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SUBJECT
Board Policy V.H., Audit, Risk and Compliance Committee and V.Y. Compliance Programs – First Reading

REFERENCE
June 2005 Board approved first reading updating policy to bring it into alignment with creation of Audit Committee.
August 2005 Board approved second reading of policy.
December 2008 Removal of ISDB, Historical Society and Commission from all applicable policies.
December 2015 Board approved first reading of amended policy dealing with audits of agencies under Board jurisdiction.
April 2016 Board approved second reading of policy amendments.

APPLICABLE STATUTE, RULE, OR POLICY
Idaho State Board of Education Policies V.H. and V.Y.

BACKGROUND/DISCUSSION
At its June 7, 2022 meeting, the Audit Committee provided final comments on amendments to Board Policy V.H. and the repeal of Board Policy V.Y. The changes move the provisions of Policy V.Y. to Policy V.H. and change the title of the Audit Committee to the Audit, Risk and Compliance Committee to better reflect the scope of the committee’s work.

The amendments include:
- Incorporating key portions of the audit committee charter into board policy and board bylaws. The separate audit committee charter will be eliminated, and Board Policy V.H. and the bylaws will serve as the audit committee charter going forward.
- Providing changes to internal audit sections needed to meet professional internal audit standards and to reflect the new consolidated structure.
- Aligning audit-related sections of Board Policy V.H. and the bylaws.
- Adding general language addressing the consolidated risk management function.
- Moving Committee responsibilities into one policy section.
- Adding language to provide for co-sourcing audit arrangements.
- Updating language related to confidential reporting lines.
- Providing general updates to Board Policy V.H.

The Audit Committee section of the Board’s bylaws was amended and presented to the Board as a first reading at the August 24, 2022 meeting. The second reading of the Board’s bylaws will be considered at this Board meeting through the Policy, Planning, and Governmental Affairs portion of the agenda.

IMPACT
Approval of the proposed amendments would provide foundational guidelines for the newly created Internal Audit function at the Office of the State Board of Education (OSBE) and clarify processes and procedures related to the Board’s audit, risk and compliance functions.

ATTACHMENTS
Attachment 1 – Redline of Board Policy V.H., Audits – First Reading
Attachment 2 – Redline of Board Policy V.Y., Compliance Programs – First Reading - Repeal

BOARD STAFF COMMENTS AND RECOMMENDATIONS
These changes have been vetted through the Audit Committee. A Chief Audit Executive is currently on staff at OSBE, and he works with audit employees at the four-year institutions. The institution audit staff continue to work on their campuses under the management of the Chief Audit Executive, and they will become OSBE employees pending approval of the FY 2024 budget request.

Staff will continue to work with the Audit Committee and institution staff to clarify and refine OSBE’s risk management plan and how it relates to the work of the committee.

Staff recommends approval.

BOARD ACTION
I move to approve the first reading of Board Policy V.H. and to repeal Board Policy V.Y. as presented in Attachments 1 and 2.

Moved by __________ Seconded by __________ Carried Yes _____ No _____
1. General Purpose and Governance

The Audit, Risk and Compliance Committee (Committee) is established as a standing committee of the Board under Idaho State Board of Education, Policies and Procedures, Section I. Bylaws appointed by the Board in fulfilling its to provide fiscal, compliance and risk management oversight responsibilities. The Committee provides oversight to the organizations under its governance (defined in Idaho State Board of Education, Policies and Procedures, Section I. A.1.) for: financial statement integrity, financial practices, internal control systems, financial management, risk management, compliance and standards of conduct. This policy and relevant sections of the Board's bylaws serve as the audit charter for the Audit, Risk and Compliance Committee.

The Committee serves as the Board's liaison with its external auditors, regulatory auditors, the internal audit and risk management functions of the Office of the Board of Education, and with compliance officers of and with the external and internal audit operations of the agencies and institutions. The Committee reviews agency and institution fiscal operations. The Committee also reviews institutional procedures for controlling operating risks and oversees compliance activities. The Committee chairperson reports periodically to the Board on the activities of the Committee, including any recommended changes or additions to the Board's policies and procedures through the Business Affairs and Human Resources Committee. The Committee is authorized to act on applicable items that do not require Board approval.

2. Calendar

The Committee shall establish a calendar of all regularly scheduled meetings including meetings Committee chairperson (or designee) reports to the Board, the independent auditors, institutions, and others as appropriate. The Committee should take into consideration the requirements and due dates of other State agencies in establishing timelines.

3. Audit Committee

a. Membership

Each member of the Committee shall be in good standing, and shall be independent in order to serve on the Committee. The Committee minutes will indicate whenever a new
member is appointed by the Board as well as an acknowledgement that independence has been verified for the new member. Affirmation of independence will be documented in the minutes annually or whenever a change in status by any Committee member occurs.

b—Financial Expert

At least one member of the Committee shall be designated as a financial expert and indicated in the Committee minutes. This designation shall be affirmed annually, unless there is a change in status.

c—Board Bylaws on Audit Committee

The Committee will review, reassess the adequacy of, and recommend any proposed changes to the Board annually, unless changes are needed during the course of the year, in light of new best practices and new legal requirements.

Meetings

The Committee shall meet at least four times per year and may be combined with regularly scheduled Board meetings or more frequently as circumstances may require. The Committee may require institution management or others to attend the meetings and provide pertinent information as necessary. All members are expected to attend each meeting in person, via telephone conference or videoconference. The agendas for meetings should be prepared and provided to members in advance, along with appropriate briefing materials. Minutes shall be prepared that document decisions made and action steps established and shall be maintained at the Board office.

4.3. Selection of External Independent Auditors

Items 3, 4 and 5 apply to the institutions only (Boise State University, Idaho State University, University of Idaho, and Lewis-Clark State College, and Eastern Idaho Technical College).

d.a. The Committee shall allow enough time to prepare and publish a Request for Proposal, review and evaluate proposals, obtain Board approval of the selected audit firm, and negotiate and authorize a contract.

e.b. The Committee may establish a process for selecting an independent external audit firm. The process used should include representatives from the Board, Committee, and institutions.

f.c. The Committee shall make the selection of the recommended external audit firm.
d. The selection of the new external audit firm shall be presented to the Board and ratified for approval at the next Board meeting following the Committee’s recommendation.

g-e. An annual review of external auditor performance and fees shall be conducted.


a. Lead Partner Rotation

b. Lead Audit Partner Rotation

It is the intent of the Board to adhere to the recommendation of the National Association of College and University Business Officers (NACUBO) to require rotation of the lead audit partner of the independent external audit firm every five years, with a two-year timeout provision. The Committee shall establish when the five-year limit will be reached for the current lead audit partner. At least one year prior to that time, the Committee shall discuss transition plans for the new lead audit partner. The five-year limit will be reviewed annually with the independent external auditors. These discussions shall be documented in the Committee meeting minutes.

c. Prior to the publication of the independent auditor’s report, the Committee will review all material written communications between the independent auditors and institution management, including management letters and any schedule of unadjusted differences. The Committee shall conclude on the appropriateness of the proposed resolution of issues, and the action plan for any items requiring follow-up and monitoring. The Committee shall review these risks with institution management at each meeting or sooner, if necessary, to make sure it is up-to-date.

d-b. Audit Scope

i. Prior to External Audit: Prior to the start of any audit work for the current fiscal year, the Committee will meet with the lead external audit partner to review the audit scope. Questions related to audit scope may include significant changes from prior year, reliance on internal controls and any internal audit function, assistance from institutional staff, and changes in accounting principles or auditing standards. The Committee should also discuss how the audit scope will uncover any material defalcations or fraudulent financial reporting, questionable payments, or violations of laws or regulations. Areas of the audit
deserving special attention by the Committee and issues of audit staffing should be reviewed.

ii. Prior to the publication of the external auditor’s report, the Committee will review all material written communications between the external auditors and institution management, including management letters and any schedule of unadjusted differences. The Committee shall conclude on the appropriateness of the proposed resolution of issues, and the action plan for any items requiring follow-up and monitoring. The Committee shall review these risks with institution management at each meeting or sooner, if necessary, to make sure it is up-to-date.

iiii. Subsequent to Audit: Subsequent to the external audit report, the Committee shall meet with the lead external audit partner and the Chief Financial Officer of each institution, to review the scope of the previous year’s audit, and the inter-relationship between any internal audit function and the external auditors with respect to the scope of the independent-external auditor’s work. Prior to the start of interim work for the current year audit, the Committee shall review the plans for the audit of the current year.

e.c. Accounting Policies

Annually and/or in conjunction with the year-end external audit, the Committee shall review with the lead external audit partner all critical accounting policies and practices and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the institutions, the ramifications of each alternative, and the treatment preferred by each institution.

f.d. Financial Statement Review

At the completion of the independent-external audit, the Committee shall review with institution management and the independent-external auditors each institution’s financial statements, Management’s Discussion and Analysis (MDA), related footnotes, and the independent-external auditor’s report. The Committee shall also review any significant changes required in the independent-external auditor’s audit plan and any serious difficulties or disputes with institution management encountered during the audit. The Committee shall document any discussions, resolution of disagreements, or action plans for any item requiring follow-up.

g-e. Single Audit Review
At the completion of the Single Audit Report (as required under the Single Audit Act of 1984, and the Single Audit Act Amendments of 1996), the Committee shall review with institution management and the independent external auditors each institution’s Single Audit Report. The Committee shall discuss whether the institution is in compliance with laws and regulations as outlined in the current Single Audit Act described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement. The Committee shall report to the Board that the review has taken place and any matters that need to be brought to the Board’s attention. The Committee shall document any discussions, resolution of disagreements, or action plans for any item requiring follow-up.

5. Internal Audit (Internal Audit and Advisory Services – IAAS)

a. The Committee shall IAAS reports functionally to the Committee and administratively to the Board’s Executive Director. The Committee shall have sole oversight of internal audit related activities. The internal audit function will be administered by a Chief Audit Executive (CAE) within the Office of the State Board of Education. Institutions are prohibited from establishing their own internal audit functions. The Committee shall:

i. Ensure that IAAS works under an internal audit charter, reviewed annually by the Committee
ii. Ensure the functional independence of IAAS
iii. Consult with the executive director on the appointment of a CAE to oversee administration of IAAS
iv. Consult with the executive director on termination or discipline of the CAE
v. Provide input into the performance review of the CAE
vi. Approve and provide feedback on an annual audit plan submitted by the CAE
vii. Advise the Board about increases and decreases to internal audit resources needed to carry out internal audit activities
viii. Receive and review an annual performance report on internal audit activities from the CAE.
ix. Review internal audit’s conformance to the International Standards for the Professional Practice of Internal Auditing (“Standards”) published by the Institute of Internal Auditors (“IIA”).

b. IAAS shall have free and unrestricted access to institutional personnel, buildings, systems and records needed to perform internal audit work. The Committee shall review and resolve any difficulties encountered by internal audit staff during the course of internal audit work, including restrictions on scope or access to personnel, buildings, systems or records.
c. IAAS will maintain a quality assurance and improvement program that covers all aspects of IAAS operations. The program will include an evaluation of IAAS’s conformance with the Standards and an evaluation of whether internal auditors apply the IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of IAAS and identify opportunities for improvement.

The CAE will communicate to the Committee IAAS’s quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment from outside Idaho higher education.

6. Review with institution management any significant findings on internal audits from the preceding 12 months and planned for the upcoming six months along with the status of each planned audit and management’s responses thereto. The Committee shall review any difficulties the institution’s internal audit staff encountered in the course of their audits, including any restrictions on the scope of their work or access to required information. The Committee shall discuss any internal audit function’s budget and staffing.

7. Other Audits

a. Legislative Audits

i. All state agencies under the Board’s jurisdiction, excluding the State Department of Education, will receive financial statement audits and federal single audits in accordance with federal and state laws and regulations. The Committee must be informed immediately by an agency of any audit activity being conducted by the legislative auditor.

ii. At the completion of the legislative audit, the Committee shall discuss with the legislative auditor the progress of the legislative audit, including a full report on preliminary and final audit findings and recommendations.

b. Employee Severance Audits

When key administrative personnel leave an agency or institution, the Committee may bring to the full Board a recommendation as to whether an audit should be conducted and the scope of the audit.

c. Other External Audits and Reviews
The Committee is authorized to engage the services of outside auditors or evaluators to perform work used to supplement the work of the Committee, to assess compliance with laws and regulations, or to assess business processes.

9.7. Confidential Complaints Reporting Lines

a. The Committee shall ensure the institutions have reporting mechanisms in place to provide for anonymous and confidential reporting of compliance issues. Such mechanisms include, but are not limited to, the use of external reporting hotlines. The Committee shall review the effectiveness of institutional processes used to resolve reports received through reporting mechanisms.

b. Reports of accounting, internal control or auditing matters

i. The Committee shall set up a process to investigate complaints or reports received by the Board or institutions regarding accounting, internal accounting controls, or auditing, or other matters that may be submitted by any party internal or external to any entity under its governance areas of concern.

ii. The Committee shall review the procedures for the receipt, retention, timely investigation and proper treatment of complaints, referenced in the preceding paragraph 7.a., received by the Board. The Committee shall review an original of each complaint received, no matter the media used to submit and discuss the status or resolution of each complaint. The Committee shall ensure that proper steps are taken to investigate complaints and resolve timely. The Committee shall review a cumulative list of complaints submitted annually to review for patterns or other observations.

8. Risk Management

The Committee shall provide oversight of a system-wide risk assessment/risk management program. To accomplish this, the Committee shall:

a. Consult with the executive director on the appointment of a system-wide Risk Manager;

b. Monitor and periodically review processes established by the system-wide Risk Manager and institutions to implement effective risk management activities;

c. Periodically receive reports/presentations from the system-wide Risk Manager;

d. If necessary, receive reports from institution employees who oversee departments that manage key risk areas.

9. Compliance

a. General
The Board is committed to ethical conduct and to fostering a culture of compliance with the laws and regulations which apply to the institutions and agencies under its governance.

b. Compliance Program

Each institution shall designate a chief compliance officer, approved by the Committee, and shall ensure that the institution establishes a compliance program to be approved by the Committee which must address, at a minimum, the following:

i. A code of ethics which applies to all employees.

i. A published and widely disseminated list or index of all major compliance areas and responsibilities, categorized and prioritized based on the risks, probability, and negative impact of potential events.

ii. A mechanism for coordinating compliance oversight, monitoring and reporting. This includes a management level group or individual with authority to examine compliance issues and assist the chief compliance officer in investigating, monitoring, and assessing compliance and/or recommending policies or practices designed to enhance compliance.

ii. A means of assuring institutional policies are regularly reviewed for compliance with current federal and state laws and regulations and Board policies.

ii. Provision of training to educate employees on the laws, regulations and institution policies that apply to their day-to-day job responsibilities.

c. Reporting

i. The chief compliance officer of each institution will prepare and submit a semi-annual compliance report in January and July, on a confidential basis, to Board counsel and the Committee noting all material compliance matters occurring since the date of the last report, and identifying any revisions to the institution’s compliance program.

For purposes of this policy, a compliance matter shall be considered material if any of the following apply:

1) The perception of risk creates controversy between management and the internal auditor.
2) It could have a material impact on the institution’s financial statements.
3) It is or could be a matter of significant public interest or that carries risk of significant reputational damage.
4) It may be reported in an external release of financial information.
5) It relates to key controls over financial information that are being designed or redesigned, have failed, or otherwise are being addressed by the organization.
6) It involves fraud related to management.
7) It leads to correction or enforcement action by a regulatory agency.
8) It involves potential financial liability in excess of $25,000.

   Notwithstanding the foregoing, a compliance matter with financial liability in excess of two hundred thousand dollars ($200,000) must be reported to the Committee as soon as reasonably practicable. A de minimis compliance matter need not be reported to the Committee at any time. A violation will be considered de minimis if it involves potential financial liability of less than twenty-five thousand dollars ($25,000) and is a matter that has not been recurring or is not otherwise indicative of a pattern of noncompliance. For purposes of this subparagraph, “potential financial liability” means the estimated obligation by the institution to another party resulting from noncompliance.

Compliance concerns at agencies under the governance of the Board shall be reported to the Committee by the Board’s Executive Director when, in his/her discretion, the matter presents material ethical, legal, or fiduciary responsibilities or obligations.
1. General

The Board is committed to ethical conduct and to fostering a culture of compliance with the laws and regulations which apply to the institutions and agencies under its governance.

2. Compliance Program

Each institution shall designate a chief compliance officer, approved by the Audit Committee (Committee), and shall ensure that the institution establishes a compliance audit program to be approved by the Committee which must address, at a minimum, the following:

a. A code of ethics which applies to all employees.

b. A published and widely disseminated list or index of all major compliance areas and responsibilities, and to categorize and prioritize these compliance areas and responsibilities by considering the risks, probability, and negative impact of potential events.

c. A mechanism for coordinating compliance oversight, monitoring and reporting. This includes a management level group or individual with authority to examine compliance issues and assist the chief compliance officer in investigating, monitoring, and assessing compliance and/or recommending policies or practices designed to enhance compliance.

d. A means of assuring institutional policies are regularly reviewed for compliance with current federal and state laws and regulations and Board policies.

e. Provision of adequate training to educate employees on the laws, regulations and institution policies that apply to their day-to-day job responsibilities.

3. Reporting

a. The chief compliance officer of each institution will prepare and submit a semi-annual compliance report in January and July, on a confidential basis, to Board counsel and the Committee noting all material compliance matters occurring since the date of the last report, and identifying any revisions to the institution’s compliance program.

For purposes of this policy, a compliance matter shall be considered material if any of the following apply:
• The perception of risk creates controversy between management and the internal auditor.
• It could have a material impact on the financial statements.
• It is or could be a matter of significant public interest or exposure.
• It may be reported in an external release of financial information.
• It relates to key controls over financial information that are being designed or redesigned, have failed, or otherwise are being addressed by the organization.
• It involves fraud related to management.
• It leads to correction or enforcement action by a regulatory agency.
• It involves potential financial liability in excess of $25,000

b. Notwithstanding the foregoing, a compliance matter with financial liability in excess of two hundred thousand dollars ($200,000) must be reported to the Committee as soon as reasonably practicable. A de minimus compliance matter need not be reported to the Committee at any time. A violation will be considered de minimus if it involves potential financial liability of less than twenty-five thousand dollars ($25,000) and is a matter that has not been recurring or is not otherwise indicative of a pattern of noncompliance. “Potential financial liability” means the estimated obligation by the institution to another party resulting from noncompliance.

c. Compliance concerns at agencies under the governance of the Board shall be reported to the Committee by the Board's Executive Director when, in his/her discretion, the matter presents extraordinary ethical, legal, or fiduciary responsibilities or obligations.
SUBJECT
Board Policy V.Z., Medical Education Reimbursement Program – Second Reading

REFERENCE
August 2022 Board approved the first reading of Board Policy V.Z. creating the parameters for the medical education reimbursement program.

APPLICABLE STATUTE, RULE, OR POLICY
Section 33-3731, Idaho Code

BACKGROUND/DISCUSSION
This policy is in response to a new law passed during the 2022 legislative session. Section 33-3731, Idaho Code, requires medical students in the WWAMI or University of Utah School of Medicine programs who receive a subsidized seat to reimburse the State of Idaho for the state subsidy if the students do not practice in Idaho for four years following degree completion.

The statute requires students to enter into a contract with the State Board of Education prior to confirming enrollment into either program. The contracts must specify that the individual will commit to entering active full-time professional practice in Idaho for a period of four years within one year of obtaining a license to practice medicine, finishing a residency or subspecialty residency, or finishing a medical education fellowship. Individuals who do not meet the contract requirements are required to reimburse the state for the state’s subsidy. Interest will not accrue on repayment obligations.

The reimbursement program is required to start with students enrolling in the fall of 2023.

IMPACT
The policy includes delegation of authority to the University of Idaho to administer the reimbursement program, definitions of terms, calculation of repayments, and uses of reimbursed funding.

Before beginning medical education through the University of Utah or WWAMI programs, students will be required to sign a “Return to Practice Medicine in Idaho” agreement acknowledging the provisions of Idaho Code § 33-3731 and committing to reimburse the state if they fail to meet the stated requirements. The University of Idaho will keep track of students and request repayment if need be.

ATTACHMENTS
Attachment 1 – Board Policy V.Z., Medical Education Reimbursement Program – Second Reading
Attachment 2 – Return to Practice Medicine in Idaho Agreement for Idaho Students—University of Utah Program
Attachment 3 – Return to Practice Medicine in Idaho Agreement for Idaho Students—WWAMI Program

BOARD STAFF COMMENTS AND RECOMMENDATIONS
Board staff, University of Idaho staff, WWAMI staff and University of Utah staff have worked on program implementation and on the terms of the agreement to be signed by students. The agreement requires students to consent to the sharing of information by medical training programs and employers to assist the University of Idaho in administration of the program. The policy details how the amount of the repayment obligation will be calculated. Funds received from those students who do not return to Idaho to practice will be used for reimbursement of costs of the program and for incentive grants for physicians practicing in high need areas.

There were no changes between first and second reading.

BOARD ACTION
I move to approve the second reading of Board Policy V.Z., Medical Education Reimbursement Program as submitted in Attachment 1.

Moved by _________ Seconded by _________ Carried Yes _____ No _____
1. General

Except as otherwise provided in this policy, the Board of Education delegates responsibility to the University of Idaho to administer the program authorized in Section 33-3731, Idaho Code.

2. Medical education fellowship means a planned learning experience for the graduate of a residency or a board-certified physician in a focused area of clinical practice, education, or research.

3. For repayment purposes, the Office of the State Board of Education (“OSBE”) shall be responsible for determining the state's financial obligation in supporting students' medical education, and shall establish an amortized repayment schedule.

The state's financial obligation shall be calculated as follows. The four-year average of the state General Fund appropriation for Trustee and Benefit Payments for the four (4) years the graduate attended the program, divided by the average number of total seats funded during those same four (4) years. The quotient of this equation is multiplied by four (4). The product of that equation equals the total repayment obligation. For example, if the four-year average appropriation for WWAMI was $4.8 million and the average number of seats funded during that same time was 160, then the state's financial obligation would be $30,000. The graduate's repayment amount would be $120,000.

4. Reimbursed funds will be used by OSBE for the costs of administering and enforcing Section 33-3731, Idaho Code, and for incentive grants to be awarded to licensed physicians who practice medicine in Idaho. These funds will be deposited in a medical education reimbursement fund, which is separate and apart from the rural physician incentive fund established in Section 33-3723, Idaho Code.

a. Incentive grants shall be awarded by OSBE based on the following criteria:

   i. Practice in a mental or primary care Health Professional Shortage Area as designated by the Idaho Department of Health and Welfare; and

   ii. Practice in the areas of family medicine, general surgery, obstetrics and gynecology, pediatrics, or psychiatry.
Return to Practice Medicine in Idaho Agreement for Idaho Students
WWAMI Medical Education Program

This Agreement is entered into by and between the Regents of the University of Idaho (“U of I”) and ________________________________ (print full legal name)(“Recipient”), an Idaho resident accepted for admission into the University of Utah School of Medicine in a slot reserved for Idaho residents.

Idaho Code § 33-3731 requires individuals who have been accepted into the University of Utah School of Medicine in a slot reserved for an Idaho student to enter into a contract committing to enter active full-time professional practice in the State of Idaho for a period of four (4) years within one (1) year of the following (referred to herein as “obtaining professional status”):

1. Obtaining a license to practice medicine; or
2. Finishing a residency or subspecialty residency; or
3. Finishing a medical education fellowship as defined by the State Board of Education or the Board’s designee.

Consistent with Idaho Code § 33-3731, each year of Recipient’s residency served in Idaho, up to four (4) years, will be credited as one-half (1/2) year of the practice requirement. No credit shall be given for any additional residency years after the Recipient’s fourth residency year.

Based on the consideration of Recipient’s admission into and enrollment in the University of Utah School of Medicine in a slot reserved for an Idaho resident, Recipient hereby expressly agrees to enter full-time professional practice in Idaho for four consecutive years within one year of obtaining professional status as referenced above.

The Recipient acknowledges and understands that if the Recipient fails to abide by Recipient’s commitment to enter active full-time professional practice within the State of Idaho within one year of obtaining professional status, Recipient shall reimburse the State of Idaho for the State’s financial obligation in supporting the Recipient’s medical education. Recipient may obtain information on how much the State of Idaho currently pays for Recipient’s medical education by contacting the Office of the Idaho State Board of Education. The reimbursement must begin within one year of obtaining professional status, and must be repaid within 8 years of beginning payments. The reimbursement obligation shall not accrue any interest. The reimbursement obligation may be suspended if reimbursement is temporarily impossible or would create extreme hardship for a temporary period. The reimbursement obligation may be waived if reimbursement is permanently impossible or would create extreme hardship or the Recipient is participating in a program of the federal government or the United States armed forces that has a service requirement.
The Recipient agrees to advise the U of I of any name, address, phone, or email address changes or any change in medical training status as they occur.

The Recipient authorizes the Recipient’s employers and medical training programs, and their employees and agents to share and verify information with the U of I orally or in writing about the Recipient’s current employment or education status, contact information, and any other information necessary to enforce this Agreement.

The parties agree that this Agreement is governed by the laws of the State of Idaho.

The Recipient acknowledges and attests that by signing this Agreement the Recipient has read and fully understands the terms of this Agreement and has had the opportunity to seek advice from legal counsel or other advisors before signing.

This is a final and binding agreement.

Signature of Recipient: ______________________________________________________

Recipient’s Name (print full legal name): _______________________________________

Date Signed: ______________________

Regents of the University of Idaho:

Signature: ________________________________________________________________
    Brian Foisy, Vice-President for Finance and Administration

Date Signed: ______________________

Applicable Authority:
    Idaho Code § 33-3731
    Idaho Board of Education Governing Policy and Procedures V.Z.
Return to Practice Medicine in Idaho Agreement for Idaho Students
WWAMI Medical Education Program

This Agreement is entered into by and between the Regents of the University of Idaho (“U of I”) and ________________________________ (print full legal name)(“Recipient”), an Idaho resident accepted for admission through the University of Idaho into the Washington, Wyoming, Alaska, Montana and Idaho regional medical education program (“WWAMI Program”).

Idaho Code § 33-3731 requires individuals who have been accepted into the WWAMI Medical Program in a slot reserved for an Idaho student to enter into a contract committing to enter active full-time professional practice in the State of Idaho for a period of four (4) years within one (1) year of the following (referred to herein as “obtaining professional status”):

(1) Obtaining a license to practice medicine; or
(2) Finishing a residency or subspecialty residency; or
(3) Finishing a medical education fellowship as defined by the State Board of Education or the Board’s designee.

Consistent with Idaho Code § 33-3731, each year of Recipient’s residency served in Idaho, up to four (4) years, will be credited as one-half (1/2) year of the practice requirement. No credit shall be given for any additional residency years after the Recipient’s fourth residency year.

Based on the consideration of Recipient’s admission into and enrollment in the WWAMI program, Recipient hereby expressly agrees to enter full-time professional practice in Idaho for four consecutive years within one year of obtaining professional status as referenced above.

The Recipient acknowledges and understands that if the Recipient fails to abide by Recipient’s commitment to enter active full-time professional practice within the State of Idaho within one year of obtaining professional status, Recipient shall reimburse the State of Idaho for the State’s financial obligation in supporting the Recipient’s medical education. Recipient may obtain information on how much the State of Idaho currently pays for Recipient’s medical education by contacting the Office of the Idaho State Board of Education. The reimbursement must begin within one year of obtaining professional status, and must be repaid within 8 years of beginning payments. The reimbursement obligation shall not accrue any interest. The reimbursement obligation may be suspended if reimbursement is temporarily impossible or would create extreme hardship for a temporary period. The reimbursement obligation may be waived if reimbursement is permanently impossible or would create extreme hardship or the Recipient is participating in a program of the federal government or the United States armed forces that has a service requirement.
The Recipient agrees to advise the U of I of any name, address, phone, or email address changes or any change in medical training status as they occur.

The Recipient authorizes the Recipient’s employers and medical training programs, and their employees and agents to share and verify information with the U of I orally or in writing about the Recipient’s current employment or education status, contact information, and any other information necessary to enforce this Agreement.

The parties agree that this Agreement is governed by the laws of the State of Idaho.

The Recipient acknowledges and attests that by signing this Agreement the Recipient has read and fully understands the terms of this Agreement and has had the opportunity to seek advice from legal counsel or other advisors before signing.

This is a final and binding agreement.

Signature of Recipient: ________________________________________________________

Recipient’s Name (print full legal name): __________________________________________

Date Signed: __________________________

Regents of the University of Idaho:

Signature: ________________________________________________________

Brian Foisy, Vice-President for Finance and Administration

Date Signed: __________________________

Applicable Authority:

Idaho Code § 33-3731
Idaho Board of Education Governing Policy and Procedures V.Z.
BOISE STATE UNIVERSITY

SUBJECT
   North End Zone Expansion, Albertsons Stadium

REFERENCE
   August 2022    Idaho State Board of Education (Board) approved Boise State University’s FY 2023 Six-Year Capital Improvement Plan

APPLICABLE STATUTE, RULE, OR POLICY
   Idaho State Board of Education Governing Policies & Procedures, Section V.K.4

BACKGROUND/DISCUSSION
   Boise State University (BSU) seeks Board approval to expand the North End Zone of Albertsons Stadium.

   In August 2022 the athletic department unveiled its updated vision for the Athletics Master Village (Playbook for Success) as part of its “What’s Next” initiative. Part of the master village concept includes an expansion of the north end zone in Albertsons Stadium. This expansion will include premium seating options that include field level suites, loge boxes, club seats, as well as a general seating area. It also includes a club room space that will be used on non-game days as a training table facility (i.e. an on-site dining program tailored to the individual needs of each of BSU’s 18 sports programs) to feed the 350 student-athletes.

   BSU is requesting approval to use the design-build method of delivery for this project. This approach will allow BSU to work with the successful firm to design and construct the facility from start to finish, which will expedite the design process and shorten the construction calendar. Additionally, the design-build approach creates additional flexibility to make cost-saving decisions during construction that may require design adjustments, which is particularly advantageous in today’s volatile construction market.

   Expanding the north end zone in Albertsons Stadium will provide BSU an opportunity for revenue generation as well as donor cultivation and stewardship. The project will also give the athletic department the ability to provide additional training table resources, addressing a potential Title IX compliance concern.

   Completion of this project will have a positive impact on recruiting and retention within the athletic department and will have a significant impact on the student-athlete and fan experiences as BSU strives to compete nationally. The project will foster an opportunity to improve the surrounding site, BSU’s national brand, and further leverage unique amenities within Albertsons Stadium.
IMPACT
If approved, BSU will issue a request for proposals for design-build services with an agreement for design services in an amount not to exceed $2.5 million. Consistent with Board policy, BSU will return for construction approval once the design process is complete and the construction budget is set. Financing approval may be secured at that time or, if debt financing is necessary, at a subsequent Board meeting, as required by Board policy.

Preliminary estimates for the project are between $32-$40 million. The source of funds for design and planning services is Athletics’ reserves. The total project cost will be funded with a combination of fundraising proceeds, Athletics’ reserves, and possibly debt financing.

ATTACHMENTS
Attachment 1 – Project Budget
Attachment 2 – Site Map
Attachment 3 – Capital Project Tracking Sheet

STAFF COMMENTS AND RECOMMENDATIONS
This project will increase the capacity of Albertsons Stadium and provide a dining facility for student athletes. There are waiting lists for premium stadium seating, and BSU staff will provide additional information about the current supply and demand.

The Title IX compliance concern refers to a review completed by an outside consultant that identified student-athlete nutrition as an area of possible disparity. The dining facility will provide a space to address the nutritional needs of each sports program with a goal of serving breakfast, lunch, and dinner to student-athletes.

This is the first phase of the project and will be funded with athletics program reserves. Subsequent phases will be brought to the Board for approval.

When the Stueckle Sky Center was added to the stadium in 2007, BSU issued debt to finance the construction. At the time, the Athletics Department was using BSU’s debt capacity, so BSU created the Academic Capital Projects Fund to offset BSU’s reduced debt capacity. BSU staff does not anticipate using a similar arrangement with this expansion, and plans for future capital projects have been evaluated to ensure BSU stays within the 8% debt burden ratio (Board Policy V.F.).

BOARD ACTION
I move to approve the request by Boise State University to issue a request for proposals for design-build services for the North End Zone expansion project, to select a design-build team, and to proceed with design and planning for a cost not to exceed $2.5 million.

Moved by __________ Seconded by __________ Carried Yes _____ No ______

BAHR
North End Zone Expansion, Albertsons Stadium
Project Budget

<table>
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<tr>
<th>Category</th>
<th>Project Budget</th>
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<td>Design Fees</td>
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North End Zone Expansion
Site and Vicinity Map
North End Zone Expansion,
Capital Project Tracking Sheet

Office of the Idaho State Board of Education
Capital Project Tracking Sheet
19-Oct-22

History Narrative
Institution/Agency: Boise State University
Project: North End Zone Expansion, Albertsons Stadium
Project Description: North End Zone Seating Expansion and Club Room Space in Albertsons Football Stadium
Project Use: Suites, loge boxes, club seats and general stadium seating; club room / athlete training table space
Project Size: Total estimated project cost - $32M - $40M

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UNIVERSITY OF IDAHO

SUBJECT
Disposal of real property to the Agricultural College Endowment of the State of Idaho for purposes of financing and developing University of Idaho’s (UI) Center for Agriculture, Food and the Environment (CAFE).

REFERENCE
February 2019  The Idaho State Board of Education (Board) approved acquisition of land in Minidoka County.
April 2021  Board approved capital project to bid and construct CAFE.

APPLICABLE STATUTE, RULE, OR POLICY
Idaho State Board of Education Governing Policies & Procedures, Section V.1.5.b.iii.

BACKGROUND/DISCUSSION
In 2019 the Regents acquired 336 acres in Minidoka County for the development of the CAFE dairy site. That parcel adjoins another 302 acres currently owned by the Idaho Dairymen’s Association foundation (the Idaho Dairy Environmental Action League Research Foundation, or “IDEAL”). The University of Idaho (UI) is proposing to sell the entire 638 acres to the State of Idaho, Board of Land Commissioners (acting as trustees for the Agricultural College Endowment) for a purchase price of $6 million (the appraised value of the property). IDEAL has agreed to transfer title to its property to the Regents contemporaneously with this sale.

Under the proposed transaction plan, the Endowment would use proceeds earned from the recent sale of its property near Caldwell (the former site of UI’s Caldwell Research and Extension Center) to buy the 638-acre CAFE site in Minidoka County. The UI would then use those proceeds to fund some of the capital projects necessary to make the dairy operational. Additionally, the Endowment would use the balance of its proceeds from the Caldwell sale ($17.25 million) to fund the construction of improvements UI requires for the development and operation of the research dairy. The real property owned by the Endowment would still be managed by UI’s College of Agricultural and Life Sciences as part of UI’s CAFE project.

IMPACT
To accomplish this transaction and ensure the intended outcomes for both parties, UI and Idaho Department of Lands staff have drafted a Purchase and Sale Agreement and an Agricultural College Endowment Experimental Farm Operations Agreement. The documents create a transaction and operations plan in which the Agricultural College Endowment pays the Regents appraised market
value for the land and actual construction costs for selected improvements, and the Regents are granted the rights to permit the beneficiary of this specific endowment (the agricultural college) to utilize the property indefinitely although only for the purposes of operating an experimental farm.

ATTACHMENTS
Attachment 1 – Purchase and Sale Agreement
Attachment 2 – Agricultural College Endowment Experimental Farm Agreement
Attachment 3 – Presentation to Idaho State Board of Land Commissioners

STAFF COMMENTS AND RECOMMENDATIONS
The Idaho State Board of Land Commissioners approved the plan to purchase the 638 acres at its September 20, 2022 meeting. The Board of Education’s action constitutes the “seller’s” approval in this transaction in its capacity as the UI Board of Regents.

The funding for the Land Board’s purchase comes from the 2021 sale of endowment property in Canyon County. The Operating Agreement authorizes the UI to construct buildings on and make improvements to the Minidoka County property, which will also be done using funding from the Canyon County property sale. The total project cost is $49.3 million, and a breakdown is shown in Attachment 3, page 11. A cashflow model is also included on page 13.

The UI will retain ownership of the experimental farm and research dairy buildings. In accordance with the Morrill Act (federal Land-Grant College Act of 1862), the UI will be the sole occupant of the farm and dairy and will be responsible for all maintenance and improvements. The UI plans to put out construction bids in December 2022 with the first construction phase completed by the end of 2024 and the second construction phase completed by February 2026.

Staff recommends approval.

BOARD ACTION
I move to approve the University of Idaho’s Operations Officer for Finance and Administration to: 1) execute the attached Agricultural College Endowment Experimental Farm Operations Agreement with the Agricultural College Endowment of the State of Idaho (acting by and through the Idaho Board of Land Commissioners) in substantial conformance with Attachment 2; and 2) execute those documents anticipated and required for the disposal of real property as described by the attached Purchase and Sale Agreement.

Moved by __________ Seconded by __________ Carried Yes _____ No ______
PURCHASE AND SALE AGREEMENT

1. Purchase and Sale.

Seller shall sell and Buyer shall purchase that certain real property located in the County of Minidoka, State of Idaho, and more particularly described in Exhibit A, which exhibit is attached and incorporated herein together with all easements, rights and appurtenances thereto, including, but not limited to, water rights, irrigation improvements, access, easements, and existing fixtures and improvements thereon ("Property").

2. License for Entry.

Seller grants to Buyer a license to enter upon the Property for all purposes reasonably related to a full and adequate determination of its suitability, including, without limitation, the right to conduct surveys, soils tests, engineering studies, and environmental tests and audits.


The purchase price of the Property is Six Million Dollars ($6,000,000) ("Purchase Price").


Notwithstanding anything to the contrary in this Agreement, Buyer shall not be obligated to purchase the Property and Seller shall not be obligated to sell unless at or prior to closing each of the following conditions have been met or waived in writing. The parties agree to cooperate with one another to execute any documents which may be necessary or convenient to the performance of these conditions:

(a) Buyer's due diligence. Seller makes no representations as to the title, or status of the Property other than as specifically set forth herein and Buyer shall have a due diligence
period from the date of execution hereof until December 16, 2022, to perform such examination of the Property and the title thereto to satisfy Buyer, including but not limited to:

(i) **Title Insurance.** Buyer may obtain, at Buyer’s cost, from a title insurance company authorized to do business in the State of Idaho, a commitment for a policy of title insurance, including any endorsements reasonably required by Buyer in the full amount of the Purchase Price, insuring marketable fee simple title to the Property in Buyer.

(ii) **Unrecorded Leases.** The Property is currently subject to an unrecorded lease between Seller and Grant 4-D Farms, LLC, an Idaho limited liability company, as well as a lease encumbering the portion of the property being donated to Seller by the Idaho Dairy Environmental Action League Research Foundation, Inc., an Idaho nonprofit corporation ("**Existing Farm Leases**"), copies of which are attached and incorporated herein as **Exhibit B**. Buyer and Seller agree that Seller shall combine the Existing Farm Leases into one lease acceptable in form and substance to Buyer ("**New Lease**"), and that prior to or concurrent with the closing of this transaction, assign its interest in the New Lease to Buyer. Seller shall not enter into any additional lease or occupancy agreement affecting the Property or any portion thereof unless first approved in writing by Buyer.

(iii) **Boundary Survey and Environmental Hazards.** Such surveys of the boundary and examination of environmental conditions of the Property deemed necessary by Buyer to determine the status of the Property with respect to property lines, hazardous
materials and other relevant conditions which, in Buyer’s sole opinion, are acceptable for
Buyer’s intended purposes for purchase.

(b) While Seller makes no representation or warranty with regard to the title or
status of the Property, given the unique relationship between Buyer as trustee and Seller, acting on
behalf of the beneficiary, the University of Idaho College of Agricultural and Life Sciences, and
the fact that the Property will largely be managed by Seller for the operation of an experimental
farm following Buyer’s acquisition in accordance with provisions of the Morrill Act and the Idaho
Admission Bill; and, given that Seller has previously negotiated for and acquired the Property with
the intention of using it as an experimental farm; Seller agrees to provide to Buyer copies of the
following documents, instruments, and information that Seller or its agents may possess related to
Seller’s acquisition of the Property in order to assist Buyer in its due diligence review, including,
but not limited to: copies of any and all acquisition documents; purchase and sale agreements;
exhibits; attachments; deeds; easements; contracts; studies; reports; private or otherwise;
appraisals; title commitments; title policies; phase 1 studies as well as any other environmental
studies or hazardous materials studies performed; surveys; soil tests/samples; etc., that Seller has
conducted on the Property, either internally through any University of Idaho affiliate or affiliation,
or that it had performed for Seller or on Seller’s behalf and that Seller relied on in acquiring the
Property.

(c) Buyer’s and Seller’s Board Approval. Neither Buyer nor Seller is
obligated to close this transaction until the Board of Regents and the Land Board have specifically
approved this Agreement in accordance with their respective policies and procedures and in the
manner otherwise prescribed by the terms of this Agreement. Multiple appearances before the
respective boards may be necessary in order for a board to reach a final determination or approval of the transaction. This Agreement permits both parties to complete appropriate due diligence prior to submitting the transaction for final approval to their respective governing boards. The determination of the Board of Regents and Land Board, respectively, whether to approve the transaction and permit closing to proceed is an independent decision of each board, and nothing herein shall be deemed to bind either board in favor of approval, or to limit its discretion in granting such approval.

(d) **Termination Resulting from Dissatisfaction from Buyer’s Due Diligence or Failure to Receive Board Approval.** At any time during the due diligence period, Buyer may elect to terminate this Agreement upon fifteen (15) days’ prior written notice to Seller and this Agreement shall terminate. In the event either Board of Regents or Land Board denies approval of this Agreement, or Buyer’s approval is not obtained prior to the end of the due diligence period, this Agreement shall terminate, and each party shall be solely responsible for the costs and expenses incurred by each party to that point, including, but not limited to, due diligence and attorney fees. In the event of any such termination of this Agreement, both parties shall be released from any further obligations hereunder.

(e) **Experimental Farm Agreement.** The Parties agree that as a term of this Agreement, and as a condition precedent to closing, the Parties shall execute in substantially the same form attached and incorporated herein as **Exhibit C**, an “Agricultural College Endowment Experimental Farm Operations Agreement” (“**Experimental Farm Agreement**”) in which Seller shall commit to Buyer to utilize all Purchase Price proceeds received for the Property from Buyer for experimental farm purposes consistent with the Morrill Act and the Idaho Admission Bill.
Seller shall use and manage the Property for the sole purpose of operating an experimental farm consistent with the Morrill Act and the Idaho Admission Bill.

5. Closing Agent.

First American Title Company, 199 Country Lane Jerome, ID 83338, shall serve as the Closing Agent. Seller shall deliver to the Closing Agent on or before December 20, 2022, the following: (i) a duly executed and acknowledged Special Warranty Deed ("Deed"), in substantially the form attached and incorporated herein as Exhibit D, conveying all of Seller’s right, title and interest in the Property to Buyer, together with instructions to deliver and record Deed after Buyer deposits the Purchase Price with the Closing Agent; and (ii) a completed Notice of Change of Water Right Ownership, along with a fee of twenty-five dollars ($25) per water right being assigned. On or before December 16, 2022, Buyer shall notify Seller and Closing Agent, in writing that Buyer is satisfied with the conditions of transaction closing as set forth in Section 4 of this Agreement. Upon acknowledgment that all conditions of transaction closing as set forth in Section 4 have been met by Buyer and Seller, Buyer shall deposit the Purchase Price prior to December 20, 2022, with the Closing Agent, with instructions to disburse the Purchase Price to Seller upon recordation of the Deed by Closing Agent.

6. Closing.

Once all conditions of transaction closing (as described in Section 4 of this Agreement) have been satisfied, the Deed is delivered, the Purchase Price is deposited, and the Experimental Farm Agreement is executed by both parties, the Closing Agent shall complete the transaction as prescribed by this Agreement ("Closing"). Upon Closing, possession of the Property shall pass to Buyer.
7. **Costs.**

Seller shall pay closing fees, which will be deducted from proceeds. Utilities shall remain in name of Seller and all expenses for utilities before and after closing shall remain the responsibility of Seller for so long as Buyer retains ownership of the Property and the Experimental Farm Agreement is in effect. The Property is exempt from property taxes while in the possession of Seller and will remain exempt upon transfer to Buyer.

8. **Commissions.**

Each party represents and warrants that it has not dealt with or contracted with any broker, agent, or finder to act in their behalf in connection with this transaction.

9. **Seller’s Representations and Warranties.**

   (a) Seller represents and warrants that Seller has authority to enter into this Agreement (subject to the condition listed in Section 4 (c) herein) and to grant the license granted in Section 2.

   (b) Seller represents and warrants that there are no pending or threatened condemnation proceedings that are known to affect all or any portion of the Property, or the performance by Seller of any of its obligations set forth in this Agreement.

   (c) Seller represents and warrants that, to Seller’s knowledge, there are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings contemplated by, or pending or threatened against, Seller that could prevent or delay the consummation of this transaction.

   (d) Seller represents and warrants that execution, delivery and performance of this Agreement has been duly authorized and approved by all actions necessary by Seller, on the
part of Seller, and that this Agreement (subject to the condition described by Section 4(c) herein) constitutes valid and binding agreement of Seller in accordance with its terms.

The representations and warranties set forth in this Section 9 shall constitute continuing representations and warranties and shall be deemed to be true and correct as of the date of closing of Buyer’s purchase of the Property.

10. **Condemnation.**

Should any entity having the power of condemnation bring an action or otherwise indicate an intent prior to the time of closing to acquire all or any portion of, or any interest in, the Property, Buyer or Seller, at either party's sole option, may elect to terminate this Agreement by giving written notice to the other party at any time prior to the time of closing. If neither party chooses to terminate this Agreement as provided herein, then Buyer and Seller shall complete the purchase and sale as provided herein with Seller immediately appointing Buyer its attorney-in-fact to negotiate with said condemning entity as to its interest in the Property and assigning to Buyer all amounts to be awarded for the Property. Seller agrees to provide Buyer, within ten (10) days after Seller’s receipt of same, but in no event later than the time of closing, written notice of any actual or threatened condemnation proceeding.

11. **Successors.**

This Agreement shall be binding on the successors and assigns of the parties hereto.

12. **Default.**

A party shall be deemed to be in default of this Agreement if that party is in material breach of any warranty, term, condition, covenant or obligation under this Agreement and fails to cure that breach within thirty (30) days written notice thereof, or fails to commence actions to cure the
breach if the breach cannot be cured within thirty (30) days for reasons outside the defaulting party’s control.


(a) All notices given pursuant to this Agreement shall be in writing and shall be given by personal service, by United States mail or by United States express mail or other established express delivery service (such as Federal Express), postage or delivery charge prepaid, return receipt requested, addressed to the appropriate party at the address set forth below, and with a copy to said party to be sent via email as set forth below:

Seller: Board of Regents of the University of Idaho
Vice President, Finance & Administration
875 Perimeter Dr MS 3168
Moscow ID 83844-3168
Email: gerardb@uidaho.edu

Buyer: State Land Board
C/o Idaho Department of Lands
300 North 6th Street, Suite 103
Boise, ID 83702
Email: jelbin@idl.idaho.gov

The person and address to which notices are to be given may be changed at any time by any party upon written notice to the other party. All notices given pursuant to this Agreement shall be deemed given upon receipt.

(b) For the purpose of this Agreement, the term “receipt” shall mean the earlier of any of the following: (i) the date of delivery of the notice or other document to the address specified pursuant to subparagraph (a) above as shown on the return receipt; (ii) the date of actual receipt of the notice or other document by the person or entity specified pursuant to subparagraph (a) above; or, (iii) in the case of refusal to accept delivery or inability to deliver the notice or other
14. **Captions and Headings.**

The captions and headings in this Agreement are for reference only and shall not be deemed to define or limit the scope or intent of any of the terms, covenants, conditions or agreements contained herein.

15. **Entire Agreement.**

This Agreement contains the entire agreement between the parties hereto and supersedes all prior agreements, oral or written, with respect to the subject matter hereof. The provisions of this Agreement shall be construed as a whole and not strictly for or against any party.

16. **Venue and Governing Law.**

Any legal proceeding instituted between the parties shall be in the courts of the County of Ada, State of Idaho, and each of the parties agrees to submit to the jurisdiction of such courts. It is further agreed that this Agreement shall be governed by the laws of the State of Idaho.

17. **Counterparts.**

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute a single instrument, and shall be effective upon execution of one or more of such counterparts by each of the parties hereto.
18. **Survival.**

All of the representations and warranties set forth in this Agreement shall constitute continuing representations and warranties, shall be deemed to be true and correct as of the date of Closing, and shall survive Closing.

19. **No Third-Party Beneficiary Rights.**

This Agreement is not intended to create, nor shall it in any way be interpreted or construed to create, any third-party beneficiary rights in any person not a party hereto.

EXECUTED as of the date first above written.

**SELLER:**  
Board of Regents of the University of Idaho

**BUYER:**  
Idaho Department of Lands  
for and on behalf of State Land Board

______________________________  
Lee Espey  
Operations Officer, Finance and Admin  
University of Idaho

______________________________  
Dustin T. Miller  
Director of Idaho Department of Lands

Date  

Date
List of Exhibits and Schedule

Exhibit A – Legal Description of the Property
Exhibit B – Existing Farm Leases
Exhibit C – Experimental Farm Agreement
Exhibit D - Special Warranty Deed
EXHIBIT A
SUBJECT PROPERTY

All of Section 17, Township 7 South, Range 24 East of Boise Meridian, Minidoka County, State of Idaho. Otherwise described in four parcels as:

PARCEL 1

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a ½” rebar; Thence South 00 degrees 09 minutes 10 seconds East along the west line of Section 17 for a distance of 1890.33 feet; Thence North 89 degrees 50 minutes 50 seconds East for a distance of 25.00 feet to a ½” rebar which shall be the Point of Beginning;

THENCE North 00 degrees 09 minutes 10 seconds West for a distance of 930.57 feet;
THENCE along a non-tangent curve to the right for a distance of 1378.48 feet, said curve having a radius of 1350.00 feet, a delta angle of 58 degrees 30 minutes 17 seconds, and a long chord bearing of North 44 degrees 36 minutes 51 seconds East for a distance of 1319.37 feet;
THENCE North 89 degrees 43 minutes 45 seconds East for a distance of 596.50 feet;
THENCE South 12 degrees 11 minutes 50 seconds West for a distance of 1325.40 feet;
THENCE South 27 degrees 42 minutes 13 seconds East for a distance of 61.93 feet;
THENCE North 88 degrees 45 minutes 09 seconds East for a distance of 1350.02 feet to a ½” rebar;
THENCE along a non-tangent curve to the right for a distance of 1009.06 feet to a ½” rebar, said curve having a radius of 1320.00 feet, a delta angle of 43 degrees 47 minutes 57 seconds, and a long chord bearing of South 22 degrees 49 minutes 20 seconds West for a distance of 984.67 feet;
THENCE South 28 degrees 16 minutes 21 seconds West for a distance of 275.45 feet to a \(\frac{3}{8}\)" rebar;
THENCE South 61 degrees 17 minutes 29 seconds West for a distance of 111.82 feet to a \(\frac{3}{8}\)" rebar;
THENCE South 81 degrees 54 minutes 35 seconds West for a distance of 504.94 feet to a \(\frac{3}{8}\)" rebar;
THENCE South 89 degrees 19 minutes 52 seconds West for a distance of 768.84 feet to a \(\frac{3}{8}\)" rebar;
THENCE along a non-tangent curve to the right for a distance of 1065.87 feet to a \(\frac{3}{8}\)" rebar, said curve having a radius of 1420.00 feet, a delta angle of 43 degrees 00 minutes 24 seconds, and a long chord bearing of North 45 degrees 17 minutes 56 seconds West for a distance of 1041.02 feet to the Point Of Beginning.

Said property contains 100.00 acres more or less and is subject to any easements or right of ways, existing or of record.

PARCEL 2

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a \(\frac{3}{8}\)" rebar which shall be the Point of Beginning;

THENCE North 89 degrees 43 minutes 45 seconds East along the north line of Section 17 for a distance of 5270.51 feet to a \(\frac{3}{8}\)" rebar at the Northeast Corner of Section 17;
THENCE South 00 degrees 07 minutes 38 seconds East along the east line of Section 17 for a distance of 2713.82 feet;
THENCE North 86 degrees 48 minutes 01 seconds West for a distance of 23.96 feet to a \(\frac{3}{8}\)" rebar;
THENCE North 86 degrees 48 minutes 01 seconds West for a distance of 894.18 feet to a \(\frac{3}{8}\)" rebar;
THENCE North 18 degrees 24 minutes 10 seconds West for a distance of 1382.22 feet to a \(\frac{3}{8}\)" rebar;
THENCE South 89 degrees 26 minutes 20 seconds West for a distance of 1274.32 feet to a \(\frac{3}{8}\)" rebar;
THENCE South 88 degrees 45 minutes 09 seconds West for a distance of 1350.02 feet;
THENCE North 27 degrees 42 minutes 13 seconds West for a distance of 61.93 feet;
THENCE North 12 degrees 11 minutes 50 seconds East for a distance of 1325.40 feet;
THENCE South 89 degrees 43 minutes 45 seconds West for a distance of 596.50 feet;
THENCE along a non-tangent curve to the left for a distance of 1378.48 feet, said curve having a radius of 1350.00 feet, a delta angle of 58 degrees 30 minutes 17 seconds, and a long chord bearing of South 44 degrees 36 minutes 51 seconds West for a distance of 1319.37 feet;
THENCE South 00 degrees 09 minutes 10 seconds East for a distance of 930.57 feet to a ½” rebar;
THENCE South 89 degrees 50 minutes 50 seconds West for a distance of 25.00 feet to the west line of Section 17;
THENCE North 00 degrees 09 minutes 10 seconds West along said section line for a distance of 1890.33 feet to the Point Of Beginning.

Said property contains 163.02 acres more or less and is subject to any easements or right of ways, existing or of record.

PARCEL 3

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a ½” rebar; Thence South 00 degrees 09 minutes 10 seconds East along the west line of Section 17 for a distance of 1890.33 feet to the Point Of Beginning;

THENCE North 89 degrees 50 minutes 50 seconds East for a distance of 25.00 feet to a ½” rebar;
THENCE along a non-tangent curve to the left for a distance of 1065.87 feet to a ½” rebar, said curve having a radius of 1420.00 feet, a delta angle of 43 degrees 00 minutes 24 seconds, and a long chord bearing of South 45 degrees 17 minutes 56 seconds East for a distance of 1041.02 feet;
THENCE North 89 degrees 19 minutes 52 seconds East for a distance of 768.84 feet to a ½” rebar;
THENCE North 81 degrees 54 minutes 35 seconds East for a distance of 504.94 feet to a ½” rebar;
THENCE North 61 degrees 17 minutes 29 seconds East for a distance of 111.82 feet to a ½” rebar;
THENCE North 28 degrees 16 minutes 21 seconds East for a
distance of 275.45 feet to a ⅜" rebar;
THENCE along a non-tangent curve to the left for a distance
of 1009.06 feet to a ⅜" rebar, said curve having a radius of
1320.00 feet, a delta angle of 43 degrees 47 minutes 57 seconds,
and a long chord bearing of North 22 degrees 49 minutes 20
seconds East for a distance of 984.67 feet;
THENCE North 89 degrees 26 minutes 20 seconds East for a
distance of 1274.32 feet to a ⅜" rebar;
THENCE South 18 degrees 24 minutes 10 seconds East for a
distance of 1382.22 feet to a ⅜" rebar;
THENCE North 89 degrees 01 minutes 32 seconds West for a
distance of 279.79 feet to a ⅜" rebar;
THENCE along a non-tangent curve to the left for a distance
of 850.18 feet, said curve having a radius of 1301.00 feet, a
delta angle of 37 degrees 26 minutes 30 seconds, and a long
chord bearing of South 77 degrees 03 minutes 13 seconds West for
a distance of 835.13 feet;
THENCE along a curve to the left for a distance of 442.36
feet to a ⅜" rebar, said curve having a radius of 1301.00 feet,
a delta angle of 19 degrees 28 minutes 53 seconds, and a long
chord bearing of South 48 degrees 35 minutes 30 seconds West for
a distance of 440.23 feet;
THENCE South 48 degrees 35 minutes 30 seconds West for a
distance of 362.24 feet to a ⅜" rebar;
THENCE along a non-tangent curve to the left for a distance
of 981.29 feet to a ⅜" rebar, said curve having a radius of
1440.00 feet, a delta angle of 39 degrees 02 minutes 40 seconds,
and a long chord bearing of North 43 degrees 06 minutes 13
seconds West for a distance of 962.42 feet;
THENCE South 89 degrees 19 minutes 52 seconds West for a
distance of 1351.90 feet to a ⅜" rebar;
THENCE South 53 degrees 06 minutes 36 seconds West for a
distance of 358.71 feet to a ⅜" rebar;
THENCE North 89 degrees 34 minutes 17 seconds West for a
distance of 335.26 feet to a ⅜" rebar;
THENCE North 89 degrees 34 minutes 17 seconds West for a
distance of 25.00 feet to the west line of Section 17;
THENCE North 00 degrees 09 minutes 10 seconds West
along said section line for a distance of 986.18 feet to the
Point Of Beginning.

Said property contains 72.63 acres more or less and is subject
to any easements or right of ways, existing or of record.
PARCEL 4

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a ¼" rebar; Thence South 00 degrees 09 minutes 10 seconds East along the west line of Section 17 for a distance of 2876.51 feet to the Point of Beginning;

THENCE South 89 degrees 34 minutes 17 seconds East for a distance of 25.00 feet to a ¼" rebar;
THENCE South 89 degrees 34 minutes 17 seconds East for a distance of 335.26 feet to a ¼" rebar;
THENCE North 53 degrees 06 minutes 36 seconds East for a distance of 358.71 feet to a ¼" rebar;
THENCE North 89 degrees 19 minutes 52 seconds East for a distance of 1351.90 feet to a ¼" rebar;
THENCE along a non-tangent curve to the right for a distance of 981.29 feet to a ¼" rebar, said curve having a radius of 1440.00 feet, a delta angle of 39 degrees 02 minutes 40 seconds, and a long chord bearing of South 43 degrees 06 minutes 13 seconds East for a distance of 962.42 feet;
THENCE North 48 degrees 35 minutes 30 seconds East for a distance of 362.24 feet;
THENCE along a non-tangent curve to the right for a distance of 442.36 feet to a ¼" rebar, said curve having a radius of 1301.00 feet, a delta angle of 19 degrees 28 minutes 53 seconds, and a long chord bearing of North 48 degrees 35 minutes 30 seconds East for a distance of 440.23 feet;
THENCE along a curve to the right for a distance of 850.18 feet to a ¼" rebar, said curve having a radius of 1301.00 feet, a delta angle of 37 degrees 26 minutes 30 seconds, and a long chord bearing of North 77 degrees 03 minutes 13 seconds East for a distance of 835.13 feet;
THENCE South 89 degrees 01 minutes 32 seconds East for a distance of 279.79 feet to a ¼" rebar;
THENCE South 86 degrees 48 minutes 01 seconds East for a distance of 894.18 feet to a ¼" rebar;
THENCE South 86 degrees 48 minutes 01 seconds East for a distance of 23.96 feet to the east line of Section 17;
THENCE South 00 degrees 07 minutes 38 seconds East along said section line for a distance of 2567.29 feet to a U.S.R.S. iron pipe with brass cap on top at the Southeast Corner of Section 17;
THENCE South 89 degrees 51 minutes 43 seconds West along the south line of Section 17 for a distance of 2634.08 feet to a 
5/8" rebar at the South ¾ Corner of Section 17;

THENCE South 89 degrees 51 minutes 43 seconds West along the south line of Section 17 for a distance of 2634.08 feet to a 
5/8" rebar with 3" aluminum cap on top at the Southwest Corner of Section 17;

THENCE North 00 degrees 09 minutes 10 seconds West along the west line of Section 17 for a distance of 2392.38 feet to the Point Of Beginning.

Said property contains 302.46 acres more or less and is subject to any easements or right of ways, existing or of record.
EXHIBIT B

EXISTING FARM LEASES
FARM LEASE

THIS FARM LEASE ("Lease") is entered into by and between the Idaho Dairy Environmental Action League Research Foundation, Inc., an Idaho Nonprofit Corporation with its principal office located at 195 River Vista Place, Suite 308, Twin Falls, Idaho, 83301 ("Lessor") and Grant 4-D Farms, LLC whose address is 707E 600N, Rupert ID 83350 ("Lessee").

RECITALS

A. WHEREAS, Lessee and W-4 Dairy, LLC had entered into a “Farm Lease” dated March 30, 2016, for property in Section 17, Township 7 South, Range 24 East, B.M., Minidoka County, Idaho, and W-4 Dairy has since sold a portion of that property to Lessor, and Lessor has agreed to continue leasing a portion of that property to Lessee by entering into a new lease as provided herein; and

B. WHEREAS, Lessor now owns the real property in the South Half of Section 17 Township 7 South, Range 24 East, B.M., Minidoka County, Idaho, together with the rights and appurtenances pertaining to such real property, including water rights, improvements, buildings, structures, and fixtures ("Improvements") now existing on the real property, if any; and

C. WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, the aforementioned real property and Improvements (if any) and personal property (if any) on the terms and conditions stated herein.

AGREEMENTS

The parties hereby mutually covenant, promise, and agree as follows:

1. Leased Property. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor real property described in Exhibit A ("the Land"), attached hereto, and Improvements (if any), as well as the personal property situated on, in or about the Land and Improvements, including without limitation the items of personal property listed on Exhibit B. The Land, Improvements, and personal property are hereinafter referred to as the "Property."

In the event all or a portion of the normal supply of water for the Land is restricted or curtailed by the Idaho Department of Water Resources, by court order, by order of the irrigation district with jurisdiction, or is otherwise restricted during the term of Lease, Lessee may reduce the area to be cultivated and harvested in reasonable relation to the extent of the water quantity or area limitation dictated by restriction or curtailment. Upon mutual agreement between Lessee and Lessor in establishing the reduced extent of area to be cultivated, Lessee shall manage that unirrigated portion by applying best agricultural practices for preparing and maintaining that formerly cultivated land for its resulting fallow condition. In the event of such curtailment, annual Rent for that crop year in which the curtailment occurs shall be reduced by $250.00 for each acre no longer cultivated. Lessee shall be reimbursed for any previously collected rent attributed to that portion of the Land not irrigated for that crop year and for which anticipated harvest was precluded.
2. **Lease Term.** The term of this Lease shall be from April 1, 2019 through November 30, 2023 ("Lease Term"). Annually said term shall be automatically extended; unless Lessor and/or Lessee provide written notice to the other by November 30 of each calendar year that they intend for the automatic extension to be terminated. For clarity this Lease shall be treated as a continuous five-year Lease Term absent written notice by either Lessor and/or Lessee that they desire to discontinue the automatic extension. In the event that the Idaho Dairy Environmental Action League Research Foundation, Inc. conveys the Property to the Board of Regents of The University of Idaho during the Lease Term this Lease shall be terminated in all respects upon the first November 30th following the conveyance of the Property.

3. **Rent.** Rent for the Property shall be $65,865.15 (263.46 Irrigated Acers on Property at $250.00 per acre) for each year of the term of the lease and payable by Lessee to Lessor on or before April 15, 2019 and then on each March 15 for the remaining years of the term. Rent shall be paid to Idaho Dairy Environmental Action League Research Foundation, Inc., an Idaho Nonprofit Corporation with its principal office located at 195 River Vista Place, Suite 308, Twin Falls, Idaho, 83301 or such other person as Lessor shall provide to Lessee by written notice. Failure to pay rent on or before the due date shall constitute a default by Lessee subject to all legal remedies of the Lessor. The Rental amount described herein shall be negotiated in good faith between the Lessor and Lessee every five years (regardless of the automatic Lease Term extensions described in Paragraph 2). Specifically, the parties will negotiate a new Lease Rent rate on or before November 30th, 2023, November 30th, 2028, and so on, so long as this Lease remains active. As part of said negotiations Lessee will disclose\(^1\) to Lessor, Lessee’s irrigated acre lease rates (Triple Net Lease Rates and Non-Triple Net Lease Rates) with independent Lessor unrelated to this Agreement. In the event said rental rate increases during the term of this Agreement, the above identified rental rate will increase in an equal amount. In no event shall the rental rate be reduced below the present value of $250 per Irrigated Acre.

4. **Use of Property.** Leased Property shall be used by Lessee exclusively for purposes of planting, growing, maintaining and harvesting of agricultural crops. All seed introduced shall be of sufficient quality to minimize weeds, and Lessee shall be responsible for the control and spread of weeds from the Land to Lessor’s and other adjoining properties. Lessor covenants that Lessee shall have the peaceful and quiet enjoyment of the Property consistent with the provisions of this Lease.

5. **Condition of Property.** Lessee has occupied the Land prior to the commencement of this Lease and accepts Property, after thoroughly examining said Property, "AS IS" and without any representation by or on behalf of the Lessor, without any warranties, expressed or implied, and agrees that Lessor shall in no way be liable for any defects in Lessor’s ownership of the Land or the fitness of the Property for Lessee’s intended use of the Property. Lessee further agrees to maintain Property in operable and farmable condition, including but not limited maintenance of the irrigation system (pivots, pipelines, wells, pumps, etc.), to weed control on the irrigated portions whether those portions are outside the existing irrigation pivots or the result of water curtailment that reduces the area being cultivated. Lessee shall surrender said Property in the same condition at the termination of Lease as existed at the commencement of this Lease, normal wear

\(^{1}\) Said disclosure shall be made by Lessee at any time in which requested by Lessor. However, said request shall be made by Lessor no more than annually.

Lease Agreement
Page 2
and tear to personal property excepted. This Lease is subject to all applicable restrictions and all limitations of record, and is subject to any and all easements of record.

6. **Lessee Obligations for Farm Practices, Entitlement to Certain Payments, and Payment of Fines and Assessment of Property Taxes.** Lessee shall furnish all labor, equipment or machinery (not listed in Exhibit B), seed, fertilizer and chemicals and will pay all farm operation costs, including electricity for irrigation systems, seeding, cultivation, harvesting and will implement and pay for “Best Management Practices” (including but not limited to weed control) in accordance with the USDA Farm Service Agency office for the district in which Land is located. Government payments received or receivable representing allotment or subsidy payment for approved crop practices or other government payments generated by performance of farm operations on Land by Lessee shall belong to the Lessee. Lessee shall be responsible for payment of any fines or penalties resulting from violation or non-compliance with government farm programs that result from Lessee’s farming practices and management during the Term of this Lease. Lessee shall be responsible for any lawful assessment against Lessee’s personal property. Lessee shall be responsible for any and all real property and/or personal property assessments (taxes) associated with the Property. This assessment provision shall specifically include any and all water assessments issued by any regulatory authority. Lastly, Lessee’s farming and irrigation practices shall comply with any and all Court Orders, Administrative Actions, Irrigation District Requirements and Obligations, Administrative Curtailments, Settlement Agreements and/or the like which relate in any capacity to the water rights appurtenant to the real property associated with this Lease.

7. **Indemnification and Insurance.** Lessee shall indemnify, defend and hold the, Lessor and its governing board, employees, agents, and assigns harmless from and against any and all claims, losses, damages, injuries, liabilities and all costs, including attorney’s fees, court costs and expenses and liabilities incurred in or from any such claim, arising from any breach or default in the performance of any obligation on Lessee’s part to be performed under the terms of this Lease, or arising from any act, negligence or the failure to act of Lessee or any of its agents, contractors, employees, invitees or guests. Lessee shall require any of its contractors or subcontractors to provide indemnification to Lessor as provided above.

Lessee is required to carry the types and limits of insurance shown in this Section 7, and to provide Lessor with a Certificate of Insurance. At any time, Lessor reserves the right to amend insurance requirements or require a security bond if circumstances warrant such action. Additionally, and at its option, Lessor may request certified copies of required policies and endorsements. Such copies shall be provided within (10) ten days of Lessor’s request. All insurers shall have a Best’s rating of A or better and be licensed and admitted in Idaho. Lessee shall furnish Lessor with a certificate of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below. All policies required shall be written as primary policies and not contributing to nor in excess of any coverage Lessor may choose to maintain. All certificates shall provide for thirty (30) days’ written notice to Lessor prior to cancellation or material change of any insurance referred to therein. All policies shall name Idaho Dairy Environmental Action League Research Foundation, Inc., an Idaho Nonprofit Corporation with its principal office located at 195 River Vista Place, Suite 308, Twin Falls, Idaho, 83301. All policies shall contain waiver of subrogation coverage or endorsements.
Failure of Lessor to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Lessor to identify a deficiency from evidence that is provided shall not be construed as a waiver of Lessee's obligation to maintain such insurance. Failure to maintain the required insurance may result in termination of this Lease at Landlord's option. By requiring insurance herein, Lessor does not represent that coverage and limits will necessarily be adequate to protect Lessee, and such coverage and limits shall not be deemed as a limitation on Lessee's liability under the indemnities granted to Lessor in this Lease. Lessee shall require any contractors or subcontractors to comply with the insurance provisions of this Lease.

Lessee shall obtain or require contractors or subcontractors to obtain insurance of the types and in the amounts described below.

A) Commercial General and Umbrella Liability Insurance. Lessee (or contractor or subcontractor) shall maintain commercial general liability (CGL) and, if necessary, commercial umbrella insurance with a limit of not less than $1,000,000 each occurrence and in the aggregate. If such CGL insurance contains a general aggregate limit, it shall apply separately to the Leased Property and shall not be less than $1,000,000. CGL insurance shall be written on standard ISO occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract including the tort liability of another assumed in a business contract.

B) Commercial Auto Insurance. Lessee (or contractor or subcontractor) shall maintain a Commercial Auto policy with a Combined Single Limit of $1,000,000; Underinsured and Uninsured Motorists limit of $1,000,000; Comprehensive; Collision; and a Medical Payments limit of $10,000. Coverage shall include Non-Owned and Hired Car coverage.

C) Personal property. Lessee (or contractor or subcontractor) shall purchase insurance to cover Lessee's (or contractor's or subcontractor's) personal property. In no event shall Lessor be liable for any damage to or loss of personal property sustained by Lessee (or contractor or subcontractor), whether or not insured, even if such loss is caused by the negligence of Lessor, its employees, officers or agents.

D) Workers' Compensation. Where required by law, Lessee (or contractor or subcontractor) shall maintain all statutorily required coverages including Employer's Liability.

8. Hazardous Materials. Lessee shall not, nor shall it allow others to, accumulate, use, or store on the Property materials classified as hazardous, biomedical or toxic waste except in compliance with environmental laws and other applicable state, federal, or local laws, rules or regulations. Lessee shall comply and require contractors and subcontractors to comply with any lawful order by an entity with authority to regulate the use, accumulation, storage or disposal of hazardous waste. Lessee shall not be responsible for any of such materials placed on the Property by or through the Lessor prior to or during this Lease. As used herein, the term "environmental laws" shall mean the Comprehensive Environmental Response Compensation and Liability Act of
1980, as amended (CERCLA) the Resource Conservation Recovery Act, as amended (RCRA), the Federal Water Pollution Control Act, the Clean Air Act and any similar local, state or federal law, rule, ordinance or regulation. As used herein, the term “hazardous materials” shall mean any hazardous substance, pollutants, contaminants, or other hazardous waste or toxic substances defined in any environmental laws including, without limitation, petroleum and petroleum products, asbestos and asbestos containing materials, PCBs and urea-formaldehyde. In the event Lessee or Lessor’s contractor or subcontractor placed hazardous materials in violation of any environmental laws on the Property during or prior to the date of the Lease, Lessee shall, at Lessee’s cost and expense, cause such testing to be performed and shall cause any such hazardous materials to be removed, remediated or abated in compliance with all environmental laws. Lessee hereby agrees to indemnify, defend, and hold Lessor harmless from and against any and all claims, damages, liabilities, costs, expenses (including reasonable attorneys’ fees), causes of action and judgments arising out of or related to hazardous materials existing in, or under the Property caused by Lessee or Lessor’s contractor or subcontractor during or prior to the date of this Lease.

9. Notice. Any notice under this Lease shall be in writing and be delivered in person or by public or private courier service (including US Postal Service Express Mail and Federal Express) or registered or certified mail or by facsimile. Any notice given by registered or certified mail shall be sent with return receipt requested. Any notice given by facsimile shall be verified by a facsimile confirmation. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing.

If to Lessee: Grant 4-D Farms, LLC
707E 600N
Rupert ID 83350

If to Lessor: Idaho Dairy Environmental Action League Research Foundation, Inc.,
195 River Vista Place, Suite 308,
Twin Falls, Idaho, 83301

With a Copy to: Sawtooth Law Offices, PLLC
236 River Vista Place Ste. 301
Twin Falls, Idaho 83301

Either party hereto may, by proper notice to the other, designate any other address for the giving of notice. Any notice shall be deemed to have been given on (a) actual delivery or refusal, (b) the day of mailing by registered or certified mail, or (c) the day facsimile delivery is verified.

10. Default.

10.1 Lessee Events of Default. In addition to any other default provision contained in this Lease, the occurrence of any of the following events shall constitute an Event of Default on the part of the Lessee:

(a) Failure to pay any monies due and payable hereunder,
(b) Default in the performance of any of Lessee's covenants, agreements or obligations hereunder;

(c) A general assignment by Lessee for the benefit of creditors;

(d) The filing by Lessee of a voluntary petition in bankruptcy, a voluntary petition for an arrangement, a petition, voluntary or involuntary, for reorganization, or an involuntary petition by Lessee's creditors, said involuntary petition remaining undischarged for a period of thirty (30) days;

(e) Receivership, attachment or other judicial seizure of substantially all of Lessee's, or any of their, assets on the Property, such attachment or other seizure remaining undischarged or undischarged for a period of thirty (30) days after the levy thereof.

10.2 Lessee's Right to Cure. Lessee shall have a period of thirty (30) days from the date of receipt of written notice from Lessor to Lessee within which to cure any default hereunder.

10.3 Lessor's Re-entry Upon Default. Upon any uncured default of this Lease by Lessee, Lessor, besides all other rights or remedies it may have, at its sole option, may enter the Property, in compliance with applicable law, and expel, remove or put out Lessee. Upon re-entry for uncured default, Lessor may plant, cultivate, harvest or otherwise utilize the Land at Lessor's sole discretion. However, Lessee remains liable for any deficiency payable or due to Lessor at the time of default. In the case of any default, all delinquent expenses as Lessor may incur for attorneys' fees, expenses, and/or putting the Property in good order and repair shall be immediately due and payable by Lessee. Lessor may undertake repairs in an emergency or to prevent further damage to the Property without delivery of notice. In addition, Lessor shall have all rights and remedies available at law and in equity for any default under this Lease.

11. Vacating the Property. Lessee specifically agrees to vacate the Property and return the possession of the same, in the condition required herein, to Lessor, on or before termination of this lease.

12. Damage by Fire or Other Casualty.

12.1 Replacement of Property. If any material portion of the Property is damaged by fire or other casualty, the proceeds of any insurance shall first be used to pay off any and all encumbrances on the Property and second to restore, repair, or replace the Property and return it to substantially the same condition as existed prior to the fire or other casualty.
12.2 **Lessees Property.** Lessor will not carry insurance of any kind on equipment owned by Lessee, and Lessor shall not be obligated to repair any damage thereto or replace the same.

13. **Condemnation.** If any material portion of the Property is taken by eminent domain or action in lieu thereof, this Lease shall expire on the date when the Property shall be so taken and possession thereof delivered over to the condemning authority and any condemnation proceeds shall first be used to pay off any and all encumbrances on the Property with any remaining proceeds to be payable to Lessor.

14. **Animals.** Lessee promises not to keep or have any animals on or about the Property without the prior written consent of Lessor.

15. **Liens.** Lessee shall indemnify and hold Lessor harmless from and against any liens filed against the Property which liens are attributable to Lessee's use or occupancy. Further, Lessee shall indemnify and hold Lessor harmless from and against any actions brought to endorse any such liens and for any attorneys' fees, costs, judgment, appeals or any other expenses incurred by Lessor relevant to the defense of any such liens or actions.

16. **Signs.** Upon Lessor's written approval of Lessee's written request and description, which approval may be withheld at the unilateral discretion of the Lessor, Lessee may display or erect signs or other such display on the Property.

17. **No Waiver.** A waiver of any breach or default under this Lease shall not be construed to be a waiver of any succeeding breach or default.

18. **Written Modifications.** No modification, release, discharge, or waiver of any provisions hereof shall be of any force, effect or value unless in writing signed by Lessor or Lessor's duly authorized agent or attorney.

19. **No Partnership.** It is expressly understood and acknowledged that Lessor does not, in any way or for any purpose, become a partner of Lessee in the conduct of its business, or otherwise, or a joint venture or a member of a joint enterprise with Lessee, and that the relationship of Lessor and Lessee hereunder is strictly that of landlord and tenant.

20. **Successors.** This Lease and all terms and conditions hereof shall be binding upon and shall inure to the benefit of all authorized heirs, successors in interest or assignees of either party hereto.

21. **Time of Essence.** Time is hereby expressly declared to be of the essence of each and every covenant, term, condition and provision of this Lease.

22. **Governing Law.** This Lease shall be governed by, construed, and enforced in accordance with the laws of the state of Idaho, and venue for any action relating to this Lease shall be Twin Falls County, Idaho.
23. **Additional Acts.** The parties hereto agree to execute and deliver any documents or instruments and to take any and all actions reasonably necessary to carry out any agreement, term or condition of this Lease, whenever the occasion may arise and request for such action shall be made.

24. **Attorney's Fees.** If any party brings an action to enforce the terms hereof or to declare rights hereunder, the prevailing Party in any such action, on trial and appeal, shall be entitled to recover reasonable attorney’s fees and costs from the non-prevailing party.

25. **Entire Agreement.** This Lease and its Exhibits represent all the transactions contemplated by the parties hereto. It is understood and agreed by the parties that there are no verbal promises or implied promises, agreements, stipulations or other representations of any kind or character pertaining to the Property between them other than as set forth in this Lease.

26. **Commissions.** The parties hereby mutually covenant and warrant to one another that neither of them have had any dealings with any real estate brokers, agents, finders, or other parties with respect to the negotiation or execution of this Lease. There are no leasing commissions, fees or similar charges payable to any person or entity.

27. **Sublease and Assignment.** Lessee may only sublease the Property or assign this Lease with the prior written consent of Lessor, which consent may be withheld for any reason or no reason.

28. **Recordation.** A memorandum of this lease may be recorded. Recording of the memorandum shall be the expense of the recording party and a certified copy of the recorded memorandum shall be provided to the other party.

29. **Captions.** The Captions inserted in this Lease are for convenience only and do not define, limit or otherwise describe the scope or intent of this Lease or any provision hereof nor affect the interpretation of this Lease.

30. **Alterations.** Lessee, at its own cost and expense, may make such alterations and improvements to the Property as it deems desirable with the prior written consent of Lessor, which consent shall not be unreasonably withheld. All alterations and improvements made at the sole cost and expense of the Lessee shall become the property of Lessor and shall remain in and be surrendered with the Property as a part thereof at the termination of this Lease, without disturbance, molestation or injury, unless Lessee can remove them without materially harming or damaging the Property.

31. **Force Majeure.** Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (except for financial ability), shall excuse the performance, except for the payment of money, by such party for a period equal to any such prevention, delay or stoppage.
32. Non-Use of Names and Trademarks. No party to this Lease shall, without express written consent in each case, use any name, trade name, trademark, or other designation of any other party hereto (including contraction, abbreviation, or simulation) in advertising, publicity, promotional, or similar activities or context.

33. Restricted Uses. Lessee shall not commit, suffer nor allow any of the following to be done or conditions to exist on the Premises, without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion: (i) any business, trade or activity which, in Landlord's sole opinion, is noxious, unreasonably noisy or offensive; (ii) any action that defaces, damages or harms the Premises, (iii) placement of any non-operative automobile or motor vehicle or any debris, refuse or trash on the Premises; (iv) planting, growing, cultivating, harvesting or selling: (a) tobacco or any form thereof, (b) marijuana and/or substance that is considered a controlled substance; and (v) any conduct or condition which, in Landlord's sole opinion, is illegal, obscene, or morally offensive but not otherwise expressly mentioned above.

LESSOR: Idaho Dairy Environmental Action League Research Foundation, Inc.

By: __________________________

Pete Wiersma, President of Idaho Dairy Environmental Action League Research Foundation, Inc

Date: __4-29-19__

LESSEE: Grant 4-D Farms, LLC

By: Grant 4-D Management, LLC

By: Duane R. Grant, President, Manager of Grant 4-D Management, LLC

Date: __________________________
32. **Non-Use of Names and Trademarks.** No party to this Lease shall, without express written consent in each case, use any name, trade name, trademark, or other designation of any other party hereto (including contraction, abbreviation, or simulation) in advertising, publicity, promotional, or similar activities or context.

33. **Restricted Uses.** Lessee shall not commit, suffer nor allow any of the following to be done or conditions to exist on the Premises, without the prior written consent of Landlord, which may be granted or withheld in Landlord’s sole discretion: (i) any business, trade or activity which, in Landlord’s sole opinion, is noxious, unreasonably noisy or offensive; (ii) any action that defaces, damages or harms the Premises, (iii) placement of any non-operative automobile or motor vehicle or any debris, refuse or trash on the Premises; (iv) planting, growing, cultivating, harvesting or selling: (a) tobacco or any form thereof, (b) marijuana and/or substance that is considered a controlled substance; and (v) any conduct or condition which, in Landlord’s sole opinion, is illegal, obscene, or morally offensive but not otherwise expressly mentioned above.

**LESSOR:**

Idaho Dairy Environmental Action League Research Foundation, Inc.

By: ____________________________

Pete Wiersma, President of Idaho Dairy Environmental Action League Research Foundation, Inc

Date: ____________________________

**LESSEE:**

Grant 4-D Farms, LLC

By: Grant 4-D Management, LLC

By: ____________________________

Duane R. Grant, President, Manager of Grant 4-D Management, LLC

Date: 5/11/2019
EXHIBIT A

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a ½" rebar; Thence South 00 degrees 09 minutes 10 seconds East along the west line of Section 17 for a distance of 2876.51 feet to the Point of Beginning;

THENCE South 89 degrees 34 minutes 17 seconds East for a distance of 25.00 feet to a ½" rebar;
THENCE South 89 degrees 34 minutes 17 seconds East for a distance of 335.26 feet to a ½" rebar;
THENCE North 53 degrees 06 minutes 36 seconds East for a distance of 358.71 feet to a ½" rebar;
THENCE North 89 degrees 19 minutes 52 seconds East for a distance of 1351.90 feet to a ½" rebar;
THENCE along a non-tangent curve to the right for a distance of 981.29 feet to a ½" rebar, said curve having a radius of 1440.00 feet, a delta angle of 39 degrees 02 minutes 40 seconds, and a long chord bearing of South 43 degrees 06 minutes 13 seconds East for a distance of 962.42 feet;
THENCE North 48 degrees 35 minutes 30 seconds East for a distance of 362.24 feet;
THENCE along a non-tangent curve to the right for a distance of 442.36 feet to a ½" rebar, said curve having a radius of 1301.00 feet, a delta angle of 19 degrees 28 minutes 53 seconds, and a long chord bearing of North 48 degrees 35 minutes 30 seconds East for a distance of 440.23 feet;
THENCE along a curve to the right for a distance of 850.18 feet to a ½" rebar, said curve having a radius of 1301.00 feet, a delta angle of 37 degrees 26 minutes 30 seconds, and a long chord bearing of North 77 degrees 03 minutes 13 seconds East for a distance of 835.13 feet;
THENCE South 89 degrees 01 minutes 32 seconds East for a distance of 279.79 feet to a ½" rebar;
THENCE South 86 degrees 48 minutes 01 seconds East for a distance of 894.18 feet to a ½" rebar;
THENCE South 86 degrees 48 minutes 01 seconds East for a distance of 23.96 feet to the east line of Section 17;
THENCE South 00 degrees 07 minutes 38 seconds East along said section line for a distance of 2567.29 feet to a U.S.R.S. iron pipe with brass cap on top at the Southeast Corner of Section 17;
THENCE South 89 degrees 51 minutes 43 seconds West along the south line of Section 17 for a distance of 2634.08 feet to a ½" rebar at the South ¼ Corner of Section 17;
THENCE South 89 degrees 51 minutes 43 seconds West along the south line of Section 17 for a distance of 2634.08 feet to a ½" rebar with 3" aluminum cap on top at the Southwest Corner of Section 17;
THENCE North 00 degrees 09 minutes 10 seconds West along the west line of Section 17 for a distance of 2392.38 feet to the Point Of Beginning.

Said property contains 302.46 acres more or less and is subject to any easements or right of ways, existing or of record.

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EXHIBIT B

Items of Personal Property

All personal property located on the Land as of the Effective Date for uses related to irrigation of the farmland, including, but not limited to, all irrigation wells, 2 pivots, all pumps, equipment, water lines, irrigation equipment and associated pivot power units.

Specifically including the following items of personal property:

1) Valley Pivot Model 8000 Order # 1029556;
2) Valley Pivot Model 8000 Order # 1029551;
3) South Parcel Pump 200 hp Emerson Electric Motor;
4) 13H Layne Turbine Pump Serial Number LP-03214;
5) 50 hp Booster Pump Paco Electric Motor.
FARM LEASE

THIS FARM LEASE ("Lease") is entered into by and between the Board of Regents of the University of Idaho, a state educational institution and a body politic and corporate organized and existing under the Constitution and laws of the State of Idaho ("Lessor") and Grant 4-D Farms, LLC whose address is 707E 600N, Rupert ID 83350 ("Lessee").

RECITALS

A. WHEREAS, Lessee and W-4 Dairy, LLC had entered into a “Farm Lease” dated March 30, 2016, for property in Section 17, Township 7 South, Range 24 East, B.M., Minidoka County, Idaho, and W-4 Dairy has since sold a portion of that property to Lessor, and Lessor has agreed to continue leasing a portion of that property to Lessee by entering into a new lease as provided herein; and

B. WHEREAS, Lessor now owns the real property in the North Half of Section 17 Township 7 South, Range 24 East, B.M., Minidoka County, Idaho, together with the rights and appurtenances pertaining to such real property, including water rights, improvements, buildings, structures, and fixtures ("Improvements") now existing on the real property, if any; and

C. WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, the aforementioned real property and Improvements (if any) and personal property (if any) on the terms and conditions stated herein.

AGREEMENTS

The parties hereby mutually covenant, promise, and agree as follows:

1. Leased Property. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor real property described in Exhibit A ("the Land"), attached hereto, and Improvements (if any), as well as the personal property situated on, in or about the Land and Improvements, including without limitation the items of personal property listed on Exhibit B. The Land, Improvements, and personal property are hereinafter referred to as the "Property."

In the event all or a portion of the normal supply of water for the Land is restricted or curtailed by the Idaho Department of Water Resources, by court order, by order of the irrigation district with jurisdiction, or is otherwise restricted during the term of Lease, Lessee may reduce the area to be cultivated and harvested in reasonable relation to the extent of the water quantity or area limitation dictated by restriction or curtailment. Upon mutual agreement between Lessee and Lessor in establishing the reduced extent of area to be cultivated, Lessee shall manage that unirrigated portion by applying best agricultural practices for preparing and maintaining that formerly cultivated land for its resulting fallow condition. In the event of such curtailment, annual Rent for that crop year in which the curtailment occurs shall be reduced by $325 for each acre no longer cultivated. Lessee shall be reimbursed for any previously collected rent attributed to that portion of the Land not irrigated for that crop year and for which anticipated harvest was precluded.
2. **Lease Term.** The term of this Lease shall be from April 1, 2019 through November 30, 2025 ("Lease Term"). Either party may terminate this Lease on any January 1 during the Lease Term, so long as that party provides written notice to the other party by no later than the immediately preceding October 1. If Lessee has completed any work for the next crop year, such as fall work or fall fertilizing, before Lessor notifies Lessee of termination, Lessor shall reimburse Lessee for this completed work.

3. **Rent.** Rent for the Property shall be $75,000 for each year of the term of the lease and payable by Lessee to Lessor. Rent shall be paid in two payments annually. Lessee shall make the first annual payment to Lessor of $37,500 on or before April 15, 2019 and then on each April 15 for the remaining years of the term. Lessee shall make the second annual payment to Lessor of $37,500 on or before September 15, 2019 and then on each September 15 for the remaining years of the term. Rent shall be paid to “Bursar, University of Idaho”, and mailed to the attention of UI Real Estate Office, University of Idaho, 875 Perimeter Dr MS 3162, Moscow ID 83844-3162 or such other person as Lessor shall provide to Lessee by written notice. Failure to pay rent on or before the due date shall constitute a default by Lessee subject to all legal remedies of the Lessor.

4. **Use of Property.** Leased Property shall be used exclusively for purposes of planting, growing, maintaining and harvesting of agricultural crops based upon a crop plan submitted by Lessee and approved and/or modified by the Lessor’s College of Agricultural and Life Sciences by no later than August 15 of the preceding year. All seed introduced shall be of sufficient quality to minimize weeds, and Lessee shall be responsible for the control and spread of weeds from the Land to Lessor’s and other adjoining properties. Lessor covenants that Lessee shall have the peaceful and quiet enjoyment of the Property consistent with the provisions of this Lease. Upon development of a dairy facility on Lessor’s property adjoining the Land, Lessee hereby agrees Lessor may utilize the Land for access and nutrient application to and from said dairy facility. The parties agree to work cooperatively to permit such access and nutrient application to the Land and to do so in a manner that does not inhibit Lessee’s reasonable crop productivity expectations from the Land.

5. **Condition of Property.** Lessee has occupied the Land prior to the commencement of this Lease and accepts Property, after thoroughly examining said Property, “AS IS” and without any representation by or on behalf of the Lessor, without any warranties, expressed or implied, and agrees that Lessor shall in no way be liable for any defects in Lessor’s ownership of the Land or the fitness of the Property for Lessee’s intended use of the Property. Lessee further agrees to maintain Property in operable and farmable condition, including but not limited to weed control on the unirrigated portions whether those portions are outside the existing irrigation pivots or the result of water curtailment that reduces the area being cultivated. Lessee shall surrender said Property in the same condition at the termination of Lease as existed at the commencement of this Lease, normal wear and tear to personal property excepted. This Lease is subject to all applicable restrictions and all limitations of record, including the Surface Water Coalition’s Agreement with the Idaho Groundwater Association as recognized by the Idaho Department of Water Resources, and is subject to any and all easements of record.

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Regents of the University of Idaho/
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6. **Lessee Obligations for Farm Practices, Entitlement to Certain Payments, and Payment of Fines and Assessment of Property Taxes.** Lessee shall furnish all labor, equipment or machinery (not listed in Exhibit B), seed, fertilizer and chemicals and will pay all farm operation costs, including electricity for irrigation systems, seeding, cultivation, harvesting and will implement and pay for “Best Management Practices” (including but not limited to weed control) in accordance with the USDA Farm Service Agency office for the district in which Land is located. Lessee shall maintain all existing irrigation systems; however, in the event Lessee determines such required annual cumulative maintenance expenses for the existing irrigation system exceed $1000 for any crop year, Lessee shall report such additional required work to Lessor and Lessor shall make those repairs necessary to ensure adequate water is provided to Premises for the remainder of that crop year, and such additional repairs shall be at Lessor’s expense.

Except those government payments related to dairy operations, government payments received or receivable representing allotment or subsidy payment for approved crop practices or other government payments generated by performance of farm operations on Land by Lessee shall belong to the Lessee. Lessee shall be responsible for payment of any fines or penalties resulting from violation or non-compliance with government farm programs that result from Lessee’s farming practices and management during the Term of this Lease. Lessor’s Property is exempt from property taxes. Lessee shall be responsible for any lawful assessment against Lessee’s personal property.

7. **Indemnification and Insurance.** Lessee shall indemnify, defend and hold the state of Idaho, and Lessor and its governing board, employees, agents, and assigns harmless from and against any and all claims, losses, damages, injuries, liabilities and all costs, including attorneys fees, court costs and expenses and liabilities incurred in or from any such claim, arising from any breach or default in the performance of any obligation on Lessee’s part to be performed under the terms of this Lease, or arising from any act, negligence or the failure to act of Lessee or any of its agents, contractors, employees, invitees or guests. Lessee shall require any of its contractors or subcontractors to provide indemnification to Lessor as provided above.

Lessee is required to carry the types and limits of insurance shown in this Section 7, and to provide Lessor with a Certificate of Insurance. At any time, Lessor reserves the right to amend insurance requirements or require a security bond if circumstances warrant such action. Additionally and at its option, Lessor may request certified copies of required policies and endorsements. Such copies shall be provided within (10) ten days of Lessor’s request. All insurers shall have a Best’s rating of A+ or better and be licensed and admitted in Idaho. Lessee shall furnish Lessor with a certificate of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below. All policies required shall be written as primary policies and not contributing to nor in excess of any coverage Lessor may choose to maintain. All certificates shall provide for thirty (30) days’ written notice to Lessor prior to cancellation or material change of any insurance referred to therein. All policies shall name State of Idaho and the Regents of the University of Idaho as an additional insured. Certificates shall be mailed to: Risk Management, 875 Perimeter Dr MS 2433, Moscow, ID 83844-2433. All policies shall contain waiver of subrogation coverage or endorsements.

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Failure of Lessor to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Lessor to identify a deficiency from evidence that is provided shall not be construed as a waiver of Lessee’s obligation to maintain such insurance. Failure to maintain the required insurance may result in termination of this Lease at Landlord’s option. By requiring insurance herein, Lessor does not represent that coverage and limits will necessarily be adequate to protect Lessee, and such coverage and limits shall not be deemed as a limitation on Lessee’s liability under the indemnities granted to Lessor in this Lease. Lessee shall require any contractors or subcontractors to comply with the insurance provisions of this Lease.

Lessee shall obtain or require contractors or subcontractors to obtain insurance of the types and in the amounts described below.

A) Commercial General and Umbrella Liability Insurance. Lessee (or contractor or subcontractor) shall maintain commercial general liability (CGL) and, if necessary, commercial umbrella insurance with a limit of not less than $1,000,000 each occurrence and in the aggregate. If such CGL insurance contains a general aggregate limit, it shall apply separately to the Leased Property and shall not be less than $1,000,000. CGL insurance shall be written on standard ISO occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract including the tort liability of another assumed in a business contract.

B) Commercial Auto Insurance. Lessee (or contractor or subcontractor) shall maintain a Commercial Auto policy with a Combined Single Limit of $1,000,000; Underinsured and Uninsured Motorists limit of $1,000,000; Comprehensive; Collision; and a Medical Payments limit of $10,000. Coverage shall include Non-Owned and Hired Car coverage.

C) Personal property. Lessee (or contractor or subcontractor) shall purchase insurance to cover Lessee’s (or contractor’s or subcontractor’s) personal property. In no event shall Lessor be liable for any damage to or loss of personal property sustained by Lessee (or contractor or subcontractor), whether or not insured, even if such loss is caused by the negligence of Lessor, its employees, officers or agents.

D) Workers’ Compensation. Where required by law, Lessee (or contractor or subcontractor) shall maintain all statutorily required coverages including Employer’s Liability.

8. Hazardous Materials. Lessee shall not, nor shall it allow others to, accumulate, use, or store on the Property materials classified as hazardous, biomedical or toxic waste except in compliance with environmental laws and other applicable state, federal, or local laws, rules or regulations. Lessee shall comply and require contractors and subcontractors to comply with any lawful order by an entity with authority to regulate the use, accumulation, storage or disposal of hazardous waste. Lessee shall not be responsible for any of such materials placed on the Property by or through the Lessor prior to or during this Lease. As used herein, the term “environmental laws” shall mean the Comprehensive Environmental Response Compensation

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and Liability Act of 1980, as amended (CERCLA) the Resource Conservation Recovery Act, as amended (RCRA), the Federal Water Pollution Control Act, the Clean Air Act and any similar local, state or federal law, rule, ordinance or regulation. As used herein, the term “hazardous materials” shall mean any hazardous substance, pollutants, contaminants, or other hazardous waste or toxic substances defined in any environmental laws including, without limitation, petroleum and petroleum products, asbestos and asbestos containing materials, PCBs and urea-formaldehyde. In the event Lessee or Lessee’s contractor or subcontractor placed hazardous materials in violation of any environmental laws on the Property during or prior to the date of the Lease, Lessee shall, at Lessee’s cost and expense, cause such testing to be performed and shall cause any such hazardous materials to be removed, remediated or abated in compliance with all environmental laws. Lessee hereby agrees to indemnify, defend, and hold Lessor harmless from and against any and all claims, damages, liabilities, costs, expenses (including reasonable attorneys’ fees), causes of action and judgments arising out of or related to hazardous materials existing in, or under the Property caused by Lessee or Lessee’s contractor or subcontractor during or prior to the date of this Lease.

9. **Notice.** Any notice under this Lease shall be in writing and be delivered in person or by public or private courier service (including US Postal Service Express Mail and Federal Express) or registered or certified mail or by facsimile. Any notice given by registered or certified mail shall be sent with return receipt requested. Any notice given by facsimile shall be verified by a facsimile confirmation. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing.

   **If to Lessee:**
   Grant 4-D Farms, LLC
   707E 600N
   Rupert ID 83350

   **If to Lessor:**
   Regents of the University of Idaho
   Vice President for Finance and Administration
   875 Perimeter Dr MS 3168
   Moscow ID 83844-3168

Either party hereto may, by proper notice to the other, designate any other address for the giving of notice. Any notice shall be deemed to have been given on (a) actual delivery or refusal, (b) the day of mailing by registered or certified mail, or (c) the day facsimile delivery is verified.

10. **Default.**

10.1 **Lessee Events of Default.** In addition to any other default provision contained in this Lease, the occurrence of any of the following events shall constitute an Event of Default on the part of the Lessee:

(a) Failure to pay any monies due and payable hereunder,
(b) Default in the performance of any of Lessee's covenants, agreements or obligations hereunder;

(c) A general assignment by Lessee for the benefit of creditors;

(d) The filing by Lessee of a voluntary petition in bankruptcy, a voluntary petition for an arrangement, a petition, voluntary or involuntary, for reorganization, or an involuntary petition by Lessee's creditors, said involuntary petition remaining undischarged for a period of thirty (30) days;

(e) Receivership, attachment or other judicial seizure of substantially all of Lessee's, or any of their, assets on the Property, such attachment or other seizure remaining undischarged or undischarged for a period of thirty (30) days after the levy thereof.

10.2 Lessee's Right to Cure. Lessee shall have a period of thirty (30) days from the date of receipt of written notice from Lessor to Lessee within which to cure any default hereunder.

10.3 Lessor's Re-entry Upon Default. Upon any uncured default of this Lease by Lessee, Lessor, besides all other rights or remedies it may have, at its sole option, may enter the Property, in compliance with applicable law, and expel, remove or put out Lessee. Upon re-entry for uncured default, Lessor may plant, cultivate, harvest or otherwise utilize the Land at Lessor's sole discretion. However, Lessee remains liable for any deficiency payable or due to Lessor at the time of default. In the case of any default, all delinquent expenses as Lessor may incur for attorneys' fees, expenses, and/or putting the Property in good order and repair shall be immediately due and payable by Lessee. Lessor may undertake repairs in an emergency or to prevent further damage to the Property without delivery of notice. In addition, Lessor shall have all rights and remedies available at law and in equity for any default under this Lease.

11. Vacating the Property. Lessee specifically agrees to vacate the Property and return the possession of the same, in the condition required herein, to Lessor, on or before termination of this lease.

12. Damage by Fire or Other Casualty.

12.1 Replacement of Property. If any material portion of the Property is damaged by fire or other casualty, the proceeds of any insurance shall first be used to pay off any and all encumbrances on the Property and second to restore, repair, or replace the Property and return it to substantially the same condition as existed prior to the fire or other casualty.
12.2  **Lessee's Property.** Lessor will not carry insurance of any kind on
equipment owned by Lessee, and Lessor shall not be obligated to repair any damage thereto or
replace the same.

13.  **Condemnation.** If any material portion of the Property is taken by eminent
domain or action in lieu thereof, this Lease shall expire on the date when the Property shall be so
taken and possession thereof delivered over to the condemning authority and any condemnation
proceeds shall first be used to pay off any and all encumbrances on the Property with any
remaining proceeds to be payable to Lessor.

14.  **Animals.** Lessee promises not to keep or have any animals on or about the
Property without the prior written consent of Lessor.

15.  **Liens.** Lessee shall indemnify and hold Lessor Harmless from and against any
liens filed against the Property which liens are attributable to Lessee's use or occupancy. Further,
Lessee shall indemnify and hold Lessor harmless from and against any actions brought to
endorse any such liens and for any attorneys' fees, costs, judgment, appeals or any other
expenses incurred by Lessor relevant to the defense of any such liens or actions.

16.  **Signs.** Upon Lessor's written approval of Lessee's written request and
description, which approval may be withheld at the unilateral discretion of the Lessor, Lessee
may display or erect signs or other such display on the Property.

17.  **No Waiver.** A waiver of any breach or default under this Lease shall not be
construed to be a waiver of any succeeding breach or default.

18.  **Written Modifications.** No modification, release, discharge, or waiver of any
provisions hereof shall be of any force, effect or value unless in writing signed by Lessor or
Lessor's duly authorized agent or attorney.

19.  **No Partnership.** It is expressly understood and acknowledged that Lessor does
not, in any way or for any purpose, become a partner of Lessee in the conduct of its business, or
otherwise, or a joint venture or a member of a joint enterprise with Lessee, and that the
relationship of Lessor and Lessee hereunder is strictly that of landlord and tenant.

20.  **Successors.** This Lease and all terms and conditions hereof shall be binding upon
and shall inure to the benefit of all authorized heirs, successors in interest or assignees of either
party hereto.

21.  **Time of Essence.** Time is hereby expressly declared to be of the essence of each
and every covenant, term, condition and provision of this Lease.

22.  **Governing Law.** This Lease shall be governed by, construed, and enforced in
accordance with the laws of the state of Idaho, and venue for any action relating to this Lease
shall be Latah County, Idaho.
23. **Additional Acts.** The parties hereto agree to execute and deliver any documents or instruments and to take any and all actions reasonably necessary to carry out any agreement, term or condition of this Lease, whenever the occasion may arise and request for such action shall be made.

24. **Attorney’s Fees.** If any party brings an action to enforce the terms hereof or to declare rights hereunder, the prevailing Party in any such action, on trial and appeal, shall be entitled to recover reasonable attorney’s fees and costs from the non-prevailing party.

25. **Entire Agreement.** This Lease and its Exhibits represent all the transactions contemplated by the parties hereto. It is understood and agreed by the parties that there are no verbal promises or implied promises, agreements, stipulations or other representations of any kind or character pertaining to the Property between them other than as set forth in this Lease.

26. **Commissions.** The parties hereby mutually covenant and warrant to one another that neither of them have had any dealings with any real estate brokers, agents, finders, or other parties with respect to the negotiation or execution of this Lease. There are no leasing commissions, fees or similar charges payable to any person or entity.

27. **Sublease and Assignment.** Lessee may only sublease the Property or assign this Lease with the prior written consent of Lessor, which consent may be withheld for any reason or no reason.

28. **Recordation.** A memorandum of this lease may be recorded. Recording of the memorandum shall be the expense of the recording party and a certified copy of the recorded memorandum shall be provided to the other party.

29. **Captions.** The Captions inserted in this Lease are for convenience only and do not define, limit or otherwise describe the scope or intent of this Lease or any provision hereof nor affect the interpretation of this Lease.

30. **Alterations.** Lessee, at its own cost and expense, may make such alterations and improvements to the Property as it deems desirable with the prior written consent of Lessor, which consent shall not be unreasonably withheld. All alterations and improvements made at the sole cost and expense of the Lessee shall become the property of Lessor and shall remain in and be surrendered with the Property as a part thereof at the termination of this Lease, without disturbance, molestation or injury, unless Lessee can remove them without materially harming or damaging the Property.

31. **Other Obligations.** Lessee shall follow and comply with all applicable rules and regulations of the University and the reasonable instructions of University of Idaho personnel. Lessor reserves the right to require the removal of any worker it deems unsatisfactory for any reason.

32. **Equal Opportunity.** Lessee agrees not to discriminate against any employee or applicant for employment in the performance of this Lease, with respect to tenure, terms,
conditions or privileges of employment, or any matter directly or indirectly related to
employment, because of race, sex, color, religion, national origin, disability, ancestry or status as
a Vietnam veteran. Failure to perform in compliance with this covenant may constitute an Event
of Default of this Lease.

33. Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor
disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore,
governmental restrictions, governmental regulations, governmental controls, enemy or hostile
governmental action, civil commotion, fire or other casualty, and other causes beyond the
reasonable control of the party obligated to perform (except for financial ability), shall excuse
the performance, except for the payment of money, by such party for a period equal to any such
prevention, delay or stoppage.

34. Non-Use of Names and Trademarks. No party to this Lease shall, without express
written consent in each case, use any name, trade name, trademark, or other designation of any
other party hereto (including contraction, abbreviation, or simulation) in advertising, publicity,
promotional, or similar activities or context.

LESSOR:

Board of Regents of the University of Idaho

By: Brian Foisy
Vice President, Finance and Administration

Date: 4/5/19

LESSEE:

Grant 4-D Farms, LLC
By: Grant 4-D Management, LLC, Its Manager

By: Duane R. Grant, President

Date: 4/1/2019
EXHIBIT A

Land

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a \( \frac{3}{8} \)" rebar which shall be the Point of Beginning;

THENCE North 89 degrees 43 minutes 45 seconds East along the north line of Section 17 for a distance of 5270.51 feet to a \( \frac{3}{8} \)" rebar at the Northeast Corner of Section 17;

THENCE South 00 degrees 07 minutes 38 seconds East along the east line of Section 17 for a distance of 2713.82 feet;

THENCE North 86 degrees 48 minutes 01 seconds West for a distance of 23.96 feet to a \( \frac{3}{8} \)" rebar;

THENCE North 86 degrees 48 minutes 01 seconds West for a distance of 894.18 feet to a \( \frac{3}{8} \)" rebar;

THENCE North 18 degrees 24 minutes 10 seconds West for a distance of 1382.22 feet to a \( \frac{3}{8} \)" rebar;

THENCE South 89 degrees 26 minutes 20 seconds West for a distance of 1274.32 feet to a \( \frac{3}{8} \)" rebar;

THENCE along a non-tangent curve to the right for a distance of 1009.06 feet to a \( \frac{3}{8} \)" rebar, said curve having a radius of 1320.00 feet, a delta angle of 43 degrees 47 minutes 57 seconds, and a long chord bearing of South 22 degrees 49 minutes 20 seconds West for a distance of 984.67 feet;
THENCE South 28 degrees 16 minutes 21 seconds West for a
distance of 275.45 feet to a ¼" rebar;
THENCE South 61 degrees 17 minutes 29 seconds West for a
distance of 111.82 feet to a ¼" rebar;
THENCE South 81 degrees 54 minutes 35 seconds West for a
distance of 504.94 feet to a ¼" rebar;
THENCE South 89 degrees 19 minutes 52 seconds West for a
distance of 768.84 feet to a ¼" rebar;
THENCE along a non-tangent curve to the right for a
distance of 1065.87 feet to a ¼" rebar, said curve having a
radius of 1420.00 feet, a delta angle of 43 degrees 00 minutes
24 seconds, and a long chord bearing of North 45 degrees 17
minutes 56 seconds West for a distance of 1041.02 feet;
THENCE South 89 degrees 50 minutes 50 seconds West for a
distance of 25.00 feet to the west line of Section 17;
THENCE North 00 degrees 09 minutes 10 seconds West along
said section line for a distance of 1890.33 feet to the Point Of
Beginning.
EXHIBIT B

Items of Personal Property

All personal property located on the Land for uses related to irrigation including, but not limited to, irrigation wells, 2 pivots as depicted in diagram for Exhibit A, all pumps, equipment, water lines, irrigation equipment and associated pivot power units.

Specifically including the following items of personal property:

1) Valley Pivot Model 8000 Order # 1029555;
2) Valley Pivot Model 8000 Order # 1029558;
3) North Parcel Pump 200 hp US Electric Motor;
4) Johnston Turbine Pump;
5) 25 hp Booster Pump Baldor Electric Motor.
EXHIBIT C

EXPERIMENTAL FARM AGREEMENT

Document not included here. Submitted as separate agreement for individual approval.
EXHIBIT D
SPECIAL WARRANTY DEED
SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED ("Deed"), is made this ___ day of __________, 2022, by BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO, a state educational institution and body politic and corporate organized and existing under the Constitution and laws of the State of Idaho, whose mailing address is 875 Perimeter Drive MS 3020, Moscow, Idaho, 83843-3020 ("Grantor"), and the STATE OF IDAHO, STATE BOARD OF LAND COMMISSIONERS, whose administrative agent is the IDAHO DEPARTMENT OF LANDS, whose mailing address is 300 North 6th Street, Suite 103, Boise, Idaho 83702 ("Grantee").

WITNESSETH, that Grantor, for and in consideration of the sum of TEN DOLLARS ($10.00) lawful money of the United States of America, and other good and valuable consideration, to Grantor in hand paid by Grantee, the receipt whereof is hereby acknowledged, has granted, bargained, sold, and by these presents does grant, bargain, sell, convey and confirm unto Grantee, and to Grantee's heirs and assigns forever, all of the following described real property located in Minidoka County, State of Idaho, which property is legally described as follows, to-wit:

[See Exhibit "A", attached hereto and incorporated herein by reference]

SUBJECT TO all matters of record, and all existing easements or claims of easements, patent reservations, rights of way, protective covenants, zoning ordinances, and applicable building codes, laws and regulations, encroachments, overlaps, boundary line disputes and other matters which would be disclosed by an accurate survey or inspection of the premises.

TOGETHER WITH the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and any reversions, any remainders, rents, issues and profits therefrom; and all estate, right, title and interest in and to said property, as well in law as in equity, of Grantor.

TO HAVE AND TO HOLD the premises and the appurtenances unto Grantee, and to Grantee's heirs and assigns forever. Grantor covenants to Grantee only that Grantor has not conveyed the property or any right, title or interest therein to any other person than to Grantee, and that the property is free from encumbrances created or suffered by Grantor, excepting those as may be herein set forth.

In construing this Deed and where the context so requires, the singular includes the plural.

IN WITNESS WHEREOF, Grantor has executed the within instrument the day and year first above written.
GRANTOR: 

BOARD OF REGENTS OF 
THE UNIVERSITY OF IDAHO,
a state educational institution and
body politic and corporate organized
and existing under the Constitution
and laws of the State of Idaho.

Dated: ________________________

By: ________________________
Its: ________________________

STATE OF ________________________

County of ________________________

On this _____ day of __________, 2022, before me, a Notary Public in and for said State,
personally appeared __________, known or identified to me to be the __________
of the BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO, a state educational
institution and body politic and corporate organized and existing under the Constitution and laws
of the State of Idaho, an agency or entity of the State of Idaho, that executed the instrument and
the person who executed the instrument on behalf of said BOARD OF REGENTS OF THE
UNIVERSITY OF IDAHO and acknowledged to me that such state agency or entity executed
the same.

______________________________
Notary Public for State of __________
Residing at: ________________________
My Commission Expires: __________
AGRICULTURAL COLLEGE ENDOWMENT
EXPERIMENTAL FARM OPERATIONS AGREEMENT

THIS AGRICULTURAL COLLEGE ENDOWMENT EXPERIMENTAL FARM OPERATIONS AGREEMENT ("Experimental Farm Agreement") is entered into by and between the STATE OF IDAHO, STATE BOARD OF LAND COMMISSIONERS, acting through the IDAHO DEPARTMENT OF LANDS, whose mailing address is 300 North 6th Street, Suite 103, Boise, Idaho 83702, as trustee for the AGRICULTURAL COLLEGE ENDOWMENT ("Landowner"), and the BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO, a state educational institution and body politic and corporate organized and existing under the Constitution and laws of the State of Idaho, whose mailing address is 875 Perimeter Drive MS 3168, Moscow, Idaho, 83844-3168, acting by and for the benefit of the UNIVERSITY OF IDAHO ("Operator").

RECITALS:

WHEREAS, Landowner serves as the constitutional trustee for state endowment lands obtained from the federal government at statehood, which lands are to be managed "in such manner as will secure the maximum long term financial return to the [endowment beneficiaries]" in accordance with Article IX, § 8 of the Idaho Constitution and the Idaho Admission Bill (26 Stat. 215, ch. 656, am. 1998, P.L. 105-296), including an amendment to § 10 of the Idaho Admission Bill in 1997 (P.L. 110-77); and

WHEREAS, Landowner acquired two hundred eighty-two (282) acres of agricultural college endowment land in Caldwell, Idaho, in 1908 pursuant to the federal Morrill Act, 7 U.S.C. §§ 301, et. seq. (the "Original Morrill Act Land"); and

WHEREAS, on December 15, 2021, the Original Morrill Act Land sold for $23,250,000 (the "Caldwell Proceeds") and Landowner deposited the Caldwell Proceeds in the land bank fund pursuant to Idaho Code § 58-133(2); and

WHEREAS, the University of Idaho is Idaho's land grant college and beneficiary of the agricultural college endowment, and Operator serves as the governing body for the University of Idaho. See e.g., Idaho Code §§ 33-2813 and 33-2802, respectively; and

WHEREAS, the Morrill Act authorizes Landowner to purchase land for sites and experimental farms whenever authorized by the state legislature. 7 U.S.C. §§ 304, 305; and

WHEREAS, the 2007 amendment to § 10 of the Idaho Admission Bill authorizes Landowner to use proceeds from the sale of agricultural college endowment land for the purchase, erection, preservation, or repair of buildings. P.L.110-77 (2007); and

WHEREAS, Landowner has determined that execution of this Experimental Farm Agreement will be consistent with its fiduciary obligations as set forth Article IX, § 8 of the Idaho Constitution,
including the obligation to secure the maximum long term financial return to the endowment beneficiary; and

WHEREAS, the legislature has given its assent to all the provisions of the Morrill Act, and acts amendatory thereof and supplementary thereto. Idaho Code § 33-2901; and

WHEREAS, Landowner consents to Operator’s request to operate an experimental farm or experimental farms on certain agricultural college endowment land as provided for in the Morrill Act and in accordance with the terms and conditions of this Experimental Farm Agreement; and

WHEREAS, Operator has the expertise and desire to operate an experimental farm or experimental farms on certain agricultural college endowment land as allowed and provided for in the Morrill Act;

AGREEMENT:

NOW THEREFORE, in consideration of the foregoing Recitals which are incorporated into the contractual provisions of this Experimental Farm Agreement, and for other good and valuable consideration, the parties further agree as follows:

SECTION 1: Designation and Management of Experimental Farm. Landowner hereby designates Operator as the manager, occupant and sole operator of that certain real property Landowner owns and which is described in Exhibit A (which is attached and incorporated herein, and which shall be known as “Original Farm”). Operator hereby agrees to manage and operate Original Farm and any existing or future facilities, structures and appurtenances located thereon or related thereto that are deemed necessary by Operator for the purpose of developing and operating experimental farm uses at this site.

SECTION 2: Term. The term of this Experimental Farm Agreement and the designation of Original Farm by Landowner for exclusive occupancy and operation by Operator shall commence upon the acquisition of Original Farm by Landowner and shall continue until such time as Operator notifies Landowner in writing of its intent to terminate the Experimental Farm Agreement or as otherwise provided herein. Such termination shall be in accordance with the more specific provisions of Section 11 of this Experimental Farm Agreement.

SECTION 3: CAFE Project Development. Landowner and Operator hereby agree that Original Farm is to be developed and utilized by Operator as an experimental farm, and more particularly, it shall initially be developed and operated as a research dairy to be known at the time of commencement as the Center for Agriculture, Food, and the Environment (“CAFE”). As manager, occupant and sole operator of Original Farm, Operator hereby agrees to design, construct, and operate CAFE facilities as described in Exhibit B (which is attached and incorporated herein). Exhibit B identifies buildings and fixtures to real property (“Improvements”) that will be owned by Landowner as well as those Improvements that will be owned by Operator as permitted by this Experimental Farm Agreement. In recognition that Landowner will not acquire more real property and Improvements than the value of the Caldwell Proceeds, and that Operator will retain ownership of all other real property improvements it
constructs on Original Farm, the parties mutually agree that, if necessary upon the completion of construction, they will amend Exhibit B in a manner that ensures the actual construction cost of listed real property Improvements to be owned by Landowner approaches but does not exceed the value of the Caldwell Proceeds. In the event actual construction costs differ from the estimated costs reported in Exhibit B at the date of execution of this Experimental Farm Agreement, the parties will amend Exhibit B to identify the revised values and ownership assignment of those real property improvements.

The proposed development and construction upon Original Farm, as set forth in Exhibit B, may be conducted by Operator directly, as well as through the State of Idaho Division of Public Works ("DPW") for the portion of the Improvements constructed using the Caldwell Proceeds. Either Operator or DPW will bill Landowner for Improvements constructed using Caldwell Proceeds on a periodic basis acceptable to Landowner and Operator or DPW. The billing shall be based upon itemized invoices from either Operator or DPW, or alternatively, as a statement from Operator to Landowner of the estimated percentage of project completion at the time of such periodic billing for the specified Endowment Buildings/Improvements. Whether in the form of an invoice or percentage of project completion, the billing shall contain sufficient detail to inform Landowner of the construction activities that occurred during the billing period. The estimated percent of project completion shall be applied to the total remaining Caldwell Proceeds ($17,250,000 remains after initial acquisition of Original Farm) to determine the amount to be paid by Landowner in each periodic billing.

Operator has provided Landowner with the anticipated costs of construction of the initial build-out of the Operating Dairy improvements identified in Exhibit B. Operator shall be responsible for construction costs of Improvements identified on Exhibit B which are to be owned by Operator. Landowner shall pay all construction costs for those real property Improvements identified on Exhibit B as “Endowment Buildings/Improvements” as periodically billed by Operator or DPW during construction, provided that the total costs submitted to Landowner (including the $6 million cost to acquire Original Farm land) do not exceed the Caldwell Proceeds; Operator shall be responsible for all such costs in excess of the Caldwell Proceeds, and Landowner shall not be responsible for any costs in excess of the Caldwell Proceeds.

During construction, Operator is responsible for determining and directing satisfactory capital project completion of each Improvement funded with the Caldwell Proceeds. Landowner and Operator agree that upon Operator’s receipt of a State of Idaho Division of Occupational and Professional Licensing-issued “certificate of substantial completion,” for any Improvement funded by the Caldwell Proceeds the Improvement to which the certificate pertains shall be owned by Landowner.

In the event that the Caldwell Proceeds are insufficient to fully fund the construction of the Improvement(s) identified as “Endowment Buildings/Improvements” on Exhibit B, Operator shall provide sufficient funding to complete construction of the Endowment Buildings/Improvements, and said Buildings/Improvements shall be fully owned by Landowner, with no fractional ownership thereof.
SECTION 4: Investment of Operator’s proceeds from Landowner’s purchase of Original Farm. Operator hereby agrees to apply all proceeds from its sale of Original Farm to Landowner to the purchase and/or construction of real estate assets deemed necessary by Operator for the development of the CAFE project on Original Farm.

SECTION 5: Existing Lease. Upon acquisition of Original Farm by Landowner, the unrecorded leases between the Board of Regents and Grant 4-D Farms, LLC; and between the Idaho Dairy Environmental Action League Research Foundation Inc. and Grant 4-D Farms, LLC ("Existing Farm Leases"), will be combined into a single lease in substantial conformance to the terms attached and incorporated herein as Exhibit C ("Combined Lease"), and the Combined Lease will be assigned to Landowner as the lessor. Landowner hereby authorizes Operator to continue to manage the Combined Lease on behalf of Landowner, provided however, rent under the Combined Lease shall be paid over by Operator to Landowner as directed by Landowner, provided however, Operator shall have the right to deduct expenses incurred by Operator in performing obligations of Landowner under the assigned combined lease. As to expenses Operator incurs in maintaining, repairing or replacing the personal irrigation equipment described in Section 6, below, and Exhibit E, attached hereto, Operator may deduct the actual costs of such maintenance, repairs, or replacement, not to exceed eight thousand dollars ($8,000) per rental payment.

SECTION 6: Water Rights and Irrigation Equipment. Operator is the owner of the water rights listed in Exhibit D, which is attached and incorporated herein ("Existing Water Rights"). Landowner and Operator agree that they will be joint owners of the Existing Water Rights. Operator agrees that, simultaneous with closing, it will execute and file with the Idaho Department of Water Resources a “Notice of Change of Water Right Ownership,” listing Landowner and Operator as joint owners of the Existing Water Rights. Landowner agrees that Operator may continue to use the Existing Water Rights in connection with the operation of CAFE or any experimental farm operations on the Original Farm property, including through filing any transfer or water bank applications that Operator may deem necessary for the continued referenced operations. Operator is further authorized to use, manage and secure, jointly in Landowner and Operator’s name, any additional water rights that Operator may deem necessary for the convenient operation of the experimental farm purposes such as CAFE. Additionally, Operator may continue to use any and all real property irrigation improvements on Original Farm as well as retain ownership of any and all personal property irrigation equipment described in Exhibit E (specifically identifies all such personal property irrigation equipment, and is attached and incorporated herein). Operator may continue Operator’s use of those water rights and improvements as well as ownership of personal property irrigation equipment referred to herein until such time as Operator terminates this Experimental Farm Agreement as provided in Section 11.

Operator understands and acknowledges that the water rights listed in Exhibit D are groundwater rights, and that the Original Farm is located within the boundaries of the Magic Valley Groundwater District, rendering the water rights potentially subject to certain mitigation or settlement agreements, including but not limited to the Settlement Agreement Entered Into June 30, 2015, between participating members of the Surface Water Coalition and Participating Members of the Idaho Ground Water Approporators, Inc.; the Agreement dated October 7, 2015 between A & B Irrigation District and IGWA et al.; the Addendum to the SWC-IGWA Settlement
Agreement dated October 19, 2015; the Second Addendum to the SWC-IGWA Settlement Agreement dated December 14, 2016; the Settlement Agreement Between the SWC, participating members of IGWA and Signatory Cities, effective January 8, 2019; and the Settlement Agreement entered into September 7, 2022, between participating members of IGWA and participating members of SWC. In the event of a water delivery call, curtailment order, mitigation requirement (whether in the form of financial compensation, water or otherwise), or any other circumstance requiring or resulting in Operator’s inability to use the full quantity of water set forth in the water rights listed in Exhibit D, it shall be the responsibility of Operator to secure such additional water necessary in Operator’s sole discretion for the Operator’s experimental farm and CAFE operation. It shall further be Operator’s responsibility to comply with any and all relevant orders and satisfy any mitigation requirements, no matter the form of mitigation.

Landowner shall have no obligation to secure additional water or water rights or provide mitigation in any form.

SECTION 7: Authority to grant licenses, permits, and temporary easements. Prior to entering into any new licenses, permits or temporary easements on Original Farm, Operator shall first provide Landowner with notice of its intent to issue the license, permit or temporary easement, along with such details as Landowner shall deem necessary to facilitate its review of the proposed request. Landowner will consider the proposed request at the lowest authorized administrative level then required by Landowner policy or as such authorization is otherwise delegated by Landowner. Upon Landowner’s authorization, which shall not be unreasonably withheld, Operator may proceed as authorized. For the elimination of doubt and not as a limitation on licenses, permits or temporary easements allowable hereunder, Operator may propose sharecropping arrangements under which Operator is provided feed or other crops necessary for operation of the experimental farm with a portion of the crops retained by the authorized grower as compensation. All proposed licenses, permits, temporary easements or sharecropping arrangements must be reasonably related to operation of Original Farm for experimental farm purposes; provided however, that any such license, permit, temporary easement or sharecropping arrangement shall not, under any circumstance, continue beyond the term of this Experimental Farm Agreement, but shall terminate automatically upon the termination of this Experimental Farm Agreement for any reason. Such authorization does not extend to any license, permit, temporary easement or sharecropping arrangement that does not directly facilitate some utility, service, or activity deemed reasonably consistent with experimental farm purposes. Operator is not authorized to grant any instrument which encumbers title to Original Farm beyond the scope and extent of Operator’s rights granted under this Experimental Farm Agreement.

SECTION 8: Revenue Generation from Original Farm/CAFE operations. Landowner acknowledges that the operations and production of this experimental farm, and CAFE in particular, may result in revenue generation to Operator as CAFE operator. Landowner further acknowledges that any such revenue shall be the sole property of Operator and not Landowner so long as any such revenue is used by Operator solely for the purchase and/or construction, maintenance and repair, of real estate assets, fixtures and improvements deemed necessary by Operator for the development of an experimental farm, including, but not limited to, CAFE, or for operational expenses directly attributable to the use, development, or management of an experimental farm, including to or for CAFE. No later than August 31 of each year, Operator shall
provide a report to Landowner detailing the production and financial results of operations for the fiscal year ending on June 30 of that year. The annual report shall also specify how the operating revenue generated (if any) was expended in accordance with this Section 8.

SECTION 9: CAFE Expansion and Conveyance of Additional Farm Property to Landowner. Subject to approval from Landowner (to be considered at the lowest authorized administrative level then required by Landowner policy or as such authorization is otherwise delegated by Landowner) in advance of construction by Operator, additional real property improvements (beyond those already described in Exhibit B of this Experimental Farm Agreement), may subsequently be constructed or operated by Operator on Original Farm and shall remain the property of Operator, subject to Section 11 herein. Landowner agrees to make reasonable effort to review building plans or diagrams submitted by Operator within thirty (30) days of receipt by Landowner. In the event any additional land or real property improvements beyond Original Farm and those real property improvements identified in Exhibit B are proposed by Operator for conveyance to Landowner, such conveyance shall be subject to an approval from Landowner that is separate from and not consented to by this Experimental Farm Agreement. If separately approved by Landowner as required by this section, each subsequent conveyance of land or real property improvement from Operator to Landowner shall be referred to herein as “Additional Farm Property”. Additional Farm Property shall be subject to the terms of development, occupancy, operation, and termination as established by this Experimental Farm Agreement for Original Farm.

SECTION 10: Costs of Operation, Maintenance, and Improvements. Operator agrees to pay all costs of operation, maintenance and improvements related to or resulting from Operator’s use, occupancy and operation of Original Farm and Additional Farm Property, including but not limited to the maintenance and repair of all buildings, improvements and fixtures located thereon, as well as employment-related taxes and benefits. Landowner and Operator hereby agree that this Experimental Farm Agreement does not obligate Landowner to expend any amounts or funds in excess of the Caldwell Proceeds, and that Operator bears sole responsibility for the entirety of its ongoing operations on the Original Farm and the Additional Farm Property.

SECTION 11: Termination of Experimental Farm Operations. In the event Operator is unable to continue the experimental farm operations that are the subject of this Experimental Farm Agreement, or Operator determines that discontinuing such operations is in the best interest of Operator, Operator shall provide not less than one hundred eighty (180) days’ written notice of Operator’s intention to close operations to Landowner. Upon receipt of notice of intention to close operations, and consistent with its fiduciary responsibilities to the Agricultural College Endowment, Landowner may evaluate Original Farm, Additional Farm Property and any buildings, improvements and fixtures located thereon, whether owned by Landowner or Operator (collectively, “Real Property and Related Assets”), and determine the highest and best use of the Real Property and Related Assets as that use may exist at the time of operation closure, or in the future. Following evaluation, Landowner may determine whether disposal, retention, or any other action allowed by law is in the best interest of and will fulfill Landowner’s fiduciary obligations to the Agricultural College Endowment. Operator shall cooperate with such evaluation as requested by Landowner.
In the event Landowner determines that a sale of the Real Property and Related Assets is necessary to meet Landowner’s fiduciary responsibilities as trustee, the Real Property and Related Assets will be appraised pursuant to Landowner’s procedures for sale of endowment property. Buildings, improvements and fixtures which remain under Operator’s ownership (“Operator Assets”) will be included in the appraisal and will be separately valued. If Operator Assets or any portion thereof are determined not to add value to the highest and best use of the Real Property and Related Assets or be detrimental thereto, then Operator shall remove any such Operator Assets at Operator’s sole cost and expense upon demand by Landowner. Upon sale, the purchaser, if other than Operator, will pay to Operator the appraised value, if any, of Operator Assets, unless Operator agrees in writing to payment of a lesser amount. Operator will cooperate with the sale, including any transfer of any property rights, whether real or personal, necessary for a complete transfer at the time of sale.

In the event Landowner determines that leasing of the Real Property and Related Assets is necessary to meet Landowner’s fiduciary responsibilities as trustee, the Real Property and Related Assets will be appraised pursuant to Landowner’s procedures for leasing real property (including determination of fair rental value). Operator Assets will be included in the appraisal and separately valued. If Operator Assets or any of such Operator Assets are determined not to add value to the highest and best use of the Real Property and Related Assets or be detrimental thereto, then Operator shall remove any such Operator Assets at Operator’s sole cost and expense upon demand by Landowner. Upon lease, the lessee, if other than Operator, will pay to Operator the appraised value, if any, of the Operator Assets, unless Operator agrees in writing to payment of a lesser amount; or in the alternative, such new lessee shall pay fair rental value to Operator for rental of Operator Assets, unless Operator agrees in writing to payment of a lesser rent. Operator will cooperate with the lease process, as necessary for a complete lease. Rent payments under the lease, other than rent payments for rental of Operator Assets, will be paid to Landowner as trustee for the Agricultural College Endowment, and placed in the earnings reserve fund.

The parties acknowledge that circumstances surrounding the closure of operations by Operator and the evaluation, as of the time of closure, of the Real Property and Related Assets may require revisions to this Section 11 in order to satisfy Landowner’s fiduciary duties to the Agricultural College Endowment. The parties agree to confer and negotiate in good faith for any necessary revisions while remaining within the framework of the Landowner’s fiduciary responsibilities including fair compensation to Operator for the value of Operator’s buildings and improvements.

Nothing contained in this Section 11 shall be construed as preventing or prohibiting Landowner from making reasonable inspection of the Real Property and Related Assets at any time.

SECTION 12: Damage, Destruction and Condemnation. In the event of any damage, destruction, or condemnation of Original Farm and/or Additional Farm Property, or any part thereof, the net proceeds of any insurance or condemnation awards with respect to Original Farm and/or Additional Farm Property shall be used and applied to repair, restore, rebuild, or replace Original Farm and Additional Farm Property; provided however, that in the event of total or substantial destruction or condemnation, or in the event that the aforesaid insurance proceeds or condemnation awards are not sufficient to repair, restore, rebuild, or replace Original Farm and
Additional Farm Property, then Landowner, upon consultation with Operator, may elect not to repair, restore, rebuild, or replace, in which case the net proceeds of all insurance and condemnation awards, together with all other available funds, shall be applied by Landowner as it deems appropriate in the best interest of the endowment beneficiary. Any such repair, restoration, rebuilding, or replacement may be in accordance with such different design, plans, and specifications approved by Operator and Landowner as will or may provide facilities of the same or different nature or use, but still held and used for the purpose of experimental farms, and so long as any such change therein or thereof shall not reduce or otherwise adversely affect the value and purpose of Original Farm and/or Additional Farm Property.

SECTION 13: Relationship of the Parties and Responsibility for Management. Operator will control the operations and management of Original Farm and any Additional Farm Property, including the day-to-day operations and contracting with any party with whom Operator chooses to contract for the use or purposes of operating an experimental farm or CAFE.

SECTION 14: General Provisions.

A. Insurance. Landowner and Operator are both agencies of the State of Idaho and are provided a comprehensive liability plan through the Risk Management Program established under Idaho Code § 67-5773 et seq., funded and in effect subject to limitation on liability of the Tort Claims Act, Idaho Code § 6-901 et seq.

1. Apportionment of Liability. Landowner and Operator shall be responsible only for the acts, omissions or negligence of such party’s own employees. The term “employee” is defined for the purposes of this section as set forth in Idaho Code § 6-902. The parties acknowledge that both Landowner and Operator participate in the State of Idaho Risk Management Program comprehensive liability plan utilizing the Retained Risk Account (“Risk Program”). Each of the parties is obligated to notify the Division of Risk Management and the other party upon receipt of notice or in the event it has knowledge of any claim or damage arising out of this Agreement.

2. Nothing in this Experimental Farm Agreement shall extend the tort responsibility or liability of either Landowner or Operator beyond that required by the Idaho Tort Claims Act, Idaho Code § 6-901 et seq. Any covered third-party tort liability claim, suit or loss arising from this Experimental Farm Agreement shall be allocated to one or both parties by the Division of Risk Management for purposes of the respective loss experiences and subsequent allocation of self-insurance assessments.

3. Landowner and Operator shall each be responsible for damage to property of the other party caused by its employees in the performance of this Experimental Farm Agreement. If any property damage arises in the performance of this Experimental Farm Agreement and is covered by the Risk Program, the Division of Risk Management shall charge the damage or loss to the responsible party’s loss history, and the responsible party shall pay the deductible, if any.
4. If a claim or damage is not covered by the Risk Program, the responsible party shall pay the costs arising from any such claim or damage. If a claim or damage arises from both parties’ performance of this Experimental Farm Agreement or is not allocable to either party individually, then each party shall pay the costs to such party arising from the claim or damage.

B. Hazardous Materials. Operator shall not, nor shall it allow others to, accumulate, use, or store on Original Farm or any Additional Farm Property any materials classified as hazardous, biomedical or toxic waste except in compliance with all applicable environmental laws and other applicable state, federal, or local laws, ordinances, rules or regulations. Operator shall comply and require any and all authorized users of Original Farm and any Additional Farm Property, including, but not limited to, licensees, permittees, lessees, temporary easement holders, contractors, and subcontractors to comply with such environmental laws and to comply with any lawful order by any entity with authority to regulate the use, accumulation, storage or disposal of hazardous waste. As used herein, the term “environmental laws” shall mean the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (CERCLA) the Resource Conservation Recovery Act, as amended (RCRA), the Federal Water Pollution Control Act, the Clean Air Act and any applicable local, state or federal law, rule, ordinance or regulation. As used herein, the term “hazardous materials” shall mean any hazardous substance, pollutants, contaminants, or other hazardous waste or toxic substances defined in any environmental laws including, without limitation, petroleum and petroleum products, asbestos and asbestos containing materials, PCBs and urea-formaldehyde. In the event Operator or any authorized user of Original Farm or Additional Farm Property, including, but not limited to, licensees, permittees, lessees, temporary easement holders, contractors or subcontractors place hazardous materials in violation of any environmental laws on Original Farm or Additional Farm Property; or in the event that any environmental contamination results from the use of any hazardous material on Original Farm or any Additional Farm Property, including, but not limited to, herbicides and pesticides; or in the event of any environmental contamination occurs during the term of this Experimental Farm Agreement or arises because of Operator’s operations conducted on Original Farm or any Additional Farm Property, then Operator shall, at Operator’s sole cost and expense, cause such testing to be performed and shall cause any such hazardous materials and or environmental contamination to be removed, remediated or abated in compliance with all applicable environmental laws.

Landowner will have no liability or responsibility for any mitigation, clean-up expenses, remediation, fees, fines, or any costs associated in any way with the use of or contamination by hazardous materials, or any environmental contamination, on the Original Farm or Additional Farm Property.

C. Notice. Any notice under this Experimental Farm Agreement shall be in writing and be delivered in person or by public or private courier service (including US Postal Service Express Mail and Federal Express) or registered or certified mail or by email. Any notice given by registered or certified mail shall be sent with return receipt requested. Any notice of default given by email shall be accompanied by a phone call to the alleged defaulting party if such party has designated a specific personal contact and telephone
number and email address to the other party. All notices shall be addressed to the parties at
the following addresses or at such other addresses as the parties may from time to time direct
in writing.

If to Landowner: State Land Board
           c/o Idaho Department of Lands
           300 North 6th Street, Suite 103
           Boise, ID 83702
           Email: ______________________

If to Operator: Regents of the University of Idaho
           Vice President, Finance and Administration
           875 Perimeter Dr MS 3168
           Moscow ID 83844-3168
           Email: ______________________

Either party hereto may, by proper notice to the other, designate any other address (including
email) for the giving of notice. Any notice shall be deemed to have been given on (a) actual
delivery or refusal, (b) the day of mailing by registered or certified mail, or (c) the day of
email delivery “sent”.

D. Officials Not Personally Liable. In no event shall any official officer, employee or
   agent of the State of Idaho or Operator or Landowner be liable or responsible for any
   representation, statement, covenant, warranty or obligation contained in, or made in
   connection with this Experimental Farm Agreement.

E. No Third-Party Beneficiary Rights. Nothing in this Experimental Farm Agreement
   shall be construed as creating or giving rise to any rights in any third parties or any persons
   other than the express parties hereto.

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

G. Governing Law and Venue. This Experimental Farm Agreement shall be governed
   by and construed under the laws of the State of Idaho and the parties hereto consent to the
   jurisdiction of the state courts of Ada County in the State of Idaho in the event of any dispute
   with respect to this Experimental Farm Agreement.

H. Written Modification. This Experimental Farm Agreement may be modified or
   amended only by an agreement in writing signed by a duly authorized representative of the
   Landowner and Operator.
IN WITNESS WHEREOF, the parties have executed this Experimental Farm Agreement to be effective as provided herein.

LANDOWNER: STATE BOARD OF LAND COMMISSIONERS

President of the State Board of Land Commissioners and Governor of the State of Idaho

Countersigned:

Secretary of State of Idaho

Director of the Idaho Department of Lands

STATE OF IDAHO )
   )ss.
COUNTY OF ADA )

On this ___ day of ______________, 202___, before me, a Notary Public in and for said State, personally appeared BRAD LITTLE, as the President of the State Board of Land Commissioners and Governor of the State of Idaho, that executed the within instrument, and acknowledged to me that he executed the same as said President and Governor, and that the State Board of Land Commissioners and the State of Idaho executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

(seal) Notary Public for State of Idaho
My Commission Expires: ____________________
OPERATOR:
Board of Regents of the University of Idaho

__________________________________________
Lee Espey
Operations Officer, Finance and Admin
University of Idaho

Date ____________________________
List of Exhibits and Schedule

Exhibit A – Subject Property -- Original Farm
Exhibit B – CAFE Facilities
Exhibit C – Combined Lease (Farm Lease)
Exhibit D – Existing Water Rights
Exhibit E – Personal Property Retained by Operator
EXHIBIT A

SUBJECT PROPERTY

All of Section 17, Township 7 South, Range 24 East of Boise Meridian, Minidoka County, State of Idaho. Otherwise described in four parcels as:

PARCEL 1

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a ¼” rebar; Thence South 00 degrees 09 minutes 10 seconds East along the west line of Section 17 for a distance of 1890.33 feet; Thence North 89 degrees 50 minutes 50 seconds East for a distance of 25.00 feet to a ¼” rebar which shall be the Point of Beginning;

THENCE North 00 degrees 09 minutes 10 seconds West for a distance of 930.57 feet;

THENCE along a non-tangent curve to the right for a distance of 1378.48 feet, said curve having a radius of 1350.00 feet, a delta angle of 58 degrees 30 minutes 17 seconds, and a long chord bearing of North 44 degrees 36 minutes 51 seconds East for a distance of 1319.37 feet;

THENCE North 89 degrees 43 minutes 45 seconds East for a distance of 596.50 feet;

THENCE South 12 degrees 11 minutes 50 seconds West for a distance of 1325.40 feet;

THENCE South 27 degrees 42 minutes 13 seconds East for a distance of 61.93 feet;

THENCE North 88 degrees 45 minutes 09 seconds East for a distance of 1350.02 feet to a ¼” rebar;

THENCE along a non-tangent curve to the right for a distance of 1009.06 feet to a ¼” rebar, said curve having a radius of 1320.00 feet, a delta angle of 43 degrees 47 minutes 57 seconds, and a long chord bearing of South 22 degrees 49 minutes 20 seconds West for a distance of 984.67 feet;
THENCE South 28 degrees 16 minutes 21 seconds West for a
distance of 275.45 feet to a 3/8" rebar;
THENCE South 61 degrees 17 minutes 29 seconds West for a
distance of 111.82 feet to a 3/8" rebar;
THENCE South 81 degrees 54 minutes 35 seconds West for a
distance of 504.94 feet to a 3/8" rebar;
THENCE South 89 degrees 19 minutes 52 seconds West for a
distance of 768.84 feet to a 3/8" rebar;
THENCE along a non-tangent curve to the right for a
distance of 1065.87 feet to a 3/8" rebar, said curve having a
radius of 1420.00 feet, a delta angle of 43 degrees 00 minutes
24 seconds, and a long chord bearing of North 45 degrees 17
minutes 56 seconds West for a distance of 1041.02 feet to the
Point Of Beginning.

Said property contains 100.00 acres more or less and is subject
to any easements or right of ways, existing or of record.

PARCEL 2

Part of Section 17 in Township 7 South, Range 24 East of the
Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24
E., B.M. said corner marked by a 3/8" rebar which shall be the
Point of Beginning;

THENCE North 89 degrees 43 minutes 45 seconds East along
the north line of Section 17 for a distance of 5270.51 feet to a
3/8" rebar at the Northeast Corner of Section 17;
THENCE South 00 degrees 07 minutes 38 seconds East along
the east line of Section 17 for a distance of 2713.82 feet;
THENCE North 86 degrees 48 minutes 01 seconds West for a
distance of 23.96 feet to a 3/8" rebar;
THENCE North 86 degrees 48 minutes 01 seconds West for a
distance of 894.18 feet to a 3/8" rebar;
THENCE North 18 degrees 24 minutes 10 seconds West for a
distance of 1382.22 feet to a 3/8" rebar;
THENCE South 89 degrees 26 minutes 20 seconds West for a
distance of 1274.32 feet to a 3/8" rebar;
THENCE South 88 degrees 45 minutes 09 seconds West for a
distance of 1350.02 feet;
THENCE North 27 degrees 42 minutes 13 seconds West for a
distance of 61.93 feet;
THENCE North 12 degrees 11 minutes 50 seconds East for a distance of 1325.40 feet;
THENCE South 89 degrees 43 minutes 45 seconds West for a distance of 596.50 feet;
THENCE along a non-tangent curve to the left for a distance of 1378.48 feet, said curve having a radius of 1350.00 feet, a delta angle of 58 degrees 30 minutes 17 seconds, and a long chord bearing of South 44 degrees 36 minutes 51 seconds West for a distance of 1319.37 feet;
THENCE South 00 degrees 09 minutes 10 seconds East for a distance of 930.57 feet to a ¾" rebar;
THENCE South 89 degrees 50 minutes 50 seconds West for a distance of 25.00 feet to the west line of Section 17;
THENCE North 00 degrees 09 minutes 10 seconds West along said section line for a distance of 1890.33 feet to the Point Of Beginning.

Said property contains 163.02 acres more or less and is subject to any easements or right of ways, existing or of record.

PARCEL 3

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a ¾" rebar; Thence South 00 degrees 09 minutes 10 seconds East along the west line of Section 17 for a distance of 1890.33 feet to the Point of Beginning;

THENCE North 89 degrees 50 minutes 50 seconds East for a distance of 25.00 feet to a ¾" rebar;
THENCE along a non-tangent curve to the left for a distance of 1065.87 feet to a ¾" rebar, said curve having a radius of 1420.00 feet, a delta angle of 43 degrees 00 minutes 24 seconds, and a long chord bearing of South 45 degrees 17 minutes 56 seconds East for a distance of 1041.02 feet;
THENCE North 89 degrees 19 minutes 52 seconds East for a distance of 768.84 feet to a ¾" rebar;
THENCE North 81 degrees 54 minutes 35 seconds East for a distance of 504.94 feet to a ¾" rebar;
THENCE North 61 degrees 17 minutes 29 seconds East for a distance of 111.82 feet to a ¾" rebar;
THENCE North 28 degrees 16 minutes 21 seconds East for a distance of 275.45 feet to a ½" rebar;
THENCE along a non-tangent curve to the left for a distance of 1009.06 feet to a ½" rebar, said curve having a radius of 1320.00 feet, a delta angle of 43 degrees 47 minutes 57 seconds, and a long chord bearing of North 22 degrees 49 minutes 20 seconds East for a distance of 984.67 feet;
THENCE North 89 degrees 26 minutes 20 seconds East for a distance of 1274.32 feet to a ½" rebar;
THENCE South 18 degrees 24 minutes 10 seconds East for a distance of 1382.22 feet to a ½" rebar;
THENCE North 89 degrees 01 minutes 32 seconds West for a distance of 279.79 feet to a ½" rebar;
THENCE along a non-tangent curve to the left for a distance of 850.18 feet, said curve having a radius of 1301.00 feet, a delta angle of 37 degrees 26 minutes 30 seconds, and a long chord bearing of South 77 degrees 03 minutes 13 seconds West for a distance of 835.13 feet;
THENCE along a curve to the left for a distance of 442.36 feet to a ½" rebar, said curve having a radius of 1301.00 feet, a delta angle of 19 degrees 28 minutes 53 seconds, and a long chord bearing of South 48 degrees 35 minutes 30 seconds West for a distance of 440.23 feet;
THENCE South 48 degrees 35 minutes 30 seconds West for a distance of 362.24 feet to a ½" rebar;
THENCE along a non-tangent curve to the left for a distance of 981.29 feet to a ½" rebar, said curve having a radius of 1440.00 feet, a delta angle of 39 degrees 02 minutes 40 seconds, and a long chord bearing of North 43 degrees 06 minutes 13 seconds West for a distance of 962.42 feet;
THENCE South 89 degrees 19 minutes 52 seconds West for a distance of 1351.90 feet to a ½" rebar;
THENCE South 53 degrees 06 minutes 36 seconds West for a distance of 358.71 feet to a ½" rebar;
THENCE North 89 degrees 34 minutes 17 seconds West for a distance of 335.26 feet to a ½" rebar;
THENCE North 89 degrees 34 minutes 17 seconds West for a distance of 25.00 feet to the west line of Section 17;
THENCE North 00 degrees 09 minutes 10 seconds West along said section line for a distance of 986.18 feet to the Point Of Beginning.

Said property contains 72.63 acres more or less and is subject to any easements or right of ways, existing or of record.
PARCEL 4

Part of Section 17 in Township 7 South, Range 24 East of the Boise Meridian, Minidoka County, State of Idaho.

Beginning at the Northwest Corner of Section 17 in T.7 S., R.24 E., B.M. said corner marked by a 1/8" rebar; Thence South 00 degrees 09 minutes 10 seconds East along the west line of Section 17 for a distance of 2876.51 feet to the Point of Beginning;

THENCE South 89 degrees 34 minutes 17 seconds East for a distance of 25.00 feet to a 1/8" rebar;
THENCE South 89 degrees 34 minutes 17 seconds East for a distance of 335.26 feet to a 1/8" rebar;
THENCE North 53 degrees 06 minutes 36 seconds East for a distance of 358.71 feet to a 1/8" rebar;
THENCE North 89 degrees 19 minutes 52 seconds East for a distance of 1351.90 feet to a 1/8" rebar;
THENCE along a non-tangent curve to the right for a distance of 981.29 feet to a 1/8" rebar, said curve having a radius of 1440.00 feet, a delta angle of 39 degrees 02 minutes 40 seconds, and a long chord bearing of South 43 degrees 06 minutes 13 seconds East for a distance of 962.42 feet;
THENCE North 48 degrees 35 minutes 30 seconds East for a distance of 362.24 feet;
THENCE along a non-tangent curve to the right for a distance of 442.36 feet to a 1/8" rebar, said curve having a radius of 1301.00 feet, a delta angle of 19 degrees 28 minutes 53 seconds, and a long chord bearing of North 48 degrees 35 minutes 30 seconds East for a distance of 440.23 feet;
THENCE along a curve to the right for a distance of 850.18 feet to a 1/8" rebar, said curve having a radius of 1301.00 feet, a delta angle of 37 degrees 26 minutes 30 seconds, and a long chord bearing of North 77 degrees 03 minutes 13 seconds East for a distance of 835.13 feet;
THENCE South 89 degrees 01 minutes 32 seconds East for a distance of 279.79 feet to a 1/8" rebar;
THENCE South 86 degrees 48 minutes 01 seconds East for a distance of 894.18 feet to a 1/8" rebar;
THENCE South 86 degrees 48 minutes 01 seconds East for a distance of 23.96 feet to the east line of Section 17;
THENCE South 00 degrees 07 minutes 38 seconds East along said section line for a distance of 2567.29 feet to a U.S.R.S. iron pipe with brass cap on top at the Southeast Corner of Section 17;
THENCE South 89 degrees 51 minutes 43 seconds West along the south line of Section 17 for a distance of 2634.08 feet to a ¾" rebar at the South ¼ Corner of Section 17;

THENCE South 89 degrees 51 minutes 43 seconds West along the south line of Section 17 for a distance of 2634.08 feet to a ¾" rebar with 3" aluminum cap on top at the Southwest Corner of Section 17;

THENCE North 00 degrees 09 minutes 10 seconds West along the west line of Section 17 for a distance of 2392.38 feet to the Point Of Beginning.

Said property contains 302.46 acres more or less and is subject to any easements or right of ways, existing or of record.
EXHIBIT C

COMBINED LEASE (FARM LEASE)
FARM LEASE

THIS FARM LEASE ("Lease") is entered into by and between the Board of Regents of the University of Idaho, a state educational institution and a body politic and corporate organized and existing under the Constitution and laws of the State of Idaho ("Lessor") and Grant 4-D Farms, LLC whose address is 707E 600N, Rupert ID 83350 ("Lessee").

RECITALS

A. WHEREAS, Lessor and Lessee had entered into a “Farm Lease” in 2019, for property in the North Half of Section 17, Township 7 South, Range 24 East, B.M., Minidoka County, Idaho, (the “North Parcel”); and

B. WHEREAS, Lessee and the Idaho Dairy Environmental Action League Research Foundation, Inc (“IDEAL”) had entered into a “Farm Lease” in 2019, for property in the South Half of Section 17, Township 7 South, Range 24 East, B.M., Minidoka County, Idaho (the “South Parcel”); and

C. WHEREAS, prior to November 30, 2022, IDEAL has conveyed its interest in South Parcel to Lessor, and upon such conveyance and by the terms of Section 2 of Lessee’s Farm Lease with IDEAL, said Farm Lease for the South Half Section of said property shall terminate on November 30, 2022; and

D. WHEREAS, Lessor now owns South Parcel; and

E. WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, a portion of North Parcel and all of South Parcel and certain improvements or personal property on the terms and conditions agreed upon.

AGREEMENTS

The parties hereby mutually covenant, promise, and agree as follows:

1. Leased Property. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor real property depicted in Exhibit A, which diagram is attached and incorporated herein, ("the Land") together with the rights and appurtenances pertaining to such real property, including water rights, buildings, structures, and fixtures now existing on the real property ("Improvements"), as well as the personal property situated on, in or about the Land and Improvements, including without limitation the items of personal property listed on Exhibit B, attached and incorporated herein. The Land, Improvements, and personal property are hereinafter referred to as the "Property".

In the event all or a portion of the normal supply of water for the Land is restricted or curtailed by the Idaho Department of Water Resources, by court order, by order of the irrigation district with jurisdiction, or is otherwise restricted during the term of Lease, Lessee may reduce the area to be cultivated and harvested in reasonable relation to the extent of the water quantity or area limitation dictated by restriction or curtailment. Upon mutual agreement between Lessee and Lessor in establishing the reduced extent of area to be cultivated, Lessee shall manage that unirrigated
portion by applying best agricultural practices for preparing and maintaining that formerly cultivated land for its resulting fallow condition. In the event of such curtailment, annual Rent for that crop year in which the curtailment occurs shall be reduced by $325 for each acre no longer cultivated. Lessee shall be reimbursed for any previously collected rent attributed to that portion of the Land not irrigated for that crop year and for which anticipated harvest was precluded.

2. **Lease Term.** The term of this Lease shall be from December 1, 2022, through November 30, 2025 ("Lease Term"). Either party may terminate this Lease, effective as of December 31 of any year during the Lease Term, so long as the terminating party provides written notice to the other party no later than October 1 of the year in which the lease will terminate. If Lessee has completed any work for the next crop year, such as fall work or fall fertilizing, before Lessor notifies Lessee of termination, Lessor shall reimburse Lessee for this completed work.

3. **Rent.** Rent for the Property shall be $126,750 per year and payable by Lessee to Lessor. Rent shall be paid in two payments annually. Lessee shall make the first annual payment to Lessor of $63,375 on or before April 15, 2023, and then on each April 15 for the remaining years of the term. Lessee shall make the second annual payment to Lessor of $63,375 on or before September 15, 2023, and then on each September 15 for the remaining years of the term. Rent shall be paid to “Bursar, University of Idaho”, and mailed to the attention of UI Real Estate Office, University of Idaho, 875 Perimeter Dr MS 3162, Moscow ID 83844-3162 or such other person as Lessor shall provide to Lessee by written notice. Failure to pay rent on or before the due date shall constitute a default by Lessee subject to all legal remedies of the Lessor.

4. **Use of Property.** The Property shall be used exclusively for purposes of planting, growing, maintaining, and harvesting of agricultural crops based upon a crop plan submitted by Lessee and approved and/or modified by the University of Idaho’s College of Agricultural and Life Sciences by no later than August 15 of the preceding year. All seed introduced shall be of sufficient quality to minimize weeds, and Lessee shall be responsible for the control and spread of weeds from the Land to Lessor’s and other adjoining properties. Lessor covenants that Lessee shall have the peaceful and quiet enjoyment of the Property consistent with the provisions of this Lease. Upon development of a dairy facility on Lessor’s property adjoining the Land, Lessee hereby agrees Lessor may utilize the Land for access and nutrient application to and from said dairy facility. The parties agree to work cooperatively to permit such access and nutrient application to the Land and to do so in a manner that does not inhibit Lessee’s reasonable crop productivity expectations from the Land.

5. **Condition of Property.** Lessee has occupied the Land prior to the commencement of this Lease and accepts Property, after thoroughly examining said Property, “AS IS” and without any representation by or on behalf of the Lessor, without any warranties, expressed or implied, and agrees that Lessor shall in no way be liable for any defects in Lessor’s ownership of the Land or the fitness of the Property for Lessee’s intended use of the Property. Lessee further agrees to maintain Property in operable and farmable condition, including but not limited to weed control on the unirrigated portions whether those portions are outside the existing irrigation pivots or the result of water curtailment that reduces the area being cultivated. Lessee shall surrender said Property in the same condition at the termination of Lease as existed at the commencement of this Lease, normal wear and tear to personal property excepted. This Lease is subject to all applicable restrictions and all limitations of record, including the Surface Water Coalition’s Agreement with the Idaho
Groundwater Association as recognized by the Idaho Department of Water Resources, and is subject to any and all easements of record.

6. **Lessee Obligations for Farm Practices, Entitlement to Certain Payments, and Payment of Fines and Assessment of Property Taxes.** Lessee shall furnish all labor, equipment or machinery (not listed in Exhibit B), seed, fertilizer and chemicals and will pay all farm operation costs, including electricity for irrigation systems, seeding, cultivation, and harvesting. Lessee shall also implement and pay for “Best Management Practices” (including but not limited to weed control) in accordance with the USDA Farm Service Agency office for the district in which Land is located. Lessee shall maintain all existing irrigation systems; however, in the event Lessee determines such required annual cumulative maintenance expenses for the existing irrigation system exceed $1000 for any crop year, Lessee shall report such additional required work to Lessor and Lessor shall make those repairs necessary to ensure adequate water is provided to Land for the remainder of that crop year, and such additional repairs shall be at University of Idaho’s expense.

Except those government payments to Lessor related to dairy operations, government payments received or receivable representing allotment or subsidy payment for approved crop practices or other government payments generated by performance of farm operations on Land by Lessee shall belong to the Lessee. Lessee shall be responsible for payment of any fines or penalties resulting from violation or non-compliance with government farm programs that result from Lessee’s farming practices and management during the Term of this Lease. Lessor’s Property is exempt from property taxes. Lessee shall be responsible for any lawful assessment against Lessee’s personal property.

7. **Indemnification and Insurance.** Lessee shall indemnify, defend and hold the state of Idaho, the Board of Regents of the University of Idaho, and Lessor, their employees, agents, and assigns harmless from and against any and all claims, losses, damages, injuries, liabilities and all costs, including attorneys fees, court costs and expenses and liabilities incurred in or from any such claim, arising from any breach or default in the performance of any obligation on Lessee’s part to be performed under the terms of this Lease, or arising from any act, negligence or the failure to act of Lessee or any of its agents, contractors, employees, invitees or guests. Lessee shall require any of its contractors or subcontractors to provide indemnification as provided above.

Lessee is required to carry the types and limits of insurance shown in this Section 7, and to provide Lessor with a Certificate of Insurance. At any time, Lessor reserves the right to amend insurance requirements or require a security bond if circumstances warrant such action. Additionally, and at its option, Lessor may request certified copies of required policies and endorsements. Such copies shall be provided within (10) ten days of Lessor’s request. All insurers shall have a Best’s rating of A+ or better and be licensed and admitted in Idaho. Lessee shall furnish Lessor with a certificate of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below. All policies required shall be written as primary policies and not contributing to nor in excess of any coverage Lessor may choose to maintain. All certificates shall provide for thirty (30) days’ written notice to Lessor prior to cancellation or material change of any insurance referred to therein. All policies shall name State of Idaho and the Board of Regents of the University of Idaho as an additional insured. Certificates shall be mailed to: Risk Management, 875 Perimeter Dr MS 2433, Moscow, ID 83844-2433. All policies shall contain waiver of subrogation coverage or endorsements.
Failure of Lessor to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Lessor to identify a deficiency from evidence that is provided shall not be construed as a waiver of Lessee’s obligation to maintain such insurance. Failure to maintain the required insurance may result in termination of this Lease at Landlord’s option. By requiring insurance herein, Lessor does not represent that coverage and limits will necessarily be adequate to protect Lessee, and such coverage and limits shall not be deemed as a limitation on Lessee’s liability under the indemnities granted to Lessor in this Lease. Lessee shall require any contractors or subcontractors to comply with the insurance provisions of this Lease.

Lessee shall obtain or require contractors or subcontractors to obtain insurance of the types and in the amounts described below.

A) Commercial General and Umbrella Liability Insurance. Lessee (or contractor or subcontractor) shall maintain commercial general liability (CGL) and, if necessary, commercial umbrella insurance with a limit of not less than $1,000,000 each occurrence and in the aggregate. If such CGL insurance contains a general aggregate limit, it shall apply separately to the Leased Property and shall not be less than $1,000,000. CGL insurance shall be written on standard ISO occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract including the tort liability of another assumed in a business contract.

B) Commercial Auto Insurance. Lessee (or contractor or subcontractor) shall maintain a Commercial Auto policy with a Combined Single Limit of $1,000,000; Underinsured and Uninsured Motorists limit of $1,000,000; Comprehensive; Collision; and a Medical Payments limit of $10,000. Coverage shall include Non-Owned and Hired Car coverage.

C) Personal property. Lessee (or contractor or subcontractor) shall purchase insurance to cover Lessee’s (or contractor’s or subcontractor’s) personal property. In no event shall Lessor be liable for any damage to or loss of personal property sustained by Lessee (or contractor or subcontractor), whether or not insured, even if such loss is caused by the negligence of Lessor, its employees, officers or agents.

D) Workers’ Compensation. Where required by law, Lessee (or contractor or subcontractor) shall maintain all statutorily required coverages including Employer’s Liability.

8. Hazardous Materials. Lessee shall not, nor shall it allow others to, accumulate, use, or store on the Property materials classified as hazardous, biomedical or toxic waste except in compliance with environmental laws and other applicable state, federal, or local laws, rules or regulations. Lessee shall comply and require contractors and subcontractors to comply with any lawful order by an entity with authority to regulate the use, accumulation, storage or disposal of hazardous waste. Lessee shall not be responsible for any of such materials placed on the Property by or through the Lessor prior to or during this Lease. As used herein, the term “environmental
laws” shall mean the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (CERCLA) the Resource Conservation Recovery Act, as amended (RCRA), the Federal Water Pollution Control Act, the Clean Air Act and any similar local, state or federal law, rule, ordinance or regulation. As used herein, the term “hazardous materials” shall mean any hazardous substance, pollutants, contaminants, or other hazardous waste or toxic substances defined in any environmental laws including, without limitation, petroleum and petroleum products, asbestos and asbestos containing materials, PCBs and urea-formaldehyde. In the event Lessee or Lessee’s contractor or subcontractor placed hazardous materials in violation of any environmental laws on the Property during or prior to the date of the Lease, Lessee shall, at Lessee’s cost and expense, cause such testing to be performed and shall cause any such hazardous materials to be removed, remediated or abated in compliance with all environmental laws. Lessee hereby agrees to indemnify, defend, and hold Lessor harmless from and against any and all claims, damages, liabilities, costs, expenses (including reasonable attorneys’ fees), causes of action and judgments arising out of or related to hazardous materials existing in, or under the Property caused by Lessee or Lessee’s contractor or subcontractor during or prior to the date of this Lease.

9. Notice. Any notice under this Lease shall be in writing and be delivered in person or by public or private courier service (including US Postal Service Express Mail and Federal Express) or registered or certified mail or by facsimile. Any notice given by registered or certified mail shall be sent with return receipt requested. Any notice given by facsimile shall be verified by a facsimile confirmation. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing.

If to Lessee: Grant 4-D Farms, LLC
707E 600N
Rupert ID 83350

If to Lessor: Regents of the University of Idaho
Vice President for Finance and Administration
875 Perimeter Dr MS 3168
Moscow ID 83844-3168

Either party hereto may, by proper notice to the other, designate any other address for the giving of notice. Any notice shall be deemed to have been given on (a) actual delivery or refusal, (b) the day of mailing by registered or certified mail, or (c) the day facsimile delivery is verified.

10. Default.

10.1 Lessee Events of Default. In addition to any other default provision contained in this Lease, the occurrence of any of the following events shall constitute an Event of Default on the part of the Lessee:

(a) Failure to pay any monies due and payable hereunder, Default in the performance of any of Lessee’s covenants, agreements or obligations hereunder;

(b) A general assignment by Lessee for the benefit of creditors;
(c) The filing by Lessee of a voluntary petition in bankruptcy, a voluntary petition for an arrangement, a petition, voluntary or involuntary, for reorganization, or an involuntary petition by Lessee's creditors, said involuntary petition remaining undischarged for a period of thirty (30) days;

(d) Receivership, attachment or other judicial seizure of substantially all of Lessee's, or any of their, assets on the Property, such attachment or other seizure remaining undischarged or undischarged for a period of thirty (30) days after the levy thereof.

10.2 Lessee's Right to Cure. Lessee shall have a period of thirty (30) days from the date of receipt of written notice from Lessor to Lessee within which to cure any default hereunder.

10.3 Lessor's Re-entry Upon Default. Upon any uncured default of this Lease by Lessee, and in addition to all other rights or remedies it may have, Lessor may, at its sole option, enter the Property, in compliance with applicable law, and expel, remove or put out Lessee. Upon re-entry for uncured default, Lessor may plant, cultivate, harvest or otherwise utilize the Land at Lessor's sole discretion. However, Lessee remains liable for any deficiency payable or due to Lessor at the time of default. In the case of any default, all delinquent expenses as Lessor may incur for attorneys' fees, expenses, and/or putting the Property in good order and repair shall be immediately due and payable by Lessee. Lessor may undertake repairs in an emergency or to prevent further damage to the Property without delivery of notice. In addition, Lessor shall have all rights and remedies available at law and in equity for any default under this Lease.

11. Vacating the Property. Lessee specifically agrees to vacate the Property and return the possession of the same, in the condition required herein, to Lessor, on or before the termination date of this lease.

12. Damage by Fire or Other Casualty.

12.1 Replacement of Property. If any material portion of the Property is damaged by fire or other casualty, the proceeds of any insurance shall first be used to pay off any and all encumbrances on the Property and second to restore, repair, or replace the Property and return it to substantially the same condition as existed prior to the fire or other casualty.

12.2 Lessee's Property. Lessor will not carry insurance of any kind on equipment owned by Lessee, and Lessor shall not be obligated to repair any damage thereto or replace the same.

13. Condemnation. If any material portion of the Property is taken by eminent domain or action in lieu thereof, this Lease shall expire on the date when the Property shall be so taken and possession thereof delivered over to the condemning authority and any condemnation proceeds shall first be used to pay off any and all encumbrances on the Property with any remaining proceeds to be payable to Lessor.
14. Animals. Lessee promises not to keep or have any animals on or about the Property without the prior written consent of University of Idaho.

15. Liens. Lessee shall indemnify and hold Lessor Harmless from and against any liens filed against the Property which liens are attributable to Lessee’s use or occupancy. Further, Lessee shall indemnify and hold Lessor harmless from and against any actions brought to endorse any such liens and for any attorneys’ fees, costs, judgment, appeals or any other expenses incurred by Lessor relevant to the defense of any such liens or actions.

16. Signs. Upon University of Idaho’s written approval of Lessee’s written request and description, which approval may be withheld at the unilateral discretion of the Lessor, Lessee may display or erect signs or other such display on the Property.

17. No Waiver. A waiver of any breach or default under this Lease shall not be construed to be a waiver of any succeeding breach or default.

18. Written Modifications. No modification, release, discharge, or waiver of any provisions hereof shall be of any force, effect or value unless in writing signed by Lessor or Lessor’s duly authorized agent or attorney.

19. No Partnership. It is expressly understood and acknowledged that Lessor does not, in any way or for any purpose, become a partner of Lessee in the conduct of its business, or otherwise, or a joint venture or a member of a joint enterprise with Lessee, and that the relationship of Lessor and Lessee hereunder is strictly that of landlord and tenant.

20. Successors. This Lease and all terms and conditions hereof shall be binding upon and shall inure to the benefit of all authorized heirs, successors in interest or assignees of either party hereto.

21. Time of Essence. Time is hereby expressly declared to be of the essence of each and every covenant, term, condition and provision of this Lease.

22. Governing Law. This Lease shall be governed by, construed, and enforced in accordance with the laws of the state of Idaho, and venue for any action relating to this Lease shall be Ada County, Idaho.

23. Additional Acts. The parties hereto agree to execute and deliver any documents or instruments and to take any and all actions reasonably necessary to carry out any agreement, term or condition of this Lease, whenever the occasion may arise and request for such action shall be made.

24. Entire Agreement. This Lease and its Exhibits represent all the transactions contemplated by the parties hereto. It is understood and agreed by the parties that there are no verbal promises or implied promises, agreements, stipulations or other representations of any kind or character pertaining to the Property between them other than as set forth in this Lease.

25. Commissions. The parties hereby mutually covenant and warrant to one another that neither of them have had any dealings with any real estate brokers, agents, finders, or other parties
with respect to the negotiation or execution of this Lease. There are no leasing commissions, fees or similar charges payable to any person or entity.

26. **Sublease and Assignment.** Lessee may only sublease the Property or assign this Lease with the prior written consent of Lessor, which consent may be withheld for any reason or no reason. Lessee is hereby noticed that Lessor may assign this Lease to the State of Idaho, State Board of Land Commissioners, acting through the Idaho Department of Lands, whose mailing address is 300 N 6th S, Suite 103, Boise ID 83702. Such assignment to the State of Idaho, shall require no consent to such assignment from Lessee.

27. **Recordation.** A memorandum of this lease may be recorded. Recording of the memorandum shall be the expense of the recording party and a certified copy of the recorded memorandum shall be provided to the other party.

28. **Captions.** The Captions inserted in this Lease are for convenience only and do not define, limit or otherwise describe the scope or intent of this Lease or any provision hereof nor affect the interpretation of this Lease.

29. **Alterations.** Lessee, at its own cost and expense, may make such alterations and improvements to the Property as it deems desirable with the prior written consent of University of Idaho, which consent shall not be unreasonably withheld. All alterations and improvements made at the sole cost and expense of the Lessee shall become the property of Lessor and shall remain in and be surrendered with the Property as a part thereof at the termination of this Lease, without disturbance, molestation or injury, unless Lessee can remove them without materially harming or damaging the Property.

30. **Other Obligations.** Lessee shall follow and comply with all applicable rules and regulations of the University and the reasonable instructions of University of Idaho personnel. Lessor reserves the right to require the removal of any worker it deems unsatisfactory for any reason.

31. **Equal Opportunity.** Lessee agrees not to discriminate against any employee or applicant for employment in the performance of this Lease, with respect to tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, sex, color, religion, national origin, disability, ancestry or status as a Vietnam veteran. Failure to perform in compliance with this covenant may constitute an Event of Default of this Lease.

32. **Force Majeure.** Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, pandemic, and other causes beyond the reasonable control of the party obligated to perform (except for financial ability), shall excuse the performance, except for the payment of money, by such party for a period equal to any such prevention, delay or stoppage.
33. **Non-Use of Names and Trademarks.** No party to this Lease shall, without express written consent in each case, use any name, trade name, trademark, or other designation of the University of Idaho (including contraction, abbreviation, or simulation) in advertising, publicity, promotional, or similar activities or context.

**LESSOR:**

Board of Regents of the University of Idaho

By: ______________________________

Lee Espey
Operation Officer, Finance and Administration

Date: ______________________________

**LESSEE:**

Grant 4-D Farms, LLC
By: Grant 4-D Management, LLC, Its Manager

By: ______________________________

Duane R. Grant, President

Date: ______________________________
EXHIBIT B TO FARM LEASE

Items of Personal Property

All personal property located on the Land for uses related to irrigation including, but not limited to, irrigation wells, 2 pivots as depicted in diagram for Exhibit A, all pumps, equipment, water lines, irrigation equipment and associated pivot power units.

Specifically including the following items of personal property:

1) Valley Pivot Model 8000 Order # 1029555;
2) Valley Pivot Model 8000 Order # 1029556;
3) Valley Pivot Model 8000 Order # 1029551;
4) North Parcel Pump 200 hp US Electric Motor;
5) South Parcel Pump 200 hp Emerson Electric Motor;
6) 13H Layne Turbine Pump Serial Number LP-03214;
7) Johnston Turbine Pump;
8) 25 hp Booster Pump Baldor Electric Motor;
9) 50 hp Booster Pump Paco Electric Motor.
EXHIBIT D

EXISTING WATER RIGHTS

All water and water rights, and other entitlements to water, appurtenant to or beneficially used upon the Land, including but not limited to the following decreed water rights identified in the records of the Idaho Department of Water Resources:

1) 36-7932
2) 36-16800
3) 36-16810
4) 36-16812
5) 36-17710
EXHIBIT E

PERSONAL PROPERTY RETAINED BY OPERATOR

All personal property located on the Land as of the Effective Date for uses related to irrigation of the farmland, including, but not limited to, all irrigation wells, 2 pivots, all pumps, equipment, water lines, irrigation equipment and associated pivot power units.

Specifically including the following items of personal property:

1) Valley Pivot Model 8000 Order # 1029555;
2) Valley Pivot Model 8000 Order # 1029556;
3) Valley Pivot Model 8000 Order # 1029551;
4) Valley Pivot Model 8000 Order # 1029558;
5) North Parcel Pump 200 hp US Electric Motor;
6) South Parcel Pump 200 hp Emerson Electric Motor;
7) 13H Layne Turbine Pump Serial Number LP-03214;
8) Johnston Turbine Pump;
9) 25 hp Booster Pump Baldor Electric Motor;
10) 50 hp Booster Pump Paco Electric Motor.
Caldwell Proceeds and CAFE Experimental Farm

Presentation to Idaho State Board of Land Commissioners
September 20th, 2022
IDAHO CAFE

A REGIONAL MODEL

Experimental Farm / Research Dairy
Rupert (Minidoka County)

Discovery Center, classrooms, labs, faculty offices
Crossroads I-84/Hwy93 (Jerome County)

Food processing pilot plant, workforce training/edu facility
CSI Campus (Twin Falls County)
U of I has a need for an experimental farm to better serve Idaho agriculture

Idaho dairy industry is #3 in the nation

#1 agricultural commodity in Idaho

With the close and sale of the Caldwell experimental farm, CALS only has one off-campus farm focused on large animals

CAFE is critical to the continued delivery of the WIMU Veterinary Medicine program
RESEARCH AT CAFE

- Representative of the size of a modern dairy (cows and acres) to conduct experiments relevant for Idaho producers
- Located where the dairy industry thrives
- Integrates animal and agronomy research on the same site through forage production & nutrient management
- Develop waste management systems to create byproducts like fertilizers for crops
RESEARCH AT CAFE

- Develop strategies to **mitigate greenhouse gas emissions** from animals, housing areas, waste systems, and in-field applications, thereby advancing the dairy industry’s **nationwide net zero initiative**

- Incorporate **sensors** and **artificial intelligence** to appropriately apply nutrients, including water, to crops and aid in animal well-being

- Support the **economic viability** of agriculture through sustainable crop rotational patterns focused on maintaining healthy soil and efficient use of water
PROPOSAL FRAMEWORK

Purchase and Sale Agreement
• UI proposes to sell approximately 640 acres of land in Rupert to the Endowment at the appraised value of $6M
• Purchase price to come from funds in the Land Bank generated from 2021 sale of Endowment property in Canyon County
• This land will encompass the entirety of the Operating Dairy

Experimental Farm Operating Agreement
• Build-out of an Operating Dairy
• Operations
• Liquidation at end of agreement
Build-out of the Operating Dairy

1. Operating Agreement authorizes UI to construct Buildings/Improvements for the Operating Dairy

2. Land Bank Funds up to $17.25M will be applied to Buildings/Improvements as follows:
   a) Site Preparation: UI will use $6M from sale of property to the Endowment plus additional internal UI funds to complete
   b) Endowment Buildings/Improvements with Land Bank Funds:
      ▪ Construction of the Milking Barn and Parlor by UI for the Endowment with construction funded using $17.25M balance
PROPOSAL FRAMEWORK

Build-out of the Operating Dairy (cont’d)

c. **UI Additional Buildings/Improvements (UI Funds)**

Operating Agreement allows UI to build additional Buildings/Improvements on Endowment Lands after approval. There are two anticipated categories:

1. **Operating Dairy.** Those buildings in addition to Endowment Buildings/Improvements necessary to complete an operational dairy

2. **Additional Buildings/Improvements.** UI may construct and fund additional Buildings / Improvements for use in conjunction with the Operating Dairy

  - UI retains ownership of these buildings/fixtures
Operations Post Build-out

- Land Board designates University of Idaho as manager, occupant, and sole operator to develop and operate the experimental farm and research dairy in accordance with the Morrill Act
- UI will be responsible for all operations and maintenance of the Operating Dairy, including the land and all Buildings/Improvements
Liquidation of Dairy at the End of the Agreement

1. Endowment Land and Buildings/Improvements/Fixtures
   a. Proceeds from sale, including appreciation in value, return to the endowment

2. UI Buildings/Improvements/Fixtures
   a. Sold contemporaneously with the Endowment lands/buildings/fixtures; proceeds are paid by the purchaser to UI

3. Format For Sale of the Combined Assets
   a. Entire Operating Dairy (Endowment & UI assets) appraised at highest and best use;
   b. Endowment Land with Buildings/Improvements sold at auction; all proceeds go to Endowment
   c. UI Buildings/Improvements given separate value to determine purchase price for purchaser
Sources of Funds

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount:</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Idaho</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>State of Idaho Land Board - Caldwell Proceeds</td>
<td>17,250,000</td>
</tr>
<tr>
<td>Federal (ARS)</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Federal (ARS) - expected $6mm rec'd in 2024</td>
<td>6,000,000</td>
</tr>
<tr>
<td>CALS</td>
<td>2,290,000</td>
</tr>
<tr>
<td>CALS - Phases 1 and 2 pledges</td>
<td>2,170,000</td>
</tr>
<tr>
<td>Central</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Additional Fundraising Goal</td>
<td>3,202,007</td>
</tr>
<tr>
<td>Land Board Purchasing Original Farm Land</td>
<td>6,000,000</td>
</tr>
<tr>
<td><strong>Total Sources of Funds:</strong></td>
<td><strong>$49,312,007</strong></td>
</tr>
</tbody>
</table>
**FINANCIAL ANALYSIS**

## Uses of Funds

<table>
<thead>
<tr>
<th>Capital Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements - construction bid</td>
<td>$29,962,845</td>
</tr>
<tr>
<td>Machinery &amp; Equipment</td>
<td>1,999,102</td>
</tr>
<tr>
<td>Buildings &amp; Offices</td>
<td>11,762,590</td>
</tr>
<tr>
<td>Rolling Stock</td>
<td>1,290,000</td>
</tr>
<tr>
<td><strong>Capital Expenditures:</strong></td>
<td><strong>$45,014,537</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Initial Feed Purchases</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Forages</td>
<td>$1,467,500</td>
</tr>
<tr>
<td>Grain</td>
<td>345,970</td>
</tr>
<tr>
<td><strong>Initial Feed Purchases:</strong></td>
<td><strong>$1,813,470</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Original Purchase of Herd</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># Milking Cows</td>
<td>1,200</td>
</tr>
<tr>
<td>% Dry Cows</td>
<td>15%</td>
</tr>
<tr>
<td># Dry Cows</td>
<td>180</td>
</tr>
<tr>
<td>$/Milking Cow</td>
<td>$1,800</td>
</tr>
<tr>
<td>$/Dry Cow</td>
<td>$1,800</td>
</tr>
<tr>
<td>Milking Cow Purchases</td>
<td>$2,160,000</td>
</tr>
<tr>
<td>Dry Cow Purchases</td>
<td>324,000</td>
</tr>
<tr>
<td><strong>Original Herd Value:</strong></td>
<td><strong>$2,484,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Uses of Funds</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Uses of Funds:</strong></td>
<td><strong>$49,312,007</strong></td>
</tr>
</tbody>
</table>
### Return on Investment

<table>
<thead>
<tr>
<th>Initial Investment Amount - University-Controlled Funds</th>
<th>$ (45,014,537)</th>
<th>Change in Debt</th>
<th>Land Appreciation</th>
<th>Return in Year:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow, Year 1:</td>
<td>$</td>
<td>$ (1,627,350)</td>
<td></td>
<td>$(1,627,350)</td>
</tr>
<tr>
<td>Cash Flow, Year 2:</td>
<td>-</td>
<td>2,815,750</td>
<td></td>
<td>2,815,750</td>
</tr>
<tr>
<td>Cash Flow, Year 3:</td>
<td>2,301,282</td>
<td>452,306</td>
<td></td>
<td>2,753,588</td>
</tr>
<tr>
<td>Cash Flow, Year 4:</td>
<td>5,079,845</td>
<td>-</td>
<td></td>
<td>5,079,845</td>
</tr>
<tr>
<td>Cash Flow, Year 5:</td>
<td>5,226,585</td>
<td>-</td>
<td></td>
<td>5,226,585</td>
</tr>
<tr>
<td>Cash Flow, Year 6:</td>
<td>5,177,059</td>
<td>-</td>
<td></td>
<td>5,177,059</td>
</tr>
<tr>
<td>Cash Flow, Year 7:</td>
<td>4,735,601</td>
<td>-</td>
<td></td>
<td>4,735,601</td>
</tr>
<tr>
<td>Cash Flow, Year 8:</td>
<td>5,292,321</td>
<td>-</td>
<td></td>
<td>5,292,321</td>
</tr>
<tr>
<td>Balance Sheet Equity - End of Year 8 Less Cash, Plus A/D factor:</td>
<td></td>
<td></td>
<td>$ 1,600,620</td>
<td>$46,629,459</td>
</tr>
</tbody>
</table>

#### Internal Rate of Return - Cash:

7.20%
## Return to Beneficiary

<table>
<thead>
<tr>
<th>NPV of 8 years, 4% discount rate</th>
<th>Investment Fund</th>
<th>CAFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$23.25M invested in endowment</td>
<td>$ 5,922,696</td>
<td>$ -</td>
</tr>
<tr>
<td>Additional grant revenues</td>
<td>-</td>
<td>11,631,960</td>
</tr>
<tr>
<td>Research trial fee revenues</td>
<td>-</td>
<td>9,887,166</td>
</tr>
<tr>
<td>Enrollment revenues</td>
<td>-</td>
<td>2,180,993</td>
</tr>
<tr>
<td><strong>Total Return per Year</strong></td>
<td><strong>$ 5,922,696</strong></td>
<td><strong>$ 23,700,119</strong></td>
</tr>
</tbody>
</table>

## Return to Endowment

<table>
<thead>
<tr>
<th>NPV of 8 years, 4% discount rate</th>
<th>CAFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Appreciation (3% growth per year)</td>
<td>$ 1,338,903</td>
</tr>
<tr>
<td><strong>Total Return per Year</strong></td>
<td><strong>$ 1,338,903</strong></td>
</tr>
</tbody>
</table>

## Total 8-year NPV CAFE Return

$25,039,022
ANTICIPATED TIMELINE

- UI Regents Approval October 20, 2022
- 640 acres closing by December 20, 2022
- CAFE Phase 1 construction to bid in December 2022 – January 2023
- Phase 1 construction completed by end of 2024
- Phase 2 construction completed by February 2026
Exhibit B – CAFE Facilities

Buildings/Improvements

Phase 1 Construction (2023)
- All Excavation / Site Preparation
- B. Milking Parlor
- L. Reuse Water & Flush Water Tank
- U. Trash Enclosure
- W. Well House Building

Phase 2 Construction (2024)
- A. Office Building
- C. Calving & Research Barn
- D. Commodity Barn
- E. Manure Pump Station
- F. Manure Processing Building
- G. Settling Pond Splitter Box
- G1. Settling Pond 1
- G2. Settling Pond 2
- K1. Upper Storage Pond
- K2. Lower Storage Pond
- M. Shade Structures
- P. Milk Truck Scale
- R. Loading Ramp
- S. Fueling Station
- T. Emission Tanks

Endowment Buildings/ Improvements
- B. Milking Parlor (~$17M)
**PROJECTED EXPENDITURES**

<table>
<thead>
<tr>
<th>Est. Expense Item</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting A/E Services</td>
<td>1,366,256</td>
</tr>
<tr>
<td>Reimbursables Allowance, A/E</td>
<td>69,000</td>
</tr>
<tr>
<td>Design Phase Consulting CM/GC Services</td>
<td>98,336</td>
</tr>
<tr>
<td>Reimbursables Allowance, CM/GC</td>
<td>10,800</td>
</tr>
<tr>
<td>Project Administrative Support</td>
<td></td>
</tr>
<tr>
<td>Advertisement, A/E Services</td>
<td>74</td>
</tr>
<tr>
<td>Advertisement, CM/GC</td>
<td>76</td>
</tr>
<tr>
<td>RFQ, A/E</td>
<td>64</td>
</tr>
<tr>
<td>RFQ, CM/GC</td>
<td>64</td>
</tr>
<tr>
<td>DOPL Plan Check Fee</td>
<td>15,100</td>
</tr>
<tr>
<td>Detail Site Survey (Included in Keller design services contract)</td>
<td>0</td>
</tr>
<tr>
<td>Geotechnical Services (Included in land purchase agreement)</td>
<td>0</td>
</tr>
<tr>
<td>Construction Materials Testing (Allowance)</td>
<td>30,000</td>
</tr>
<tr>
<td>Testing and Balancing (Allowance)</td>
<td>20,000</td>
</tr>
<tr>
<td>Commissioning (Allowance)</td>
<td>25,000</td>
</tr>
<tr>
<td>Soils Testing/Compaction (Allowance)</td>
<td>40,000</td>
</tr>
</tbody>
</table>

Sub-Total Fees Category: 1,674,770
## Construction, Contractor:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk Parlor, construction</td>
<td>11,895,673</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>11,895,673</strong></td>
</tr>
<tr>
<td>Construction Contingency @ 10%</td>
<td>1,189,567</td>
</tr>
<tr>
<td>DOPL Building Permit</td>
<td>37,750</td>
</tr>
<tr>
<td><strong>Sub-Total Construction, Contractor Category</strong></td>
<td><strong>13,122,990</strong></td>
</tr>
</tbody>
</table>

## Construction Owner:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>UI Facilities (Support)</td>
<td></td>
</tr>
<tr>
<td>UI Shops Support (Submittal Review, Allowance)</td>
<td>5,000</td>
</tr>
<tr>
<td>Fixed, Installed Equipment</td>
<td></td>
</tr>
<tr>
<td>Rotary Milker, DeLaval/Total Dairy Solutions</td>
<td>1,999,102</td>
</tr>
<tr>
<td>Main Electrical Service (Idaho Power, Allowance)</td>
<td>100,000</td>
</tr>
<tr>
<td>Telephone Infrastructure (Allowance)</td>
<td>80,000</td>
</tr>
<tr>
<td>Data Connection to the Site (Allowance)</td>
<td>80,000</td>
</tr>
<tr>
<td>Audio/Visual Systems (Allowance)</td>
<td>20,000</td>
</tr>
<tr>
<td>Computer Cabling/Electronic Switches/TIP Plates (Allowance)</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>Sub-Total Construction, Owner, Category</strong></td>
<td><strong>2,309,102</strong></td>
</tr>
<tr>
<td>FURNISHINGS/FIXTURES:</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td></td>
</tr>
<tr>
<td>Lump Sum &quot;Owner Cost &amp; FFE&quot; Estimate</td>
<td></td>
</tr>
<tr>
<td>Fixed Equipment</td>
<td></td>
</tr>
<tr>
<td>Furnishings 20,000</td>
<td></td>
</tr>
<tr>
<td>Artwork / Graphics</td>
<td></td>
</tr>
<tr>
<td>Public Art Program (@ 1.5% of Const Cost)</td>
<td></td>
</tr>
<tr>
<td>Interior Architectural ID and Wayfinding Signage 5,000</td>
<td></td>
</tr>
<tr>
<td>Exterior Architectural Identity Signage 7,500</td>
<td></td>
</tr>
<tr>
<td>Donor Recognition Signage 5,000</td>
<td></td>
</tr>
<tr>
<td>Non-Fixed Equipment</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sub-Total Furnishing/Fixtures Category</th>
<th>37,500</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>PROJECT SUB-TOTALS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Total Project Category</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROJECT CONTINGENCY:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Contingency Budgeted (2.5%)</td>
</tr>
</tbody>
</table>

| CAPITAL PROJECT TOTAL, ROUNDED | $ 17,572,971 |
640 acres purchased in March 2019
STATE OF THE ART MILK BARN (PH 1)
STATE OF THE ART MILKING SYSTEM (PH 1)