



**City of McCall  
City Council**

**AGENDA  
Special Meeting  
December 1, 2023 at 9:00 AM  
Legion Hall – Below City Hall  
216 East Park Street  
McCall, ID  
AND MS TEAMS Virtual**

**ANNOUNCEMENT:**

American with Disabilities Act Notice: The City Council Meeting room is accessible to persons with disabilities. If you need assistance, please contact City Hall at 634-7142 at least 48 hours prior to the meeting. Council Meetings are available for in person and virtual attendance. Any member of the public can join and listen only to the meeting at 5:30 pm by calling in as follows:

**Dial 208-634-8900 when asked for the Conference ID enter: 507 280 400#**

Or you may watch live by clicking this link:

<https://youtube.com/live/Sl86B1K5sk?feature=share>

**WORK SESSION**

AB 23- Water Treatment Plant and Water Storage Expansion – Project Overview  
Discussion and Direction to Staff (ACTION ITEM)

AB 23-231 Water System Expansion - Water Revenue Bond Financing Discussion  
and Direction to Staff (ACTION ITEM)

Tour the New Library

**ADJOURN**



**McCALL CITY COUNCIL  
AGENDA BILL**

216 East Park Street  
McCall, Idaho 83638

**Number AB 23-230**  
**Meeting Date December 1, 2023**

<b>AGENDA ITEM INFORMATION</b>				
<b>SUBJECT:</b>  <i>Work Session: Water Treatment Plant and Water Storage Expansion – Project Overview Discussion and Direction to Staff</i>		<i>Department Approvals</i>	<i>Initials</i>	<i>Originator or Supporter</i>
		Mayor / Council		
		City Manager	ABS	
		Clerk		
		Treasurer		
		Community Development		
		Police Department		
		Public Works	MS	Originator
		Golf Course		
		Parks and Recreation		
<b>COST IMPACT:</b>	\$14-\$15 million	Airport		
<b>FUNDING SOURCE:</b>	Water Fund	Library		
<b>TIMELINE:</b>	2024-2027	Information Systems		
		Grant Coordinator		

**SUMMARY STATEMENT:**

The McCall Water System’s current 5–10-year capital improvement plan (CIP) stipulates the need to complete major capacity upgrades to both the system’s water treatment plant (WTP) as well as additional system storage. Specifically, there are two major project elements:

1. 2-million-gallon water storage tank
2. Water Treatment Plant (WTP) capacity expansion

Both projects were identified in the DEQ approved Water Master Plan (2018) and need to be implemented in the next 5 years to ensure the City’s system maintains DEQ’s permit requirements to operate the system. Since 2021, staff has developed a project consulting team including AE2S (lead project engineer), Clear Solutions (supporting engineer), and Bowen Collins (water system and rate modeling engineer) to commence conceptual and preliminary engineering designs. Our work has established the preferred storage tank location and the necessary filtration and associated WTP expansion components for both projects.

This work session will present our design work (to date) for both projects; we will present the overall project implementation schedule and estimate costs; and we will present the projected impact on water rates. Included are presentation slides (provided by AE2S) and a presentation outline. This presentation will be Part 1 of a 2-part work session.

Additionally, the session will discuss the necessity and options for securing bonding authority for the approximately \$14-15M needed to fund the projects within the forecasted timeline. City staff, representatives from all consulting firms and the City’s municipal financial advisor (Zion’s Bank) and Bond Council (Skinner Fawcett) will be present to discuss the items as a first formal touch with the City Council.

**RECOMMENDED ACTION:**

Direction to staff

<b>RECORD OF COUNCIL ACTION</b>	
<b>MEETING DATE</b>	<b>ACTION</b>

## Presentation Outline

### 1. Introductions – Nathan Stewart

- a. **Lead Design Engineer - AE2S** - Nate Weisenberger, Ross Hanson
- b. **Support Design Engineer - Clear Solutions** - Eric Landsberg
- c. **Water Rate/Water Modeling Engineer - Bowen Collins** – Greg Losher
- d. **City Staff:** Nathan Stewart, Sabrina Sims, Linda Stokes,
- e. **Municipal Adviser (Zions Bank):** Michael Keith, Henry Rudolph
- f. **Bond Council (Skinner Fawcett, LLP):** John McDevitt, Sean Costello

### 2. Water Projects Implementation:

- a. Water System Challenges and Needs
  - i. Discuss the need and benefits it will provide
- b. 2 MG Water Storage Tank
  - i. Discuss design - options for above ground vs. below ground; location (w/site plan); piping connections to Woodland PH-1; use of existing 12” distribution main;
  - ii. Discuss easements – Nokes Family Trust, Pine Creek Ranch
- c. WTP Expansion
  - i. Discuss Design – media filtration vs. membrane; 2 filters vs more; clear well improvements; roof replacement and covered storage building
  - ii. Discuss entitlements – rezone and CUP
- d. Costs and Schedule
  - i. Costs
    1. Water Storage Tank - piping, site prep contract vs. tank contract
    2. WTP Expansion – each component broken out
  - ii. Schedule – bidding, construction for both projects

### 3. Projects Bonding/Funding Needs

- a. Overview chart of revenues/expenses over time
- b. Determination of Bond Amount
  - i. Discuss appropriateness of bond amount
  - ii. Discuss alternatives: high rate increase over 3-4 years, vs long term bond
  - iii. Discuss equity of bonding
  - iv. Discuss impact on rates

- c. Bond Election Schedule:
  - i. Bond Election vs. Judicial Confirmation – to be further discussed in Zion’s presentation
    - 1. Explain the challenges (success and duration) with Judicial confirmation
    - 2. Explain the likely success of bond election and quicker timeline
  - ii. May Election – keeps current proposed project schedule; may/may not be impacted by other community May bond initiatives (MDSO, PLRWSD)
  - iii. November election
    - 1. Keeps project generally on schedule (to meet DEQ compliance), but due to available cash, may need to delay design, but catch up to construction during WTP procurement period;
    - 2. May need to delay other water main CIPs to ensure available cash
  - iv. Discuss timeline to spend bond proceeds
    - 1. 85% of bond proceeds need to be spent within the 3 years of bond issuance).
    - 2. Could stagger bond issuance to match project schedule and comply with 3 year requirement.
  
- d. DEQ State Revolving Fund (SRF) option:
  - i. Discuss letter of interest submittal in December.
  - ii. Discuss DEQs options – likely % interest rate; DB wages; potential for loan forgiveness; meeting with DEQ in Dec – Feb. to learn more.
  - iii. Discuss DEQ only requires the City receive bonding authority to engage with DEQ’s program; collaboration with DEQ can occur during and after bond election, not required in advance.

# Bond Counsel Summary WTP/Storage Projects

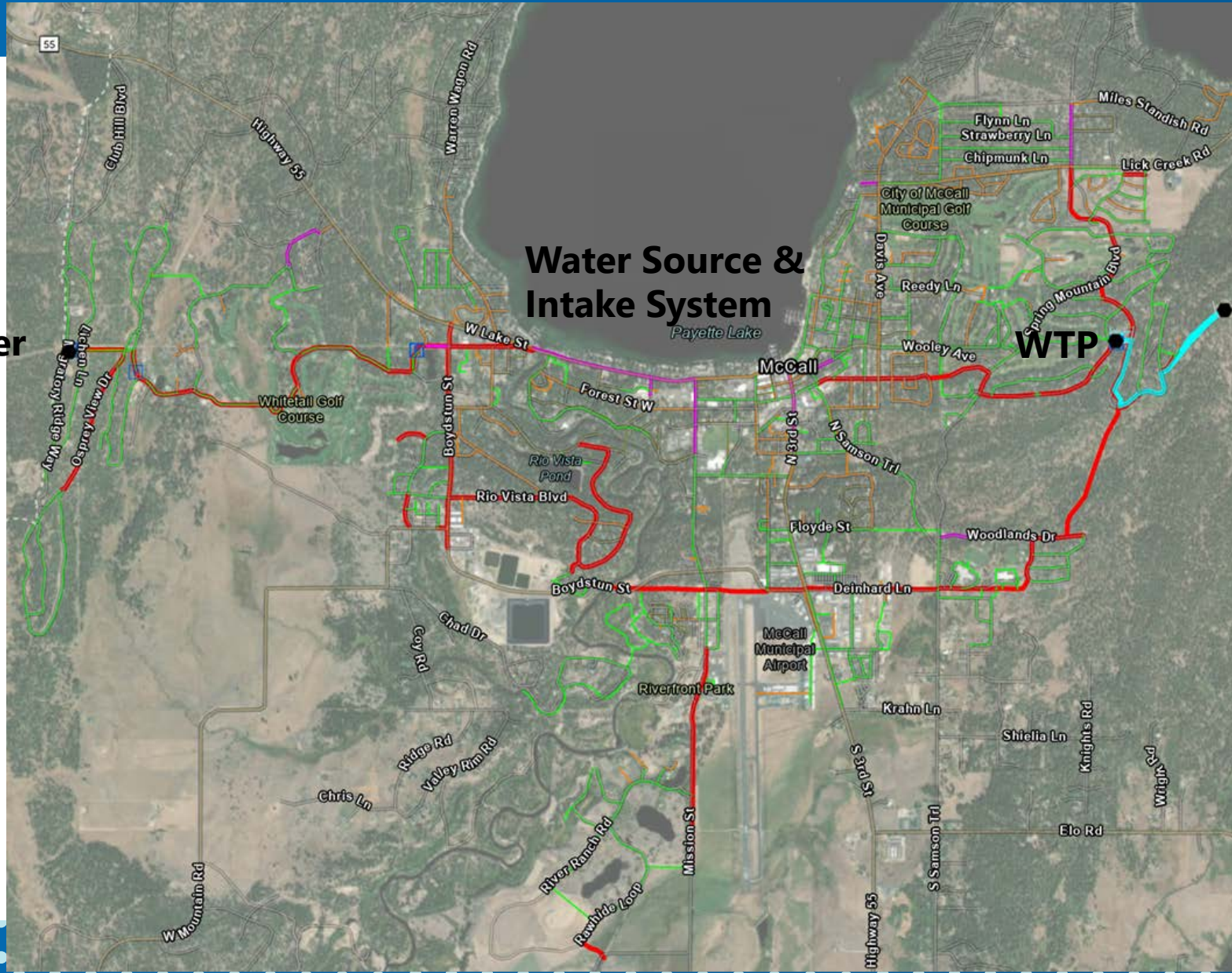


City of McCall



# McCall Water System Overview

West Water Storage



East Water Storage

# Community Growth & Increased Water Use

## Direct Filtration

- **Challenges:**
  - Two Filters
  - Peak Capacity Operation Strategy
  - Lack of Redundancy

## Disinfectant Contact Time

- **Challenges:**
  - Limited Volume
  - No Credit for Clearwell

## Water System Storage

- **Challenges:**
  - DEQ Volume Requirements
  - System Configuration
  - High Service Pump Interaction



# Summary of Options

## **Additional Filtration Capacity**

- Two Additional Gravity Filters
- Submerged Membranes

## **Increase Clearwell Volume**

- Additional Contact Time

## **Additional Storage Volume**

- Storage Location
- Storage Interaction

# Projects Cost Review

## - Add 2 Gravity Filters

4 Gravity Filters	Original – April 2022	Revised – June 2023
6.6 MG Firm/8.8 MG Max	\$4,200,000	\$5,480,000

## - Submerged Membranes with Increased Capacity

Submerged UF Membranes	Revised – June 2023
#4A – 3.3 MG Firm/6.6 MG Max	\$6,350,000
#4B – 6.6 MG Firm/9.9 MG Max	\$10,800,000

## - Increased Clearwell Capacity

Original – May 2022	Revised – June 2023
\$1,290,000	\$1,820,000

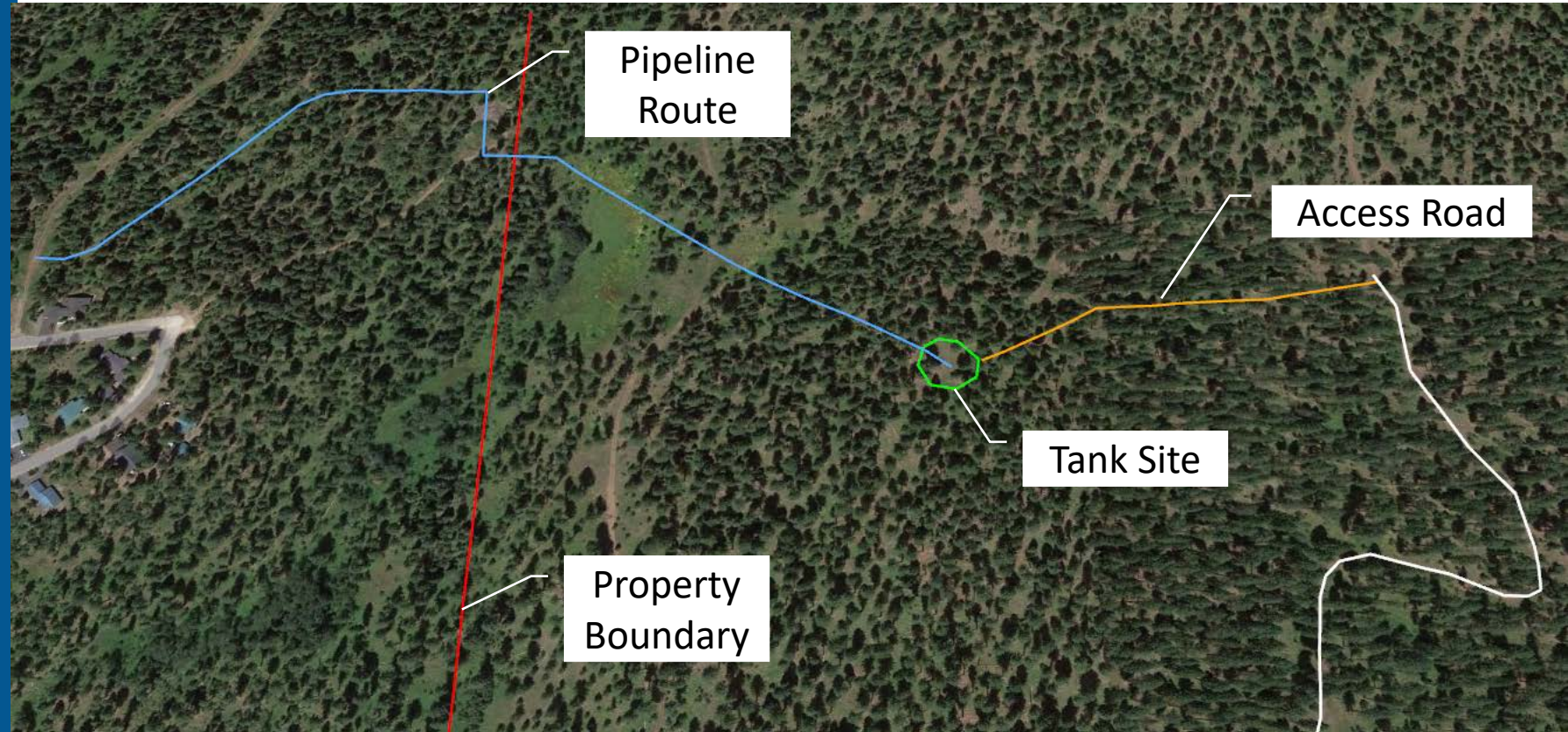
## - Additional 2MG Water Storage Tank

Original – August 2022	Revised – June 2023
\$4,800,000	\$5,800,000

# Additional Storage Volume

## Additional 2 MG Distribution Storage Capacity

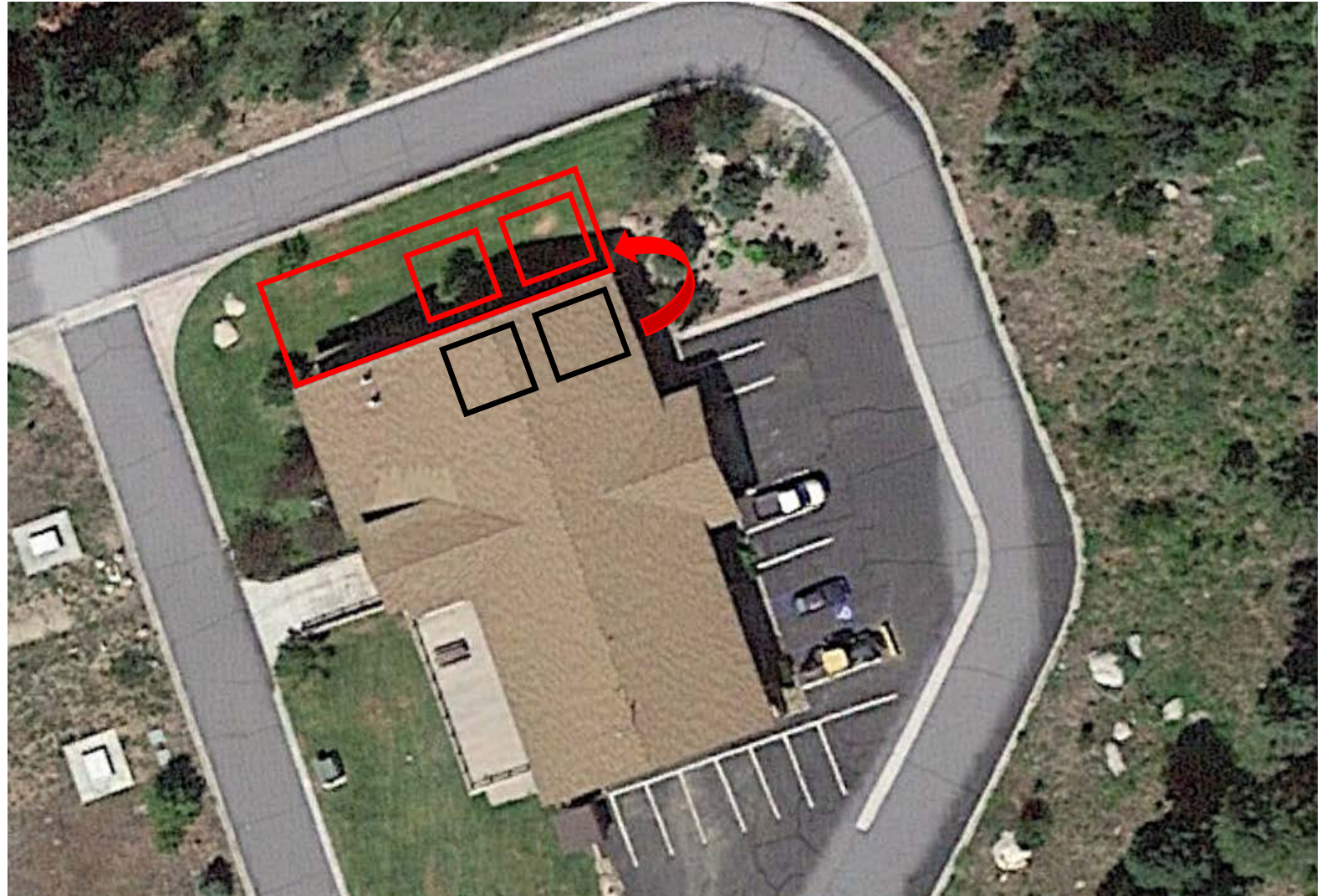
- Additional capacity addresses future growth
- Location improves interaction and transfer of water across distribution system



# Filtration Capacity Expansion

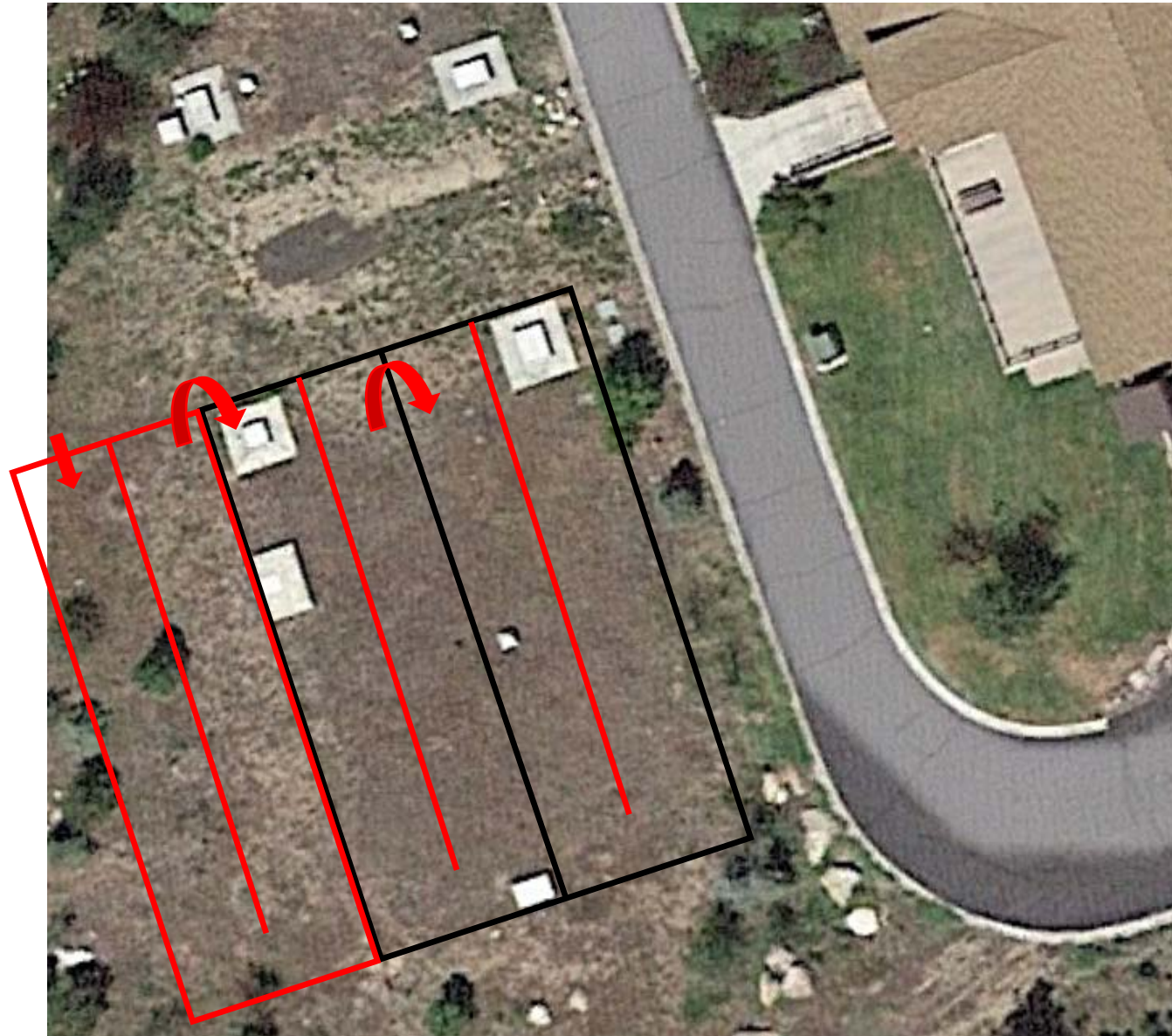
## Additional Filter Capacity & Redundancy

- Current 2.2 MG Firm/4.4 MG Max
- Two Additional Filter(s) – 6.6 MG Firm/8.8 MG Max



# Additional Clearwell Capacity

- Increased Capacity = Contact Time



Increased  
Clearwell  
Volume



# Project Cost Summary

Project Items	Estimated Cost
Filter Expansion – 2 Filters	\$5,480,000
Clearwell Expansion (350K Gallons)	\$1,820,000
TOTAL	\$7,300,000

Project Items	Estimated Cost
Additional Storage Tank	\$5,800,000

Total Cost	Estimated Cost
WTP Expansion + Storage Tank	\$13,100,000

- **Capacity Summary**
  - **WTP Capacity – 6.6 MGD Firm/8.8 MGD Max**
  - **Clearwell Capacity – 1 MG**
  - **Storage Capacity – 2 MG**

# IMPLEMENTATION SCHEDULE

## CITY OF McCALL WATER DEPARTMENT CONCEPTUAL PROJECT SCHEDULES

WATER STORAGE RESERVOIR	2023	2024	2025	2026	2027
	J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D
TANK SITE EASEMENT	■				
PRELIMINARY ENGINEERING REPORT	■				
DETAILED DESIGN (PLANS & SPECS)		■			
BIDDING & AWARD			■		
TANK SITE/PIPELINE CONSTRUCTION			■		
SPECIALTY TANK CONTRACTOR SCHEDULING			■		
STORAGE TANK CONSTRUCTION				■	

WTP EXPANSION	2023	2024	2025	2026	2027
	J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D
PRELIMINARY ENGINEERING REPORT	■				
DETAILED DESIGN (PLANS & SPECS)		■			
BIDDING & AWARD			■		
EQUIPMENT/MATERIALS PROCUREMENT			■		
CONSTRUCTION				■	
FACILITY STARTUP					■

# CAPITAL EXPENSE SCHEDULE

## Direct Filtration Expansion Concept

Improvement Concept	FY 23	FY 24	FY 25	FY 26	FY 27	TOTAL
Water Storage Reservoir		\$610,000	\$3,650,000	\$1,480,000	\$60,000	\$5,800,000
WTP Filter Expansion		\$445,000	\$650,000	\$4,085,000	\$300,000	\$5,480,000
WTP Clearwell Expansion		\$162,000	\$0	\$850,000	\$808,000	\$1,820,000
TOTAL		\$1,217,000	\$4,300,000	\$6,415,000	\$1,168,000	\$13,100,000



# Thank you! Questions?



| Advanced Engineering and Environmental Services, LLC



# 2023 UPDATED CAPITAL PLAN BOND AND WATER RATE IMPACTS

December 2023



City of McCall  
PUBLIC WORKS



**BOWEN COLLINS**  
& ASSOCIATES



# 2022 RATE RECOMMENDATIONS

## Recommended Usage Rates

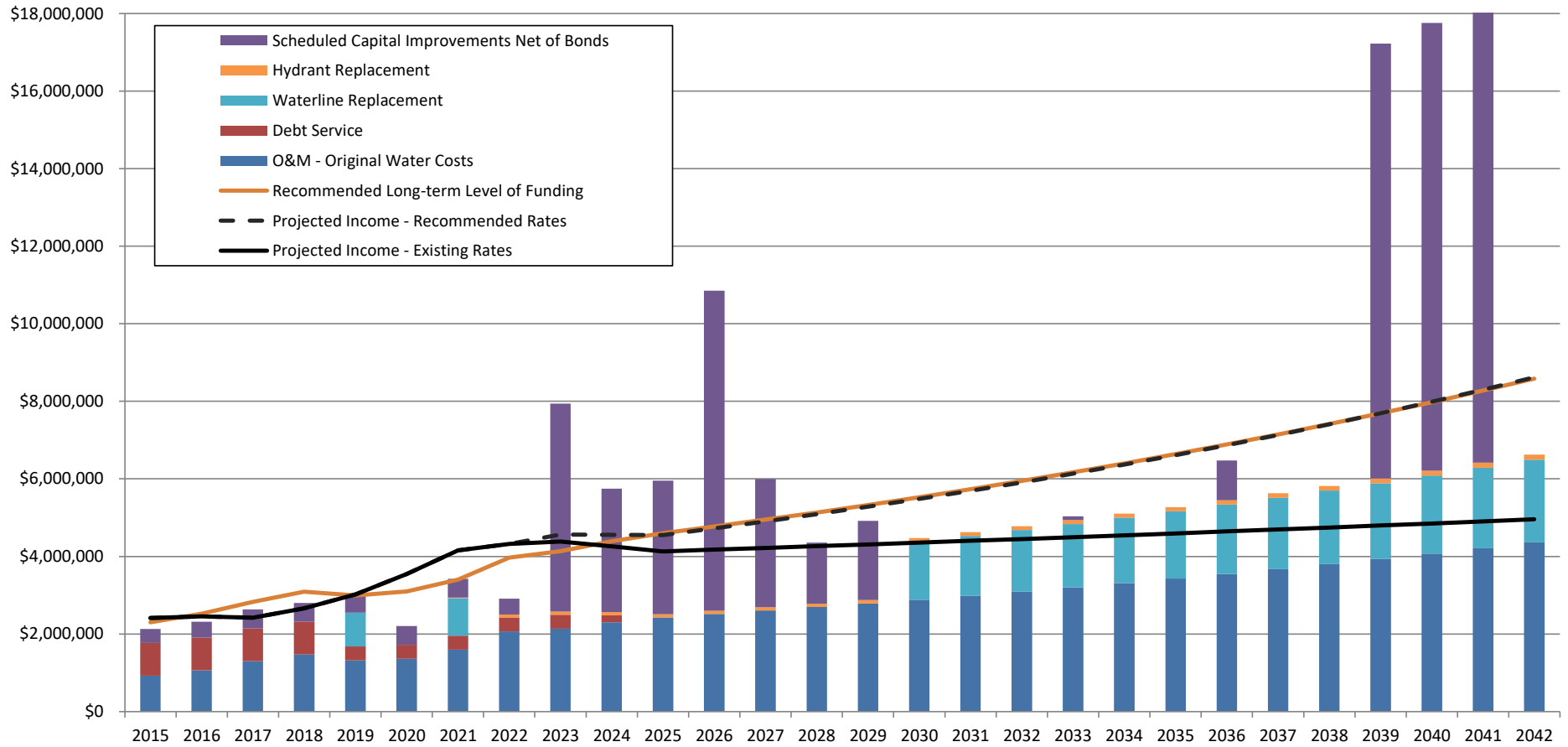
Add a 4th block

Increase base rates by 4% in 2023 and by 2% annually thereafter

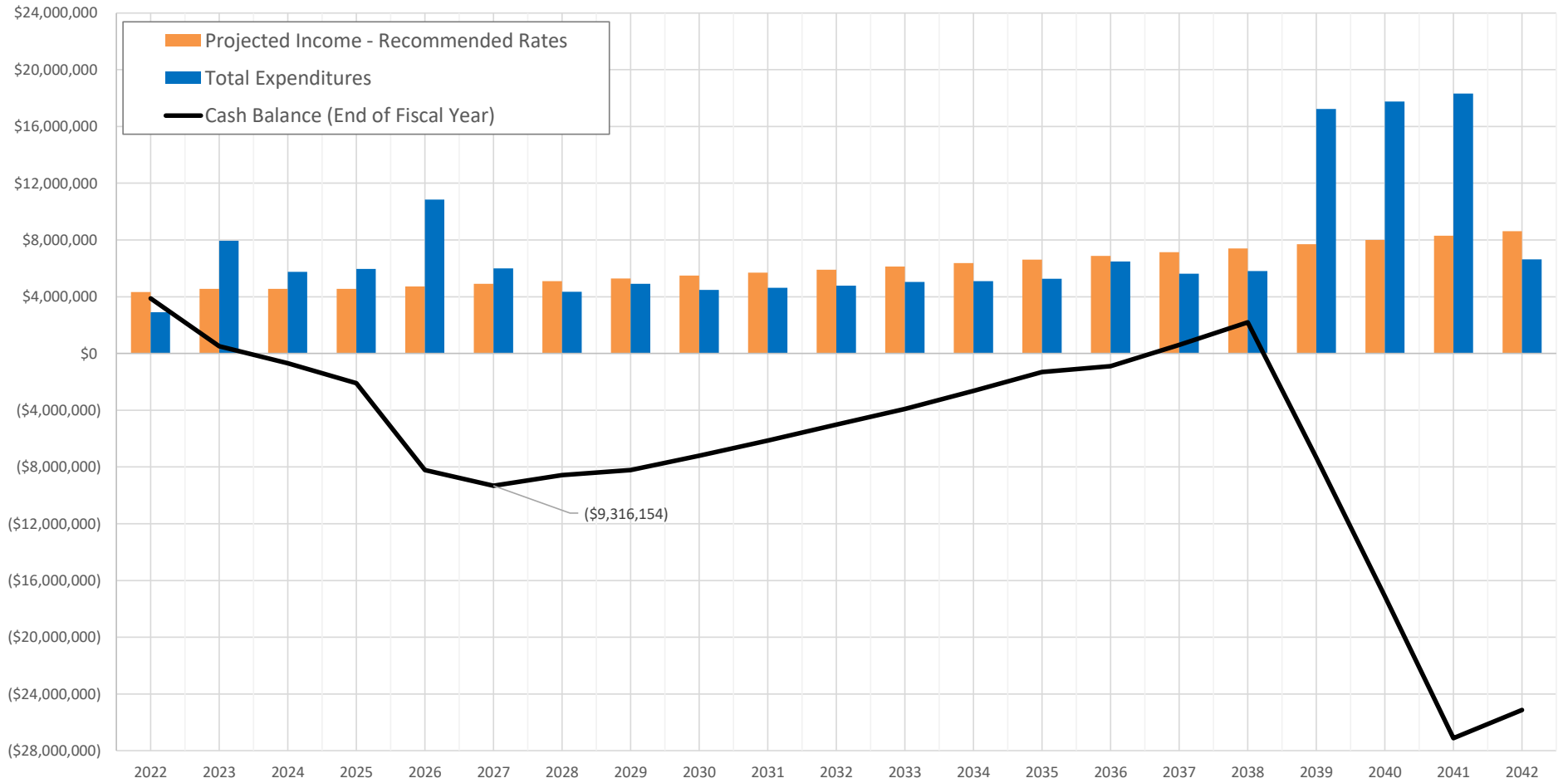
Increase volume rates by 7% in 2023 and by 8% annually thereafter

		PROPOSED RESIDENTIAL WATER RATES						
		Existing	2023	2024	2025	2026	2027	2028
<b>Monthly Base Rates (\$/ERU)</b>		\$49.61	\$51.59	\$52.63	\$53.68	\$54.75	\$55.85	\$56.96
<i>Base Rate Annual Increase</i>			<b>4.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Volume Rates (\$/kgal)</b>								
<b>Block 1</b>		\$1.45	\$1.55	\$1.69	\$1.83	\$1.97	\$2.12	\$2.28
<b>Block 2</b>		\$1.95	\$2.09	\$2.27	\$2.45	\$2.65	\$2.85	\$3.06
<b>Block 3</b>		\$2.44	\$2.62	\$2.84	\$3.07	\$3.31	\$3.57	\$3.83
<b>Block 4</b>		\$2.44	\$3.89	\$4.22	\$4.56	\$4.92	\$5.30	\$5.69
<i>Volume Rate Annual Increase</i>			<b>7.2%</b>	<b>8.5%</b>	<b>8.2%</b>	<b>7.9%</b>	<b>7.7%</b>	<b>7.4%</b>
<b>Typical Residential Bill (\$/month)</b>		\$65.64	\$68.78	\$71.27	\$73.85	\$76.51	\$79.27	\$82.14
<i>Typical Residential Bill Annual Increase</i>			<b>4.8%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.6%</b>
<b>Increase from Previous Year (\$/month)</b>			\$3.14	\$2.49	\$2.59	\$2.66	\$2.76	\$2.86

## 20-Year Revenue and Expenditures – With 2023 Updated Capital Facilities Plan



## 20-Year Cashflow - Without Bonding



# RECOMMENDATIONS

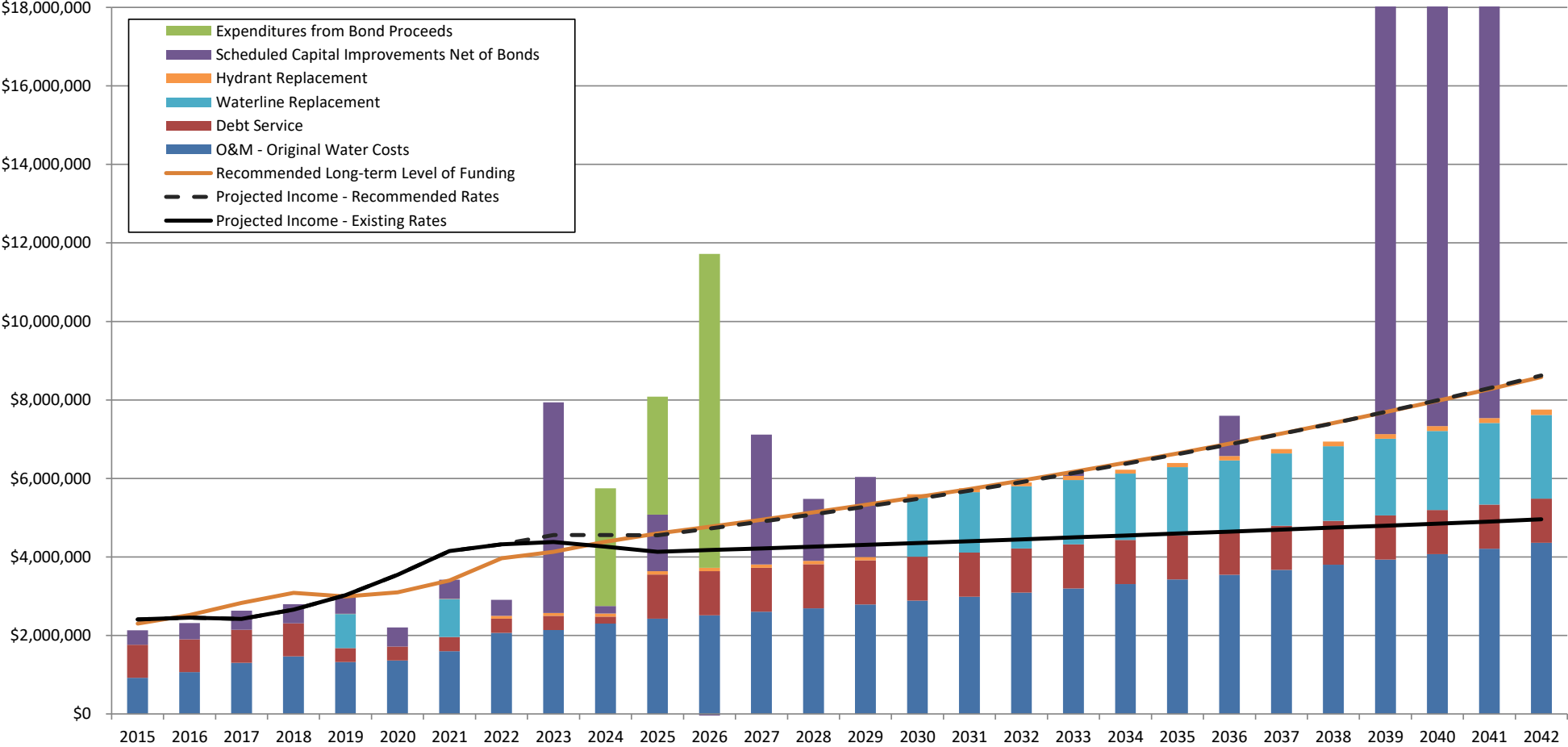
## Short-Term Cash Flow

- Treatment and storage deficiencies result in significant short-term need for cash for projects
- Water fund will run out of cash in 2024 without additional intervention
- Recommended solution is revenue bond in spring of 2024.

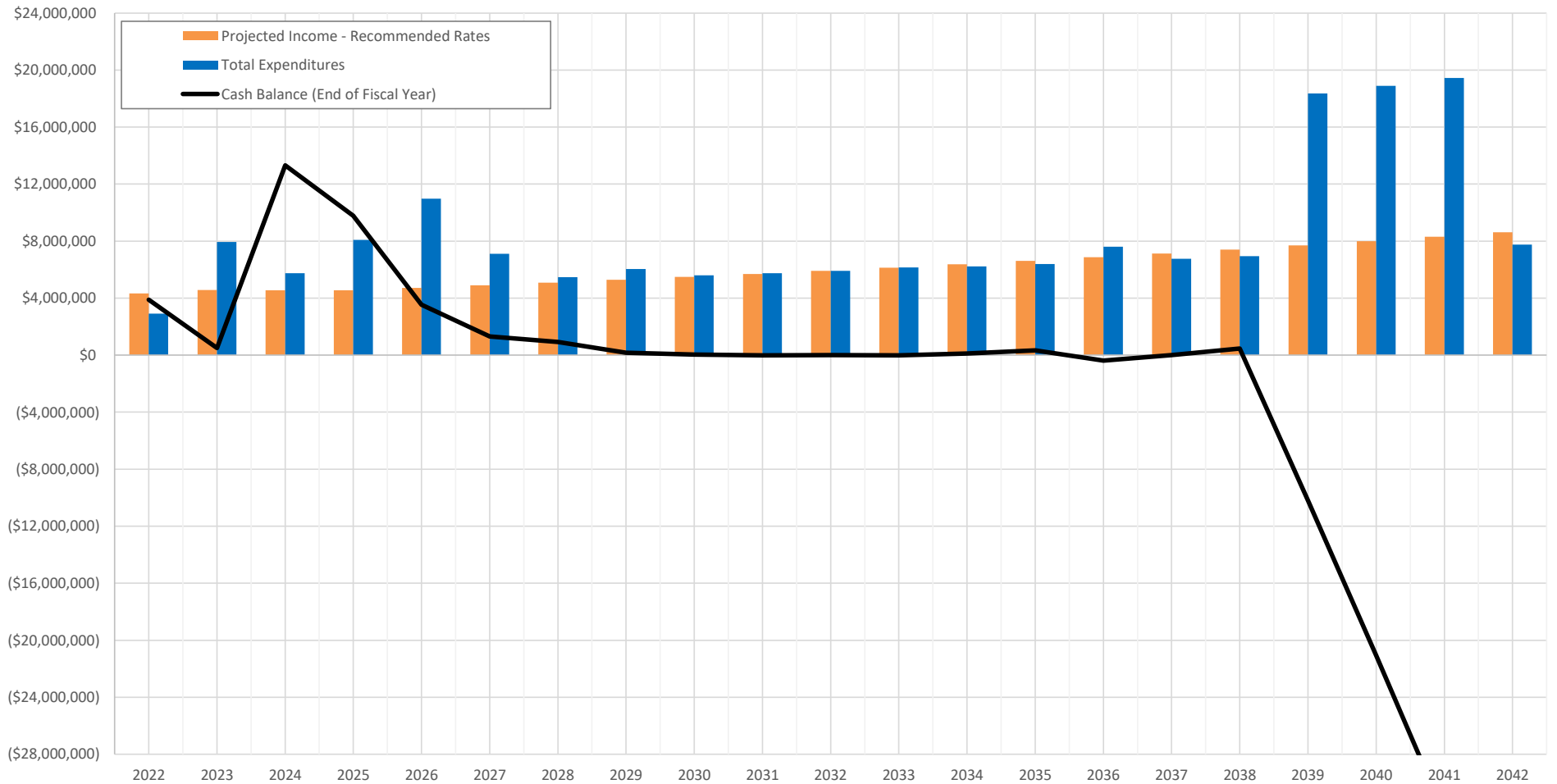
## Long-Term Revenue Generation

- Revenue generation from currently adopted rates is nearly adequate, but may fall slightly short of long-term needs depending on inflation
- With recommended bond, cash flow meets projected short-term needs
- Since future project and O&M costs are uncertain, recommend rate study update in 2024 to make any additional adjustments to rate recommendations

## 20-Year Revenue and Expenditures - With Bonding



## 20-Year Cashflow - With Bonding





# BOND AMOUNT

## Selecting the Appropriate Bond Amount

- Adequate to fund projects, but not excessive due to interest costs
- Maintain positive cash flow. *When will cash flow go negative?*
- Approximate range: \$14 to \$17 million

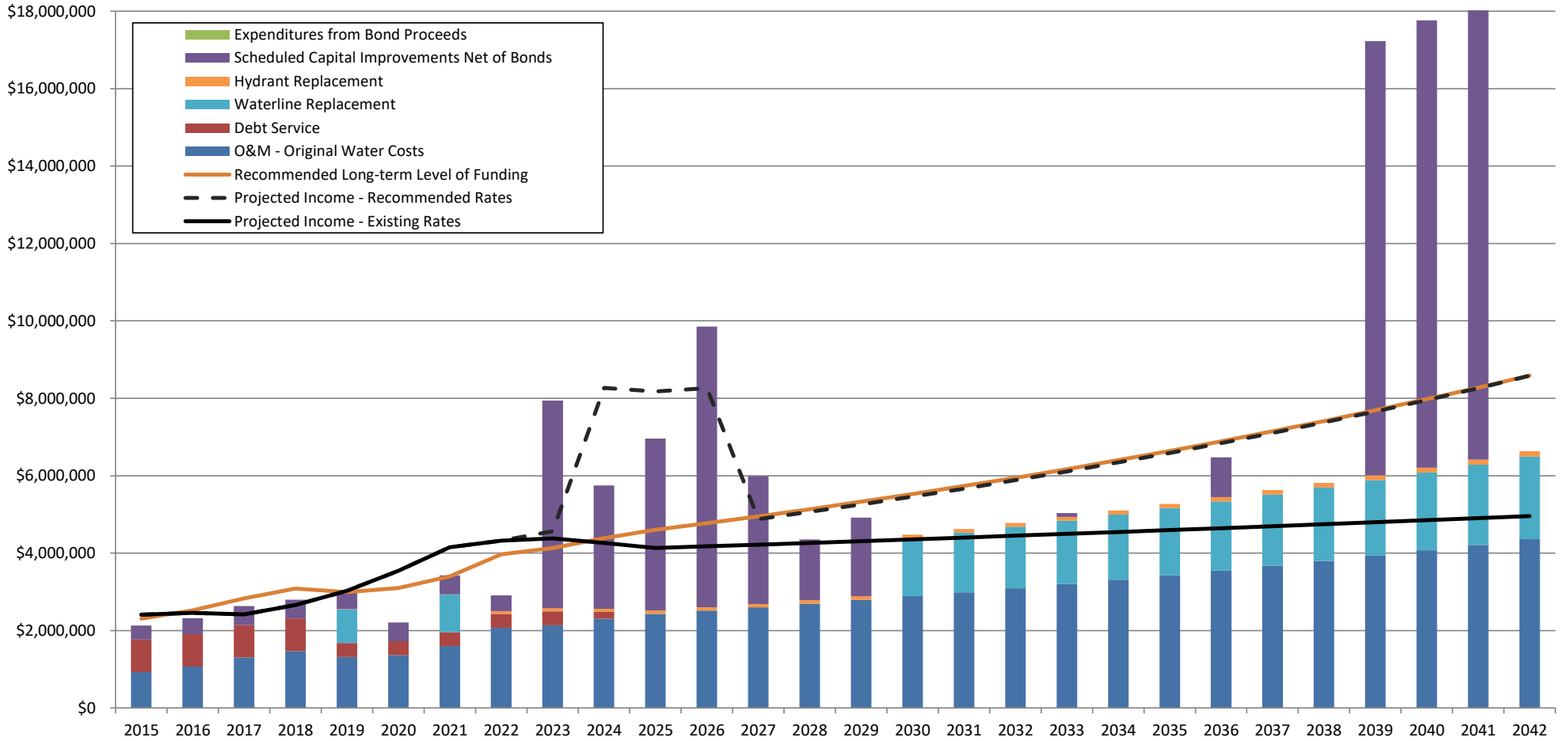
## How Will Bond Debt be Serviced?

- Bond debt serviced from water rate revenue

## Alternative

- Increase rates substantially for three years and cash fund the projects
- *How does this affect the average rate payer vs. the bond alternative?*

## 20-Year Revenue and Expenditures - Raise Rates



# WATER RATE IMPACTS (BONDING ALTERNATIVE)

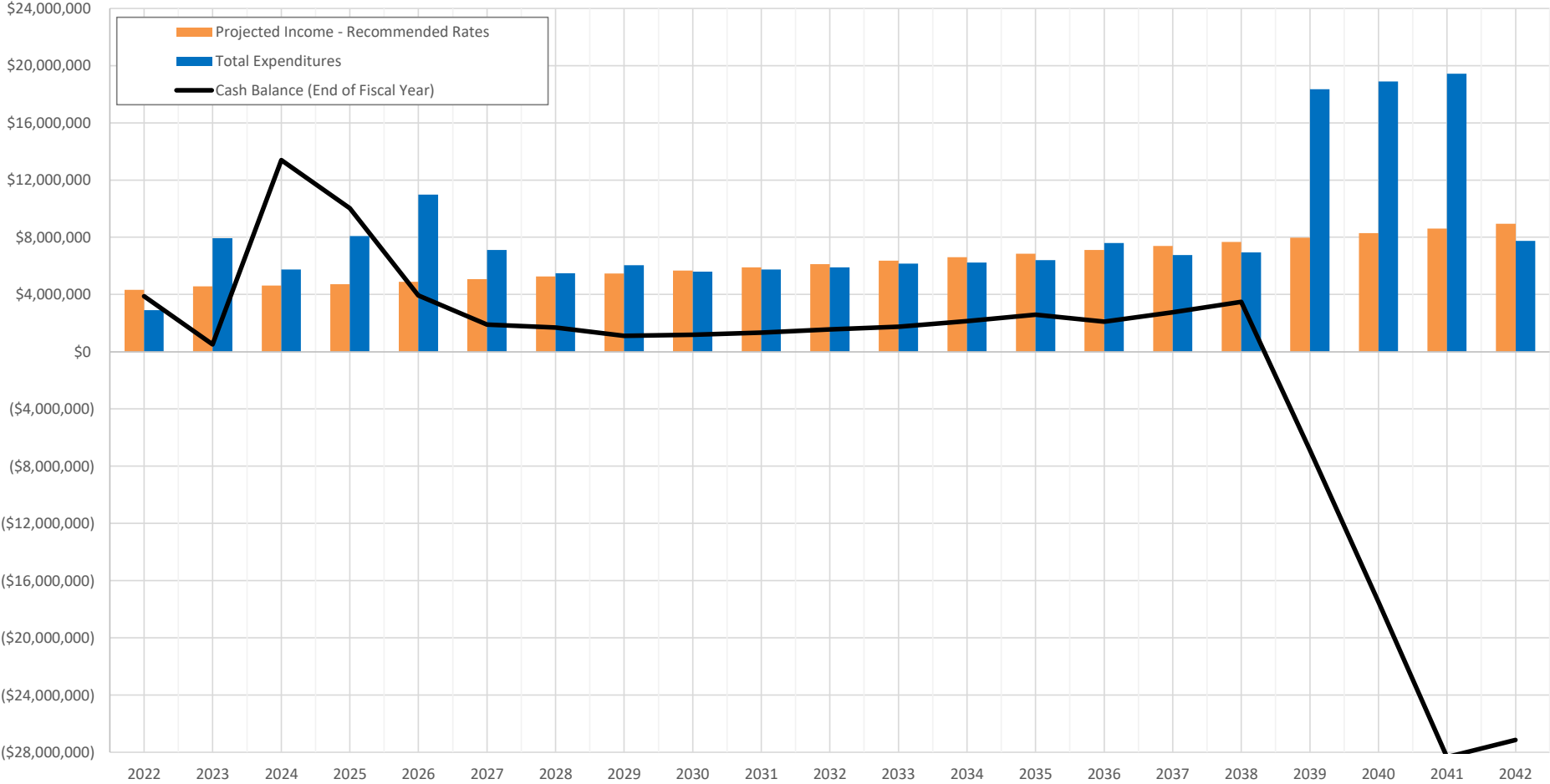
## Current Adopted Rates

- On average 5% increase adopted in 2023 with approximately 3.6% increase thereafter

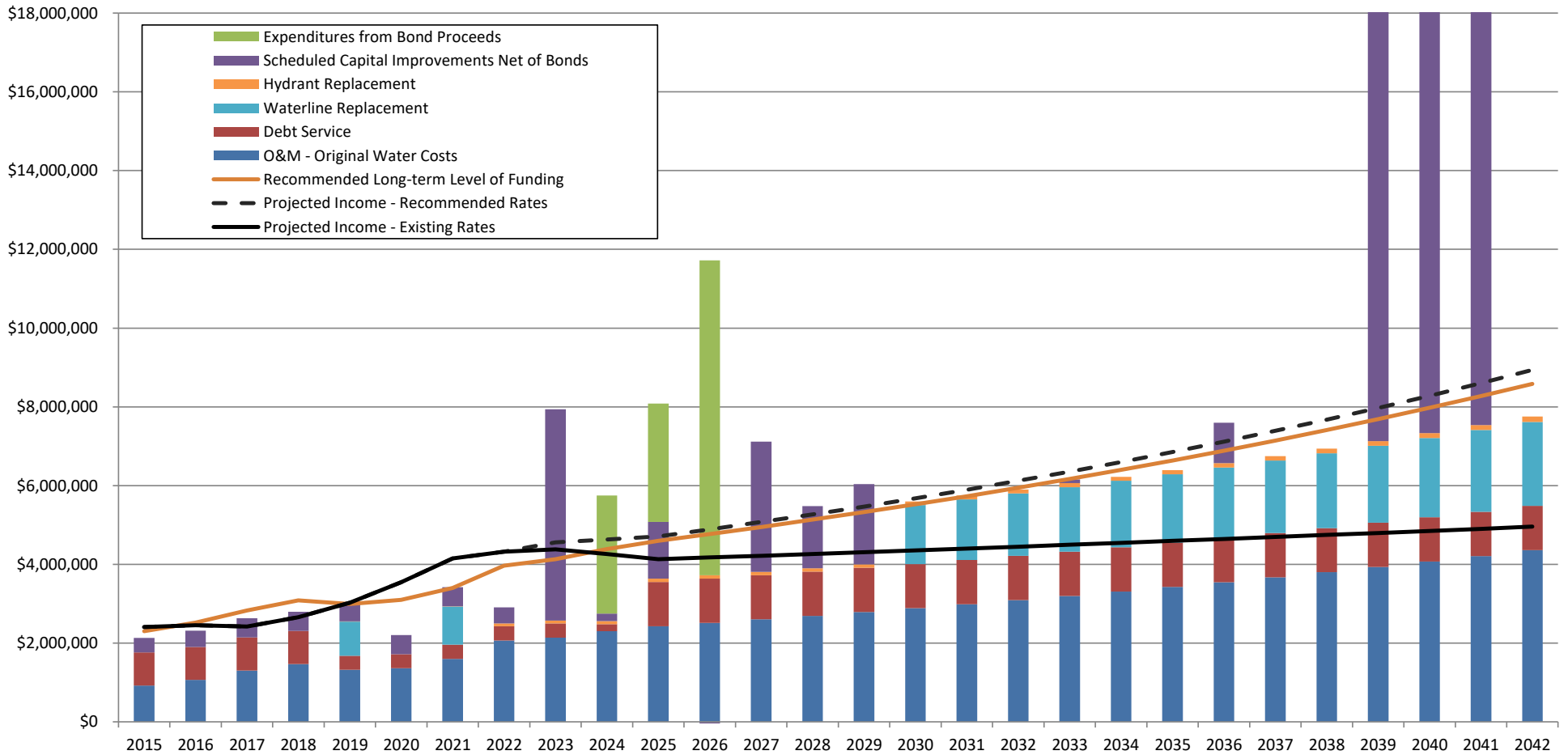
## Rate Adjustments

- Revisit rate study in 2024. Make minor adjustments as needed to maintain long-term positive cash flow. Approximate range of adjustments: +2 to 3% for one to two years.

## 20-Year Cashflow - With Bonding and Small Rate Adjustment



## 20-Year Revenue and Expenditures - With Bonding and Rate Adjustment





**McCALL CITY COUNCIL  
AGENDA BILL**

216 East Park Street  
McCall, Idaho 83638

**Number**

**AB 23-231**

**Meeting Date**

**December 1, 2023**

<b>AGENDA ITEM INFORMATION</b>				
<b>SUBJECT:</b>		<i>Department Approvals</i>	<i>Initials</i>	<i>Originator or Supporter</i>
<b><i>Water System Expansion - Water Revenue Bond Financing Discussion and Direction to Staff</i></b>		Mayor / Council		
		City Manager	ABS	
		Clerk		
		Treasurer	JS	Originator
		Community Development		
		Police Department		
		Public Works		
		Golf Course		
		<b>COST IMPACT:</b>	\$14 - \$15 million	Parks and Recreation
<b>FUNDING SOURCE:</b>	Water System Revenues	Airport		
		Library		
<b>TIMELINE:</b>	2024-2027	Information Systems		
		Grant Coordinator		
<b>SUMMARY STATEMENT:</b>				
<p>Michael Keith, Municipal Advisor (Zion’s Bank) and John McDevitt, Bond Council (Skinner Fawcett) will be available for the discussion on the necessity and options for securing bonding authority. Michael Keith, Zions Bank, will also present a with a brief discussion and refresher on the Roles and Responsibilities of the Municipal Advisor, Bond Council, Underwriter, and Trustee; general bond information; bond ratings and the differences between GO Bonds (Library Expansion Project) and Revenue Bonds (Water System Expansion); and an update on Municipal Bond interest rates. John McDevitt, Skinner Fawcett, will be available for questions regarding the legal aspects of the bond issuance timeline and process.</p> <p>Attachment: Power Point Presentation</p>				
<b>RECOMMENDED ACTION:</b>				
Direction to staff				
<b>RECORD OF COUNCIL ACTION</b>				
<b>MEETING DATE</b>	<b>ACTION</b>			



ZIONS PUBLIC FINANCE, INC.

# City of McCall

December 1, 2023

**Michael Keith**

VICE PRESIDENT

Tel: +1 208-501-7533

Email: [michael.keith@zionsbancorp.com](mailto:michael.keith@zionsbancorp.com)



# Introduction



Roles and Responsibilities



About Bonds

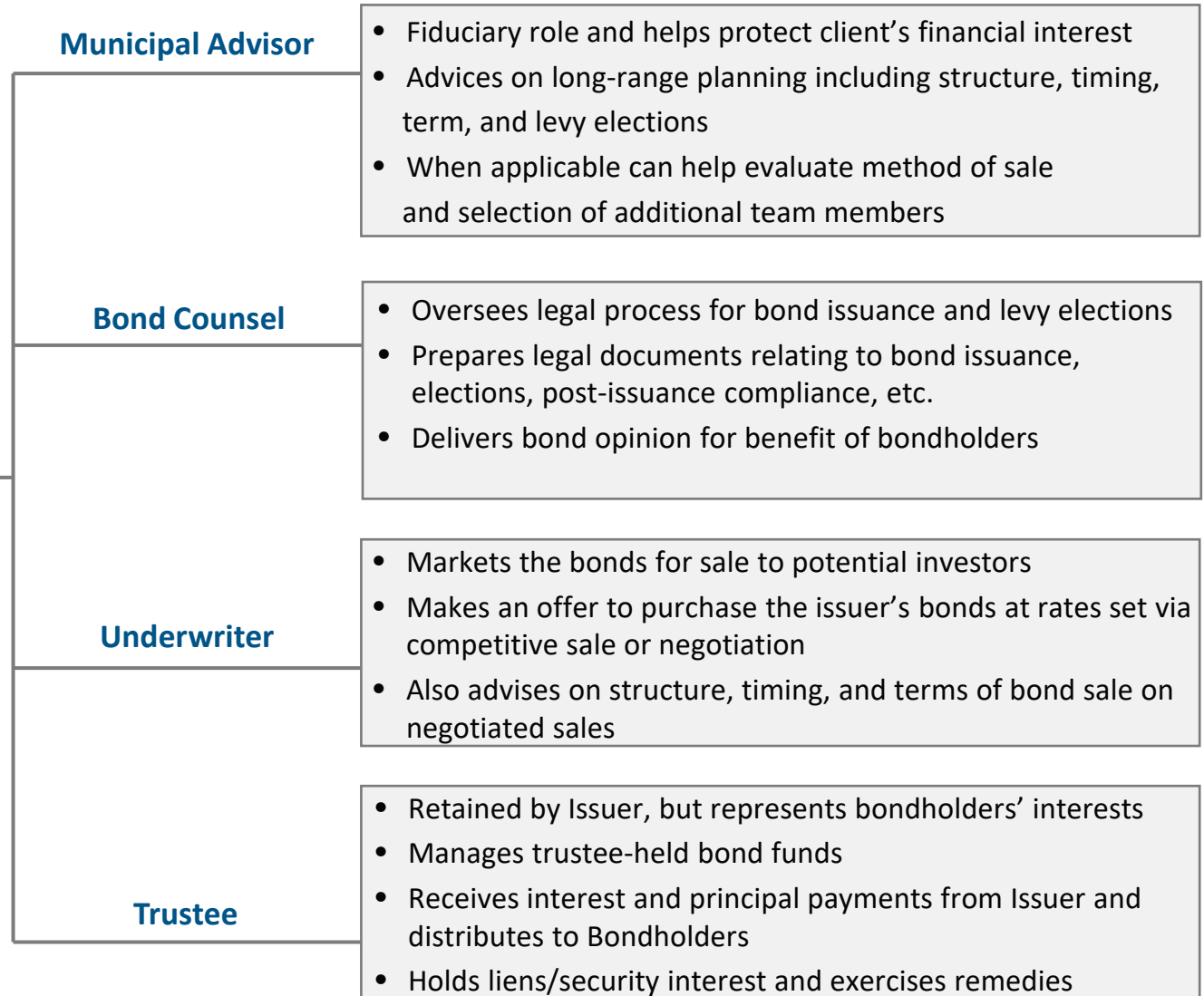


Bond Ratings

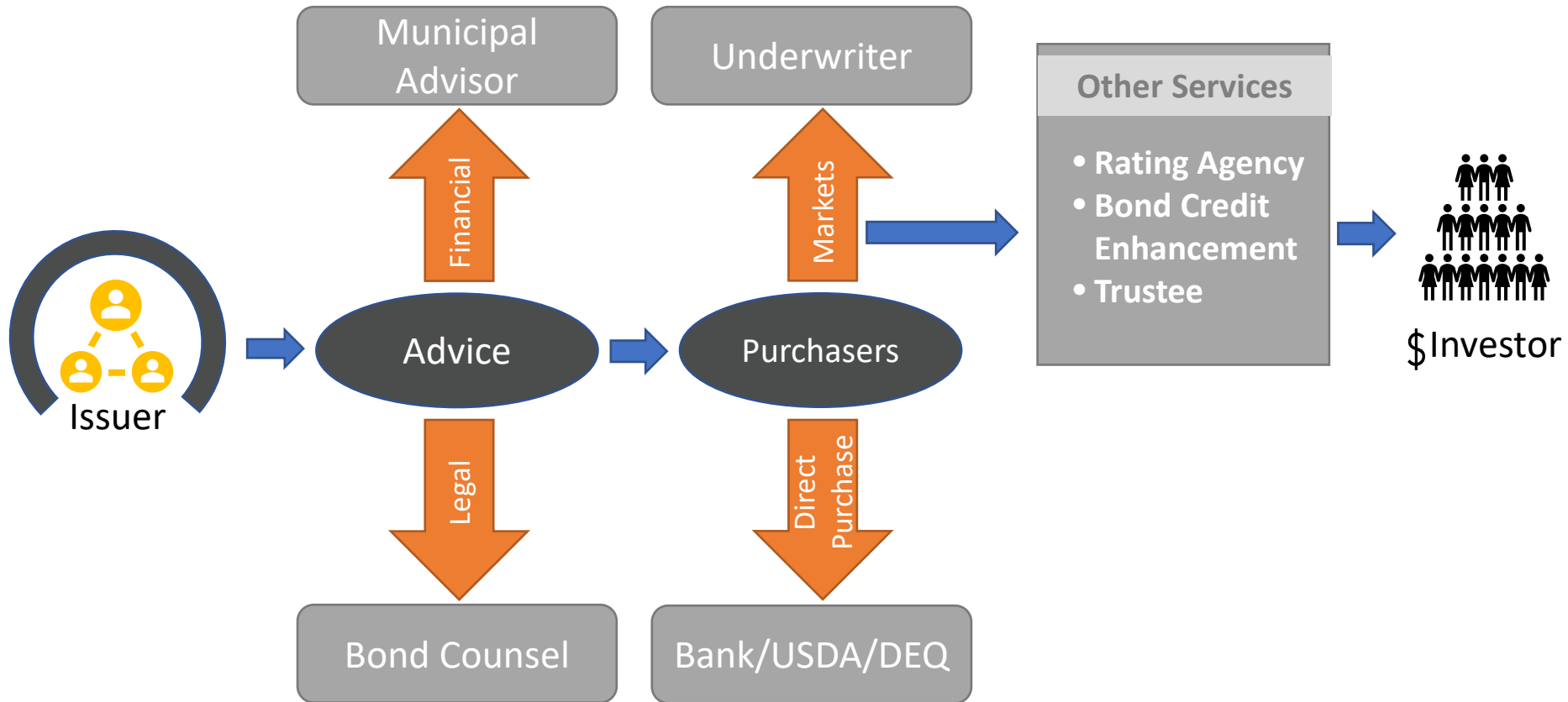


Municipal Interest Rates

# Roles and Responsibilities



# Roles and Responsibilities

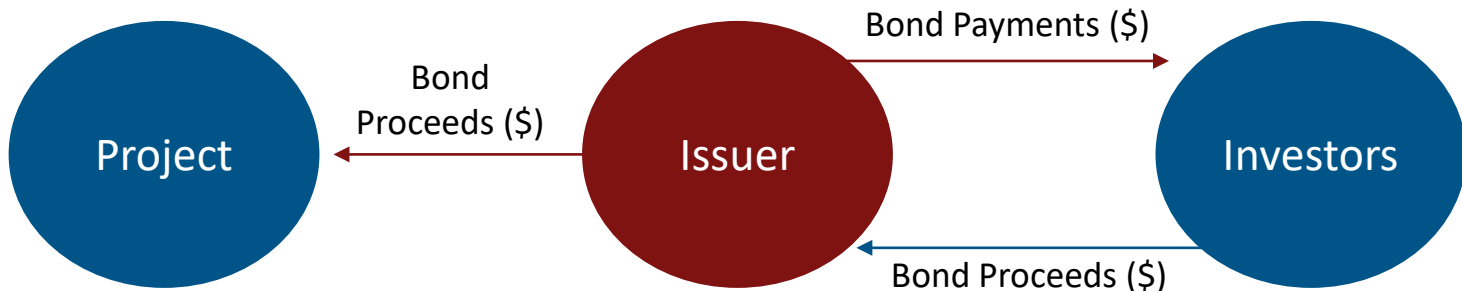


# About Bonds: What are they?

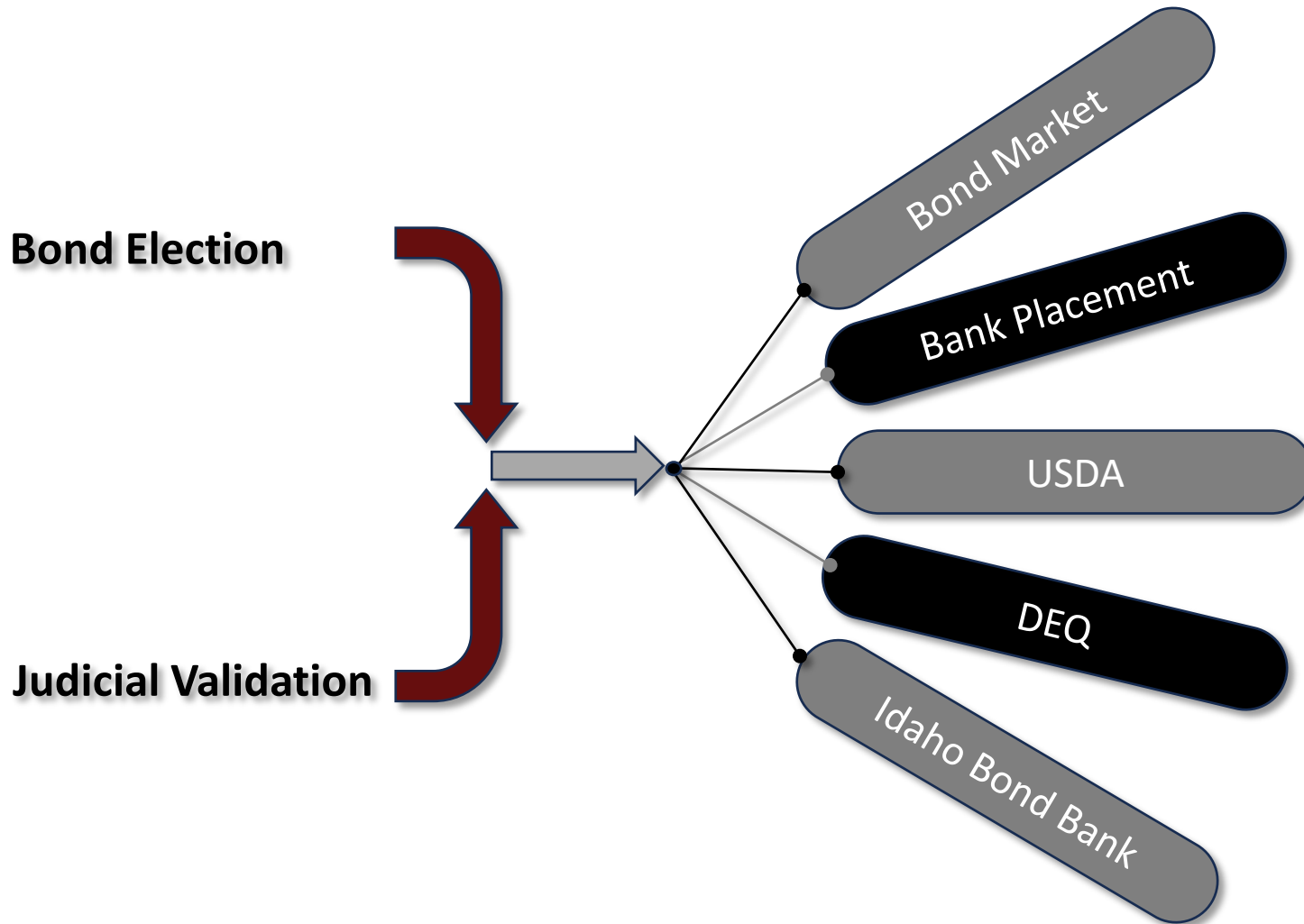
What are Municipal Bonds?

**Bonds** – Long term “IOUs” that governments sell to borrow money for a capital project


**Bond Ordinance** – Legal document that outlines how much interest and principal will be paid to bondholders, when and how payments will be made, how bonds may be redeemed, bond covenants, and what happens in the event of default.



# About Bonds: Bond Authority

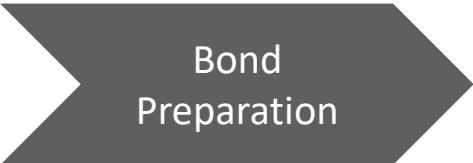


# About Bonds: Issuance Process



## Decision to Finance and Authorization

- City Council, in consultation with staff, legal counsel, and advisors, opts to run a bond election and determine amount and scope of project
- Adopt election resolution for a Bond election (May and November)



## Bond Preparation

- Establish method of sale
- Preparation of Official Statement or other disclosure document
- Prepare legal documents
- Obtain bond rating (if applicable)



## Bond Sale

- Price bonds and lock interest rates
- Execute bond purchase agreement



## Closing

- Finalize Official Statement (if applicable) and legal documents
- Arrange for receipt of funds

# About Bonds - Bond Authority


Idaho Code  
50-1035


## ORDINANCE PRIOR TO CONSTRUCTION — ELECTION.

*Such ordinance shall be passed, approved and published as provided by law for the enactment of general ordinances, but such city shall not incur or authorize in any year any indebtedness or liability under said ordinance exceeding in that year, the income and revenue provided for it for such year, without the assent of two-thirds (2/3) of the qualified electors of such city voting at an election held for the purpose of authorizing or refusing to authorize the indebtedness or liability provided for in said ordinance; provided, that any city may, with the assent of a majority of the qualified electors voting at an election to be held for such purpose, issue revenue bonds for the purpose of providing funds to own, purchase, construct, extend or equip, within and without the corporate limits of such city, water systems, sewerage systems, water treatment plants, sewerage treatment plants, electric systems, or to rehabilitate existing electrical generating facilities, the principal and interest of which to be paid solely from the revenue derived from rates and charges for the use of, and the service rendered by such systems, plants and facilities.*

# About Bonds: City Bond Elections:

## 2024 Election Dates

 **May 21** Ballot Question Submission Deadline to County  
**March 22**

 **November 4** Ballot Question Submission Deadline to County  
**September 5**

### Notes:

1. Election dates for school district property tax levy questions (bonds, plant, and supplemental levies) are the 3<sup>rd</sup> Tuesday in May and the Tuesday after the 1<sup>st</sup> Monday in November.
2. May and November elections of even number years, require filing more than 60 days prior to the election date (odd number years require 50 days).



# Election Ordinance

ORDINANCE NO. 1241

BY THE COUNCIL

BREEN, DAVID, HAMILTON, AND  
SLANETZ

**AN ORDINANCE RELATING TO THE WASTEWATER SYSTEM OF THE CITY OF KETCHUM, BLAINE COUNTY IDAHO; PROVIDING FOR AND CALLING A SPECIAL ELECTION AT WHICH THERE SHALL BE SUBMITTED TO THE ELECTORS QUALIFIED TO VOTE THEREON THE QUESTION OF ISSUING THE CITY'S WASTEWATER REVENUE BONDS FOR THE PURPOSE OF FINANCING, IN PART, THE COSTS OF RENOVATION, IMPROVEMENT, UPGRADING AND BETTERMENT OF THE CITY'S WASTEWATER SYSTEM; PROVIDING DETAILS IN CONNECTION THEREWITH AND OF THE ELECTION ON THE QUESTION; AND PROVIDING THE EFFECTIVE DATE THEREOF.**

WHEREAS, the City of Ketchum (the "City"), Blaine County, Idaho, is a municipal corporation duly organized and existing as a city under the general laws of the State of Idaho; and

WHEREAS, to comply with certain water quality regulations of the United States Environmental Protection Agency (the "EPA") and the Idaho Department of Environmental Quality (the "DEQ"), the current wastewater system (the "System") of the City needs renovation, improvement, upgrading, and betterment; and

WHEREAS, the City Council of the City has determined and does hereby determine the interests of the community and the public interest and necessity require the immediate renovation, improvement, upgrading and betterment of the City's System by undertaking the construction, installation, rehabilitation, improvements, work and purchases, as more fully described in Section 3 of this Ordinance, and all other related costs, items and appurtenances necessary, useful and convenient for the adequate collection and treatment of wastewater within the City (collectively, the "Project"); and

WHEREAS, the City Council of the City (the "Council"), does hereby determine that it is in the interests of the community and the public to seek financing, in part, for the construction, installation, rehabilitation, improvements, work and purchases, and all other related costs, items, and appurtenances necessary, useful, and convenient for implementing the Project; and

WHEREAS, the Council now deems it necessary and appropriate to seek approval from at least a majority of the qualified electors who will vote on the question to issue one or more series of wastewater revenue bonds (the "Bonds"), up to \$14,000,000 for the purpose of defraying, in part, costs of the Project, payable solely from the revenues of the System as constructed, installed, renovated, improved, upgraded, and bettered pursuant to the Revenue Bond Act (the "Act"), §§ 50-1027 through 50-1042, [Idaho Code](#), and all laws thereunto enabling; and

WHEREAS, the net revenues to be derived from the operation of the System may be

## Key Items in Election Ordinance:

- Description of the Project
- Debt Disclosure
- Anticipated Interest Rate
- Term of the Financing
- Sample Ballot Language

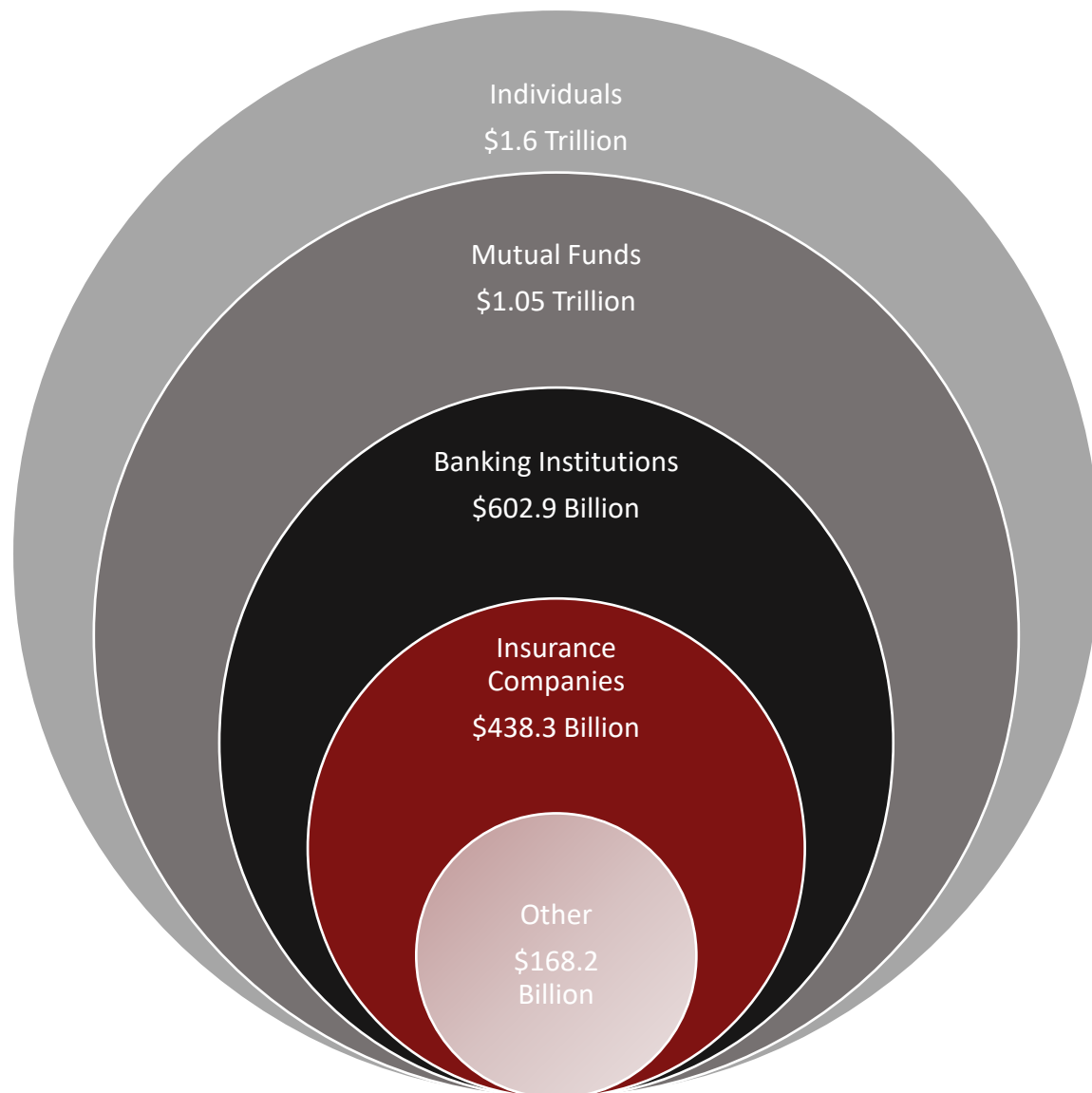
# About Bonds: Bond Comparisons

Revenue Bond	VS	General Obligation Bond
N/A - Typically less than 30yrs	Maximum Term	30 years
>50% or judicial confirmation	Vote	66.67% super-majority
Water or Sewer capital projects	Purpose	Any capital projects as defined in ballot
Net operating revenues of the system	Security	Unlimited tax levy; full faith and credit
Market dictates – no legal cap	Capacity	Legally capped at 2% of taxable assessed value

# About Bonds: What Determines Bond Rates?

 Market Rates	Municipal Market Data yield curve
 Credit Quality	Credit rating, guaranties, moral obligation, insurance
 Security Type	General obligation, revenue, lease, tax increment
 Market Conditions	Investor demand, secondary trading, new issue volume, timing
 Tax Status	Taxable vs. tax-exempt
 Structure	Coupon (par/premium/discount), call features, block size

# About Bonds: Major Municipal Bond Holders



Note: Individuals includes households and nonprofit organizations. Mutual funds includes mutual funds, money market funds, closed-end funds and exchange traded funds. Banking institutions includes U.S. chartered depository institutions, foreign banking offices in the U.S., banks in U.S. affiliated areas, credit unions, and broker dealers. Insurance companies includes property-casualty and life insurance companies. Other includes nonfinancial corporate business, nonfinancial noncorporate business, state and local governments and retirement funds, government-sponsored enterprises, municipal securities held by COVID-19 Municipal Liquidity Facility (MLF) and foreign holders. Discrepancy is the accumulated valuation difference between issuance and holdings.

Source: SIFMA Research – US Municipal Bond Holders 2022

# Bond Ratings: Rating Agencies

## Rating Agencies

- National organizations that provide rating on debt of public and private organizations

The logo for S&P Global Ratings features a thick black horizontal line above the text. "S&P Global" is written in a bold, red, sans-serif font, and "Ratings" is written below it in a blue, serif font.

The logo for Moody's consists of a blue circular emblem with a white letter 'M' in the center, surrounded by horizontal lines. Below the emblem, the word "MOODY'S" is written in a blue, serif font.

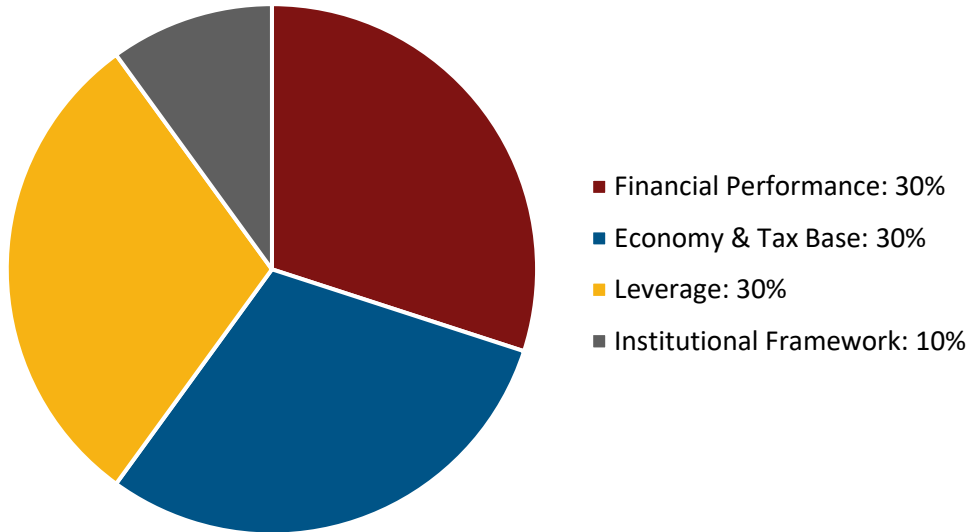
The logo for Fitch Ratings features the word "Fitch" in a red, serif font, followed by "Ratings" in a blue, serif font.

- Authoritative sources that assess a borrower's ability to repay
- Ratings have direct impact on cost of borrowing

# Bond Ratings: General Obligation Bonds

An issuer's bond rating will be determined by four major factors which include the issuer's financial management.

Moody's General Obligation Scorecard



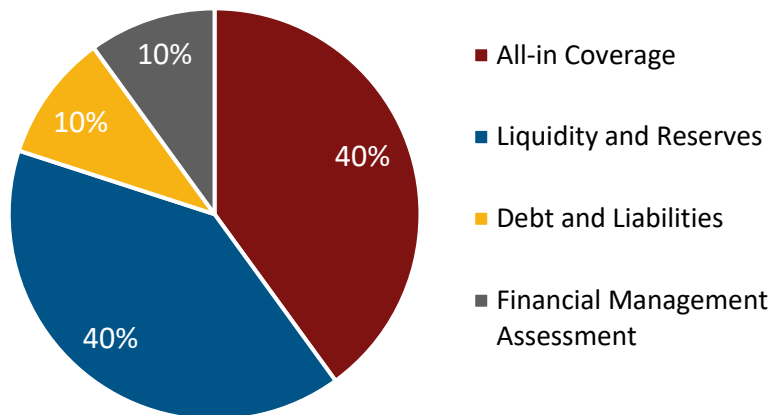
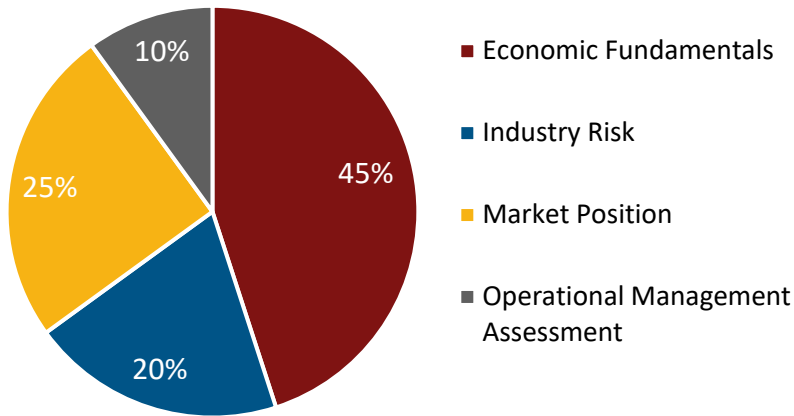
Rating Scales

Moody's	S&P	Rating Indication
Aaa	AAA	Prime
Aa1 Aa2 Aa3	AA+ AA AA-	Excellent
A1 A2 A3	A+ A A-	Very Good
Baa1 Baa2 Baa3	BBB+ BBB BBB-	Good
Ba1 Ba2 Ba3	BB+ BB BB-	Speculative
B1 B2 B2	B+ B B-	Highly Speculative
Caa1 Caa2 Caa3	CCC+ CCC CCC-	Substantial Risk/Poor Standing
Ca C	D	Extremely Speculative May be or in Default

# Bond Ratings: Water and Sewer Bonds

An issuer's bond rating will be determined by the following major factors which include the issuer's financial management for revenue bonds.

## S&P Water and Sewer Utility Ratings



## Rating Scales

Moody's	S&P	Rating Indication
Aaa	AAA	Prime
Aa1 Aa2 Aa3	AA+ AA AA-	Excellent
A1 A2 A3	A+ A A-	Very Good
Baa1 Baa2 Baa3	BBB+ BBB BBB-	Good
Ba1 Ba2 Ba3	BB+ BB BB-	Speculative
B1 B2 B2	B+ B B-	Highly Speculative
Caa1 Caa2 Caa3	CCC+ CCC CCC-	Substantial Risk/Poor Standing
Ca C	D	Extremely Speculative May be or in Default

# Bond Ratings: Key Bond Covenants

## Security

- Standard Net Revenue Pledge (typically excludes hookup fees)

## DSRF

- Debt Service Reserve Fund. May or may not be required depending on credit and other factors.
- Can be funded with cash or bond proceeds at the time of issuance.

## Rate Covenant

- Net Revenue in each Fiscal Year at least equal to 125% of the amount of principal and interest required to be paid in such Fiscal Year on all Outstanding Bonds

## ABT

- Additional Bonds Test - Restricts the issuance of additional bonds unless certain criteria can be met



# Bond Ratings: Idaho Bond Bank

## IBBA Benefits

Pooled  
Issuance

Credit  
Enhancement  
(Aa1)

Simplified  
Disclosure



OFFICIAL STATEMENT DATED NOVEMBER 29, 2012

## IDAHO BOND BANK AUTHORITY \$66,340,000 REVENUE BONDS, SERIES 2012D

DATED: Date of Delivery (estimated to be December 20, 2012)

DUE: September 15, as shown on the inside cover

NEGOTIATED SALE

MOODY'S RATING—Aa1

NOT BANK QUALIFIED

**BOOK ENTRY ONLY**—The \$66,340,000 Revenue Bonds, Series 2012D (the "Series 2012D Bonds") will be issued by the Idaho Bond Bank Authority (the "Authority") of the State of Idaho (the "State") in fully registered form under a book-entry only system, registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Series 2012D Bonds. Individual purchases of the Series 2012D Bonds will be made in book-entry form through DTC in denominations of \$5,000 or any integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2012D Bonds purchased.

**ISSUER AND PURPOSE**—The Authority is the issuer of the Series 2012D Bonds through the Idaho Bond Bank Authority Act, Title 67, Chapter 87, Idaho Code, as amended (the "Act") pursuant to a master trust agreement between the Authority and which trustee, U.S. Bank National Association, has been replaced by The Bank of New York Mellon Trust Company, N.A., (the "Trustee"), dated as of December 1, 2004 (the "Master Trust Agreement"), as supplemented (the Master Trust Agreement, together with all supplements, is referred to herein as the "Trust Agreement"). Proceeds of the Series 2012D Bonds will be used by the Authority to make loans (the "Loans") to the Cities of Buhl, Burley, Coeur D'Alene, Council, Hailey, Nampa, Pocatello, Rupert and St. Anthony, each an Idaho municipality and political subdivision (the "Participants") in order to refinance wastewater (the term "wastewater" will apply to projects identified by the Participants as related to either "wastewater" or "sewer" systems) system projects, to finance wastewater system projects, and to refinance water system projects, as more fully described herein. See "PURPOSE AND USE OF PROCEEDS" herein. The Authority and the Participants to the Series 2012D Bonds will enter into Loan Agreements dated as of December 1, 2012 to provide for the repayment of the Loans, as described herein.

**THE SERIES 2012D BONDS AND THE LOANS**—The Series 2012D Bonds are revenue bonds of the Authority. The Loans constitute loans from the Authority to the Participants. The Participants are required by their Loan Agreements with the Authority (the "Loan Agreements") to issue and sell their promissory notes or bonds (the "Municipal Bonds") to the Authority as evidence of their Loan obligations and the payments due on the Municipal Bonds will be equal to the Repayment Installments, as described herein.

### Series 2012D Participants

City of Buhl, Twin Falls County, Idaho (a "Participant")  
City of Burley, Cassia and Minidoka Counties, Idaho (a "Participant")  
City of Coeur d'Alene, Kootenai County, Idaho (a "Participant")  
City of Council, Adams County, Idaho (a "Participant")  
City of Hailey, Blaine County, Idaho (a "Participant")  
City of Nampa, Canyon County, Idaho (a "Participant")  
City of Pocatello, Bannock County, Idaho (a "Participant")  
City of Rupert, Minidoka County, Idaho (a "Participant")  
City of St. Anthony, Fremont County, Idaho (a "Participant")

# Bond Ratings: Bond Insurance

Bond insurance can provide credit enhancement for municipal bonds. The potential value of bond insurance:

- Credit rating agencies view an insured debt transaction more favorably with less risk to the investors; in turn, the transaction will likely have a higher credit rating compared to the same transaction with no insurance
- A higher credit rating could mean more and broader interest from investors.
- In the event of a rating downgrade of a municipal debt, insured bonds may have more market liquidity than an uninsured debt instrument for holders of the bonds.



**BAM**<sup>SM</sup>  
BUILD AMERICA MUTUAL

AA Rating

**ASSURED  
GUARANTY**<sup>®</sup>

S&P – AA Rating  
Moody's – A1 Rating

# Municipal Interest Rates: Market Update

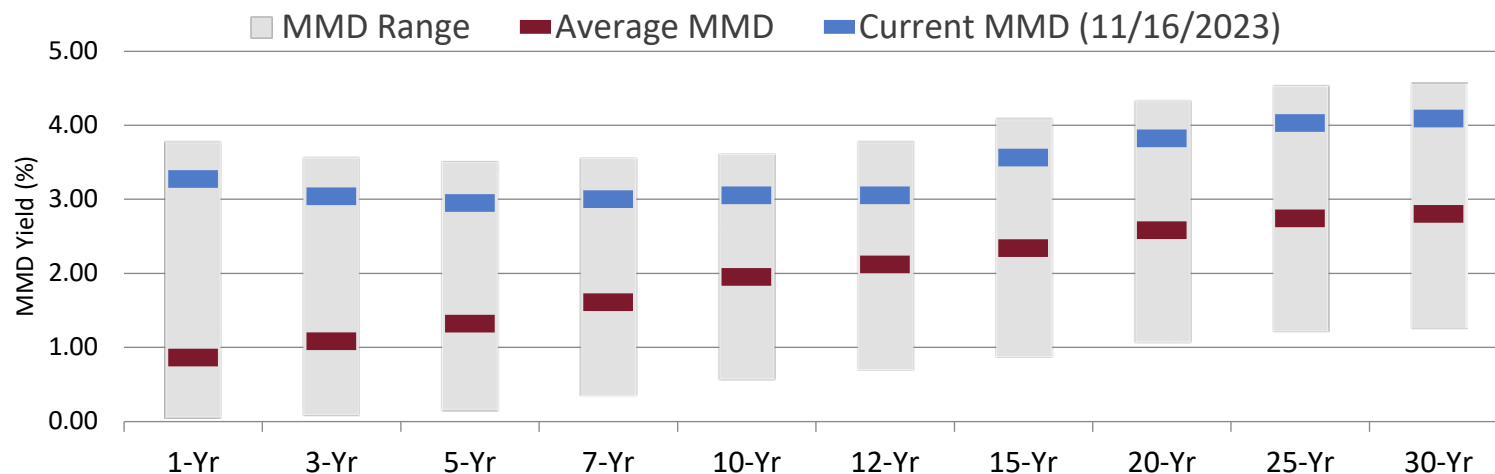
## 10 Year AAA MMD



# Municipal Interest Rates: Market Update

## Daily AAA MMD Interest Rates

(2012 - Present)



## US Treasury Rates

(2008 - Present)

