway drive - during winter months - from Boise to Moscow is frequently mentioned by parents as a key factor in deciding which higher education institution their child will attend. This flight is critical to our future success.

Having this flight would also further UI’s research mission on the march to reaching R1 status by providing access for our faculty and staff to conduct business travel - especially for our faculty located at the 50+ locations across the state (including many employees in south and south east Idaho). This flight will be an important connector between the Moscow and Boise locations as we continue to deliver world-class educational opportunities to Idaho’s citizens at both our destination campus in Moscow and metropolitan-based location in Boise.

Availability of direct flights between Moscow and Boise would service communities covering a large geographic area across Idaho and benefit the University and both the Boise and Moscow local economies at a relatively low financial risk.

ATTACHMENTS
Attachment 1 – Boise, ID – Pullman, WA Air Service Agreement
BOARD STAFF COMMENTS AND RECOMMENDATIONS
The changes in service in the Moscow/Pullman and Lewiston/Clarkston have created challenges for traveling from that area elsewhere without incurring greater cost. The ability for faculty and staff to travel more economically both in cost and time would provide great benefit to institutional operations and could be a factor in recruitment efforts with students as well. The University of Idaho’s commitment to support the community would not only create efficiencies, it would generate a spirit of goodwill for residents in those four metropolitan areas. Staff recommends approval.

BOARD ACTION
I move to approve the request by the University of Idaho to enter into a contract with Alaska Airlines to guarantee revenue for three years at a cost not to exceed $500,000 per year or $1,500,000 over the three years of the contract in substantially the same form set forth in Attachment 1; and further, to authorize the Vice President for Finance and Administration to execute all necessary transaction documents for completion of the contract.

Moved by __________ Seconded by __________ Carried Yes _____ No ______
THIS AIR SERVICE AGREEMENT (this “Agreement”) made and entered into as of May XX, 2021 (the “Effective Date”) by and between Alaska Airlines, Inc., an Alaska Corporation (“Alaska”), and the Regents of the University of Idaho (“University”), a body politic and corporate organized and existing under the constitution and laws of the State of Idaho in Moscow, ID.

WHEREAS, University is interested in promoting the air service between Boise and Pullman, and

WHEREAS, Alaska is a major airline serving the United States, Canada, Mexico, Costa Rica, and Belize; and

WHEREAS, Alaska is willing to provide scheduled air service between Boise, Idaho (“BOI”) and Pullman, WA (“PUW”), on the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the above recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Scheduled Service. Alaska shall provide scheduled air service (operated by SkyWest Airlines, Inc. or Horizon Air Industries, Inc.) on the routes and schedules and during the “Service Period” specified in Exhibit A, as may be amended from time to time, using Embraer E-175, Bombardier Q400, or similar equipment (each flight between PUW and BOI on a single day is hereinafter referred to as a “Scheduled Flight” and all such flights are hereinafter referred to collectively as “Scheduled Flights”).

   Flight schedules between PUW and BOI will be set in Alaska’s sole discretion, based upon aircraft, staff, crew, and gate availability and weather and season changes and other operational factors. Alaska will publish its BOIPUW flight schedules in advance in accordance with its standard practices. Alaska agrees to establish fares for the Scheduled Flights that are consistent with its current practices and competitive within the industry.

2. Guarantee Amount. University hereby guarantees to compensate Alaska up to the Guarantee Cap (as defined on Exhibit A), in accordance with Section 3 below, for operating the Scheduled Flights during the Service Period. For purposes of this Agreement, “Revenue” is defined as the actual passenger revenue Alaska receives for a Scheduled Flight, including revenue from frequent flier program award tickets and ancillary revenues derived from baggage fees and on-board food and beverage sales and any other revenue received by Alaska for each Scheduled Flight. “Aggregate Revenue” is defined as the sum of all Revenue for all Scheduled Flights actually operated by Alaska, SkyWest, or Horizon during the Service Period. “Actual Costs” are defined as the sum of Alaska’s reported costs of operating each of the Scheduled Flights during the Service Period plus a premium of 10%. By way of example only, if the cost of operating a Scheduled Flight is $10,000, the Actual Cost of that Scheduled Flight will be $11,000.
3. Payment of Guarantee Amount. At the conclusion of the Service Period set forth in Exhibit A, or upon early termination of this Agreement, if applicable, Alaska shall make the following calculations:
   i. For all completed Scheduled Flights between PUW and BOI during the BOIPUW Service Period, Alaska shall calculate its Aggregate Revenue for those Scheduled Flights and subtract from that amount its Actual Costs.

If there is a deficit collectively in the calculations in Section 3(i) above, then University shall remit to Alaska the amount of any deficit (the “Guarantee Amount”). By way of example only, if under Section 3(i) above, the Aggregate Revenue is $1,000,000 and the Actual Costs are $1,200,000, then the University shall remit to Alaska $200,000. Alaska is eligible to accrue the Guarantee Amount to a maximum of $500,000 per year, for a maximum of $1,500,000 from the start-date through to the end-date of the Service Period. For clarity, if the payout in year one is $200,000, the Guarantee Amount for years two and three remain at $500,000 per year, and in this case the maximum Guarantee Amount for the Service Period would then be $1,200,000. University shall remit the Guarantee Amount within thirty (30) business days of receipt of Alaska’s invoice. Said invoice shall be provided by Alaska no later than thirty (30) days after the anniversary of the beginning of Service Period. For clarity, invoices shall be provided by Alaska within thirty (30) days after August 16, 2022, August 16, 2023, and August 16, 2024. In the event that this Agreement is terminated before the conclusion of the Service Period shown on Exhibit A, Alaska will calculate the Guarantee Amount due, if any, based on the number of Scheduled flights operated by Alaska from the Effective Date up to and including the termination date.

University’s total payments under this Agreement for the Service Period will be limited to the Maximum Guarantee Amount shown in Exhibit A (the “Guarantee Cap”).

Alaska’s calculation of the Guarantee Amount due under this section shall be binding and conclusive, provided that University shall have the right, upon reasonable notice, and at University’s sole expense, to examine the business records of Alaska relating to such calculation, and to dispute the amount within thirty (30) days if this examination reveals material errors or irregularities in Alaska’s accounting practices. Such right to examine Alaska’s records and dispute the amount payable shall be waived if not exercised within thirty (30) days of the date of receipt of each invoice by University or if payment is actually submitted in the amount claimed by Alaska.

4. Operational Responsibility. Except for the obligation to pay Alaska the Guarantee Amount, University and all affiliated entities hereby disclaim any and all liability to passengers or other third parties associated with the Scheduled Flights. Alaska bears sole responsibility for the operation of the Scheduled Flights, including the decision whether or not to operate a Scheduled Flight, and any liability resulting therefrom.

5. Expiration; Termination. This Agreement shall expire on the “Expiration Date,” which shall be defined as the later of:
   i. the conclusion of the Service Period; or
   ii. the date on which University has paid, and Alaska has received, the Guarantee Amount if Alaska is entitled to a portion or all of the Guarantee Amount.

Either party may terminate this Agreement without penalty not less than thirty (30) days prior to the commencement of the Service Period in the event that either party determines, in its business judgment, that advance bookings for the Scheduled Flights do not justify implementation of the service.

Notwithstanding the foregoing, in the event either party materially breaches any term of this Agreement, the other party may terminate this Agreement by giving the breaching party thirty (30) days’ written
notice. Alaska may also terminate this Agreement early based upon the unavailability of aircraft, staff, crew, or gates or other operational factors, by giving University thirty (30) days’ written notice. If University elects to terminate this Agreement early, in addition to other amounts specified in this Agreement, University shall reimburse Alaska for all crew and passenger re-accommodation costs it incurs relating to passengers already ticketed.

6. **Non-Disclosure.** The parties agree to preserve as confidential any confidential or proprietary information of the other party, except for such disclosures that are required in connection with the party’s performance of this Agreement or by law, including, without limitation, the Idaho Public Records Act. Neither party shall have the right to use the other party’s name, logo or marks without the express written permission of the other party.

7. **Assignment.** This Agreement and the rights and obligations created hereunder shall not be assigned by any party without the prior written consent of the other parties.

8. **Best Efforts in Promotional Activities.** The parties agree that they will use their best efforts, at their own expense, to promote the Scheduled Flights in such a way as to maximize the public awareness of the availability of the Scheduled Flights.

9. **Governing Law.** This Agreement shall at all times be subject to federal, state, and local laws and to all applicable rules and regulations of any governmental agencies or other entity with oversight authority. No party shall be liable to any other party if it is prevented from fulfilling its obligation under this Agreement by reason of any such law, rule or regulation. This Agreement shall, in all respects, and unless otherwise provided for herein, be governed by and construed in accordance with the laws of the State of Idaho. The parties agree that any dispute resolution will be resolved solely in the District Court for the State of Idaho, in and for Latah County or other venue as the parties may both agree.

10. **Insurance.**

   (i) Alaska. At all times during the term of this Agreement, Alaska shall carry and maintain, at its sole cost and expense, airline liability insurance with aggregate limits of at least $250,000,000 USD for personal injury (including without limitation bodily injury and death) and property damage, including a waiver of subrogation in favor of the University. The University will be provided thirty (30) days advance written notice in the event of cancellation, termination or adverse material modification of the required insurance coverages contained herein, and shall name the University, and its officers, directors, employees, and agents hereunder as additional insureds.

   (ii) University. The University’s liability is governed by the Idaho Tort Claims Act, chapter 9, Title 6, Idaho Code. Per Idaho Code § 6-926, the University’s liability is limited to $500,000 per occurrence or accident. The University provides liability coverage through a self-funded program administered by the Idaho Bureau of Risk Management.

11. [intentionally omitted]

12. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof. This Agreement may be modified or amended only by writing signed by the party(ies) against which enforcement of the modification or amendment is sought.

13. **Notices.** Any notice required to be given by either party to the other pursuant to this Agreement shall be in writing and shall be deemed to have been properly given if delivered in person, transmitted by email with prompt confirmation of receipt, sent by overnight delivery or sent by registered or certified
mail, return receipt requested, addressed to the other party at the following address, and shall be deemed to have been given on the day so delivered, transmitted or mailed:

To Alaska:

Alaska Airlines, Inc.
Attn: Brett Catlin, VP of Alliances & Capacity Planning
19300 International Blvd
Seattle, WA 98188
Email: brett.catlin@alaskaair.com

To University of Idaho:
Attn: Brian Foisy, Vice President for Finance and Administration
875 Perimeter Dr., MS 3168
Moscow, ID 83844-3168
Email: brianfoisy@uidaho.edu

Either party will have the right to change their representative and address for notice to any other location by giving at least five (5) business days’ prior written notice to the other party in the manner set forth above.
IN WITNESS WHEREOF, the parties hereto have caused their undersigned, duly authorized representatives to execute this Agreement as of the Effective Date.

ALASKA AIRLINES, INC.

By: __________________________
Brett Catlin
Vice President, Alliances & Capacity Planning

Regents of the University of Idaho

By: __________________________
Name: Brian Foisy
Title: Vice President for Finance and Administration

At a meeting on __________, 2021, the Regents of the University of Idaho approved the execution of this agreement.
EXHIBIT A
(August 17, 2021- August 16 2024 Service period)

Scheduled Service between:
Pullman, WA (PUW) – Boise, ID (BOI)

Service Period:
BOIPUW: August 17, 2021 – August 16, 2024

Frequency (Round-trips/day):
BOIPUW: 5x weekly. (Monday, Wednesday, Thursday, Friday, Sunday)

Maximum Guarantee Amount payable in total by University (“Guarantee Cap”):
$500,000 per year, for a total maximum of $1,500,000