



**City of McCall  
City Council**

**AGENDA  
Special Meeting  
January 29, 2024 at 5:30 PM  
Legion Hall – Below City  
Hall 216 East Park Street  
McCall, ID  
AND MS TEAMS Virtual**

**ANNOUNCEMENT:**

American with Disabilities Act Notice: 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: 717 377 772#**

Or you may watch live by clicking this link:

<https://youtube.com/live/fb6JWy4Kr3U?feature=share>

**WORK SESSION**

AB 24-028 Work Session II: Water Treatment Plant and Water Storage Expansion, Funding Amount, Ballot Question Review, and Direction to Staff

**Adjourn**

**McCALL CITY COUNCIL  
AGENDA BILL**

216 East Park Street  
McCall, Idaho 83638

**Number AB 24-028**  
**Meeting Date January 29, 2024**

<b>AGENDA ITEM INFORMATION</b>				
<b>SUBJECT:</b>  <i>Work Session II: Water Treatment Plant and Water Storage Expansion, Funding Amount, Ballot Question Review and Direction to Staff</i>		<i>Department Approvals</i>	<i>Initials</i>	<i>Originator or Supporter</i>
		Mayor / Council		
		City Manager		
		Clerk		
		Treasurer		
		Community Development		
		Police Department		
		Public Works	<i>NIS</i>	Originator
		Golf Course		
			Parks and Recreation	
<b>COST IMPACT:</b>	\$16.5 million			
<b>FUNDING SOURCE:</b>	Water Fund, revenue bonds	Airport		
		Library		
<b>TIMELINE:</b>	2024-2027	Information Systems		
		Grant Coordinator		

**SUMMARY STATEMENT:**

On 12/1/23, City Council was presented with conceptual project designs, estimated costs and financing options to implement critical 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

Since then, the Engineering team including AE2S (lead project engineer), Clear Solutions (support engineer), and Bowen Collins (water system and rate modeling engineer), have updated cost estimates for both the WTP improvements (adding storage and electrical components) and the proposed storage tank (considering new geotechnical information from the proposed tank site received in mid-December) which support a recommended financing need of \$16.5M. This amount is within the range of \$14-17M stated in December.

In parallel, staff has coordinated the financial/legal consultants (municipal advisor - Zions Bank, and bond council – Skinner Fawcett) to confirm recommended financing options (i.e. revenue bond); bonding term (20-year); and effective election ordinance language. Staff has also submitted a Letter of Interest (LOI) to Idaho DEQ to request funding assistance. If bond financed, this amount would have only a minor impact on water rates (up to 4%). Included with this agenda bill are the following: engineering team slide presentation; financing team slide presentation; draft ballot question. The entire project team will be present to discuss with Council the revised project information, recommendations for project financing, and options for election ordinance language. The goal of this work session will confirm the Council’s direction to staff for preparing election ordinance documentation for a May 2024 election and February 22, 2024 Council Meeting.

**RECOMMENDED ACTION:**

Direct staff to work with Bond Counsel to prepare an election ordinance for the February 22, 2024 City Council Meeting for adoption and submission to the Valley County Clerk.

<b>RECORD OF COUNCIL ACTION</b>	
<b>MEETING DATE</b>	<b>ACTION</b>
12/1/24	AB 23-230: Work Session I - Water Treatment Plant and Water Storage Expansion

**Water Treatment Plant Expansion and Water Storage Tank CIP Projects 2023-2027  
Funding Amount and Draft Election Ordinance Review City Council Work Session  
January 29, 2024: 5:30 PM**

## 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 Loscher
- d. **Municipal Adviser (Zions Bank)**: Michael Keith
- e. **Bond Council (Skinner Fawcett, LLP)**: John McDevitt
- f. **City Staff**: Nathan Stewart, Sabrina Sims, Linda Stokes, Anette Spickard, Erin Greaves

### 2. Project Cost Estimate, Schedule, and Bond Amount Update

- a. **Storage Tank** – revised estimates to reflect increased excavation and tank costs due to geotechnical investigation results **(AE2S)**
- b. **WTP Expansion** – revised estimate to reflect: **(AE2S)**
  - i. Additional Filters
  - ii. Electrical Upgrades
  - iii. Storage Garage
- c. **Bond amount determination and impact on rates** **(BC)**
  - i. Discuss determining \$16.5M as the recommended bond amount
  - ii. Approximate bond Impact on rates (~4% total, ~2% additional for two years).
    1. Discuss how rates will be evaluated and adoption dates
  - iii. Alternative to Bonding “Plan B”; significant short term rate increase (~100% increase); significant reduction after project is completed/paid.
- d. **Urgency for project implementation** **(AE2S, CS, staff)**
  - i. Discuss DEQ compliance timeline
  - ii. Discuss current WTP operational challenges
  - iii. Discuss LOI submission to DEQ and timeline for DEQ response

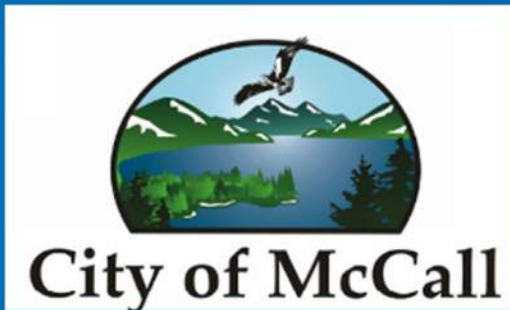
### 2. Financing Considerations

- i. **Judicial Confirmation vs Bond Election discussion** **(Skinner, Zions)**
- ii. **Bonding Process/timeline** **(Zions, staff)**
  1. City credit rating, approval
  2. Discussion of rates and duration of bonds:
    - a. Recommendation: 20 year
  3. Incorporate SRF options prior to finalizing bonds
  4. Sell bonds, could be staggered
- b. **Draft Election Ordinance discussion** **(McDevitt, staff)**
  - i. Discuss language options
  - ii. Staff recommendation
- c. **Public Communications Strategy**: **staff**

### 3. ACTION – Council authorize staff to prepare election ordinance for the February 22, 2024, City Council Regular Meeting, adoption, and submission to the Valley County Clerk. Mayor

### 4. Adjournment

# Council Work Session WTP/Storage Projects



# Summary of Improvements

## **Additional Filtration Capacity**

- Two Additional Gravity Filters

## **Increase Clearwell Volume**

- Additional Contact Time

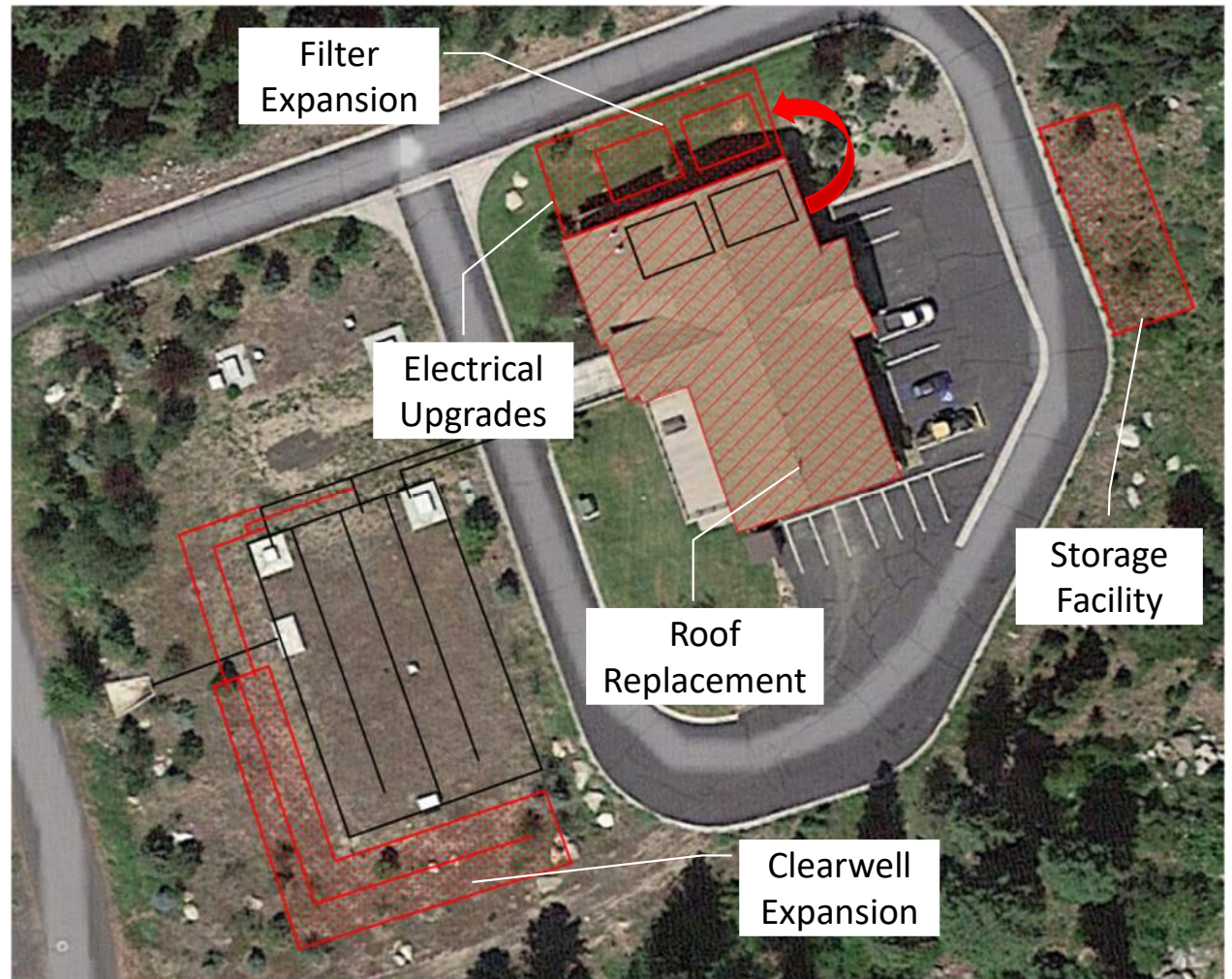
## **Additional Storage Volume**

- Storage Location
- Storage Interaction



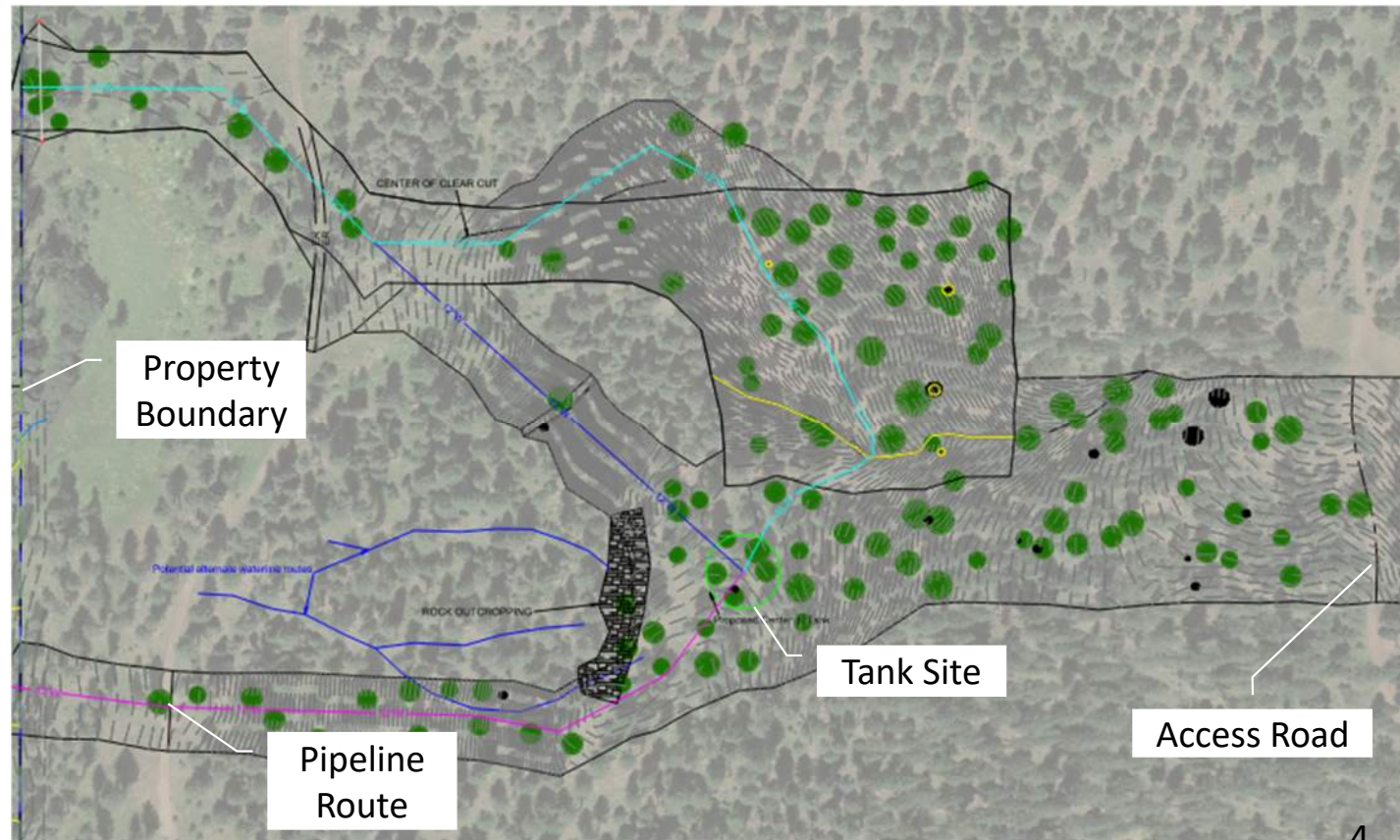
# WTP Expansion

- Two Additional Filter(s) – 6.6 MG Firm/8.8 MG Max
- Additional Clearwell – 350K Gallons



# Additional Storage Volume

- Additional capacity addresses regulatory concerns
- Improves interaction/transfer of water across system
- Geotechnical investigation complete



# Project Cost Summary

Project Items	Estimated Cost
Filter Expansion	\$6,300,000
Clearwell Expansion	\$1,820,000
TOTAL	\$8,120,000

Project Items	Estimated Cost
Additional Storage Tank	\$6,900,000

Total Cost	Estimated Cost
WTP Expansion + Storage Tank	\$15,020,000

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



## Urgency for Compliance

# Water Treatment Plant

- Filtration Turbidity Violations
- Disinfection CT Violations
- Challenging to Meet Peak Demand
- 23-Year Old Facility Needs Upgrades
  - Filter, Pump, and Electrical Failures in 2023
- 3-Year Project Schedule
- Online in 2027

## Urgency for Compliance

# Water Storage Tank

- Required to Provide Storage for
  - Peak Demand, Operational, and Fire
- Currently at 91% of Capacity
- Additional Storage Required by 2027
- 2-Year Schedule
- Online in 2026
- Will Also Help WTP Maintain Compliance

# 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					■

## Funding Option

# Idaho State Revolving Fund

- City Submitted an Application for SRF
- Provides Low Interest Loans (2.5%)
- Principal Forgiveness Possible
- Fundable Projects Announced in April
- Final Project Awards Announced in June

# BOND AND WATER RATE IMPACTS

January 2024



City of McCall  
PUBLIC WORKS



**BOWEN COLLINS**  
& ASSOCIATES





# BOND RECOMMENDATIONS

## Short-Term Cash Flow

- Treatment and storage deficiencies result in significant short-term need for funding
- Recommended solution is revenue bond in Spring of 2024

## Selecting the Appropriate Bond Amount

- Adequate to fund projects, but not excessive due to interest costs
- Maintain positive cash flow. Water fund will run out of cash in 2024 without additional intervention
- Estimated Bond Amount: \$16.5 million

## How Will Bond Debt be Serviced?

- Bond debt serviced from water rate revenue

# WATER RATE IMPACTS

## Long-Term Revenue Generation

- Revenue generation from currently adopted rates is nearly adequate, but will likely fall slightly short of long-term needs depending on inflation
- Revisit rate study in 2024 to make necessary adjustments to proposed rates to maintain long-term positive cash flow. Approximate range of adjustments: 4% (additional 2% for two years).
- Current adopted rates (effective October 1, 2022 through September 30, 2028) included an initial 5% increase and subsequent increases of approximately 3.6% for a typical residential bill

## Alternative (without Bonding)

- Increase rates substantially (e.g. 100% increase) and maintain rates at that level for three years to cash fund the projects
- *How does this affect the average rate payer vs. the bond alternative?*

# 2022 ADOPTED RATES

## Current Effective Usage Rates

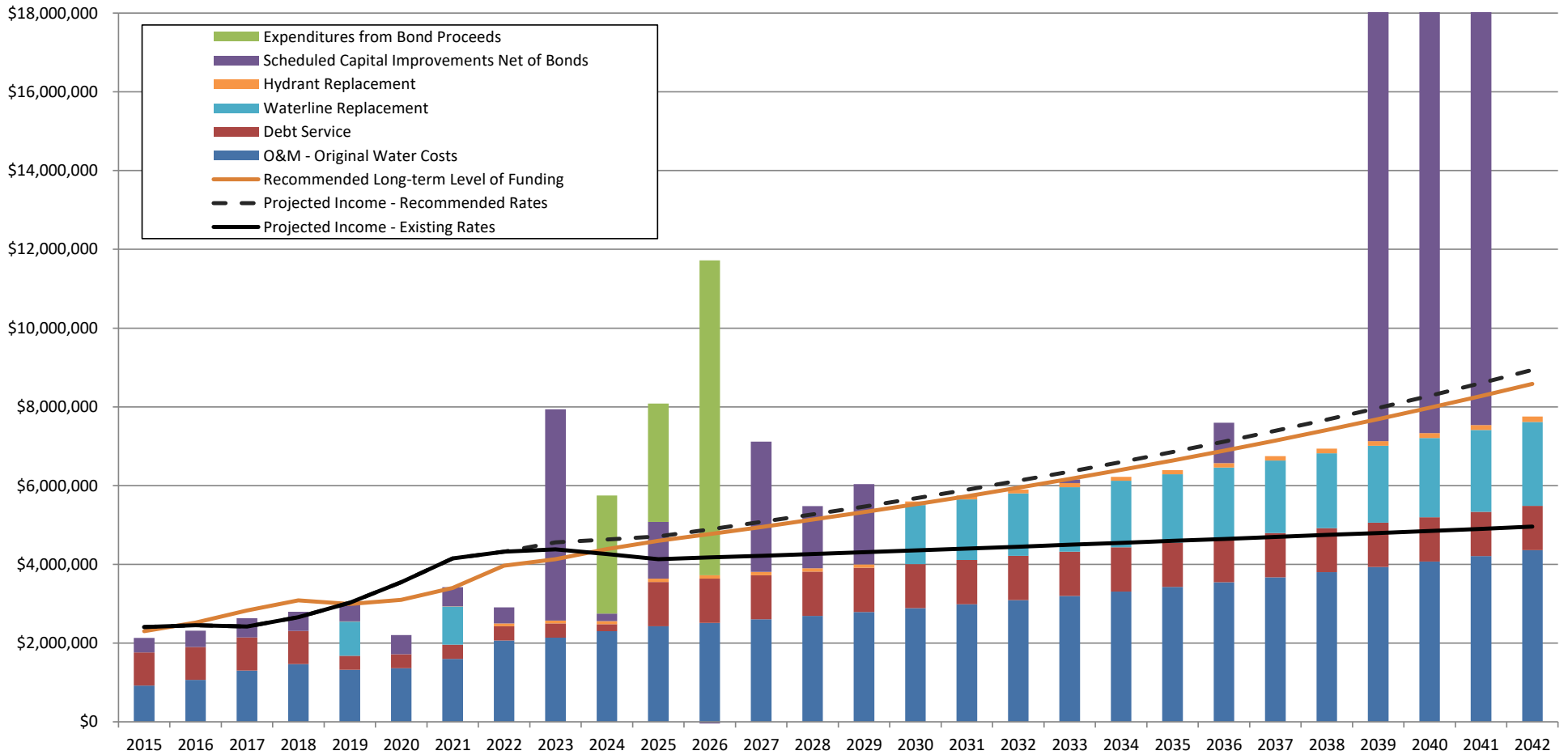
Added a 4th block

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

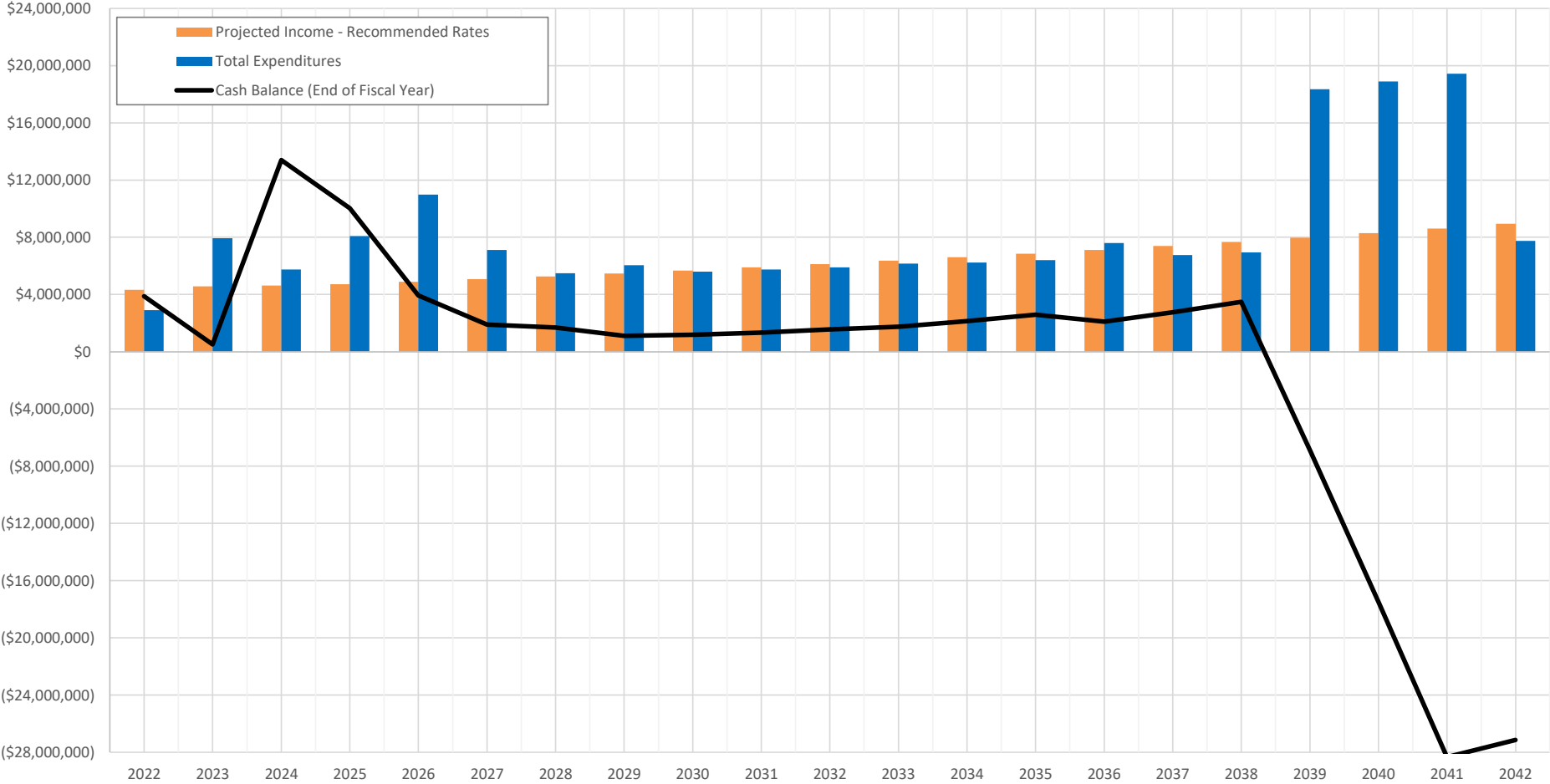
Increased volume rates by 7% in 2023 and by 8% annually thereafter

	EFFECTIVE 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 Bonding and Rate Adjustment



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





# Thank you! Questions?



| Advanced Engineering and Environmental Services, LLC





ZIONS PUBLIC FINANCE, INC.

# City of McCall

January 29, 2024

**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

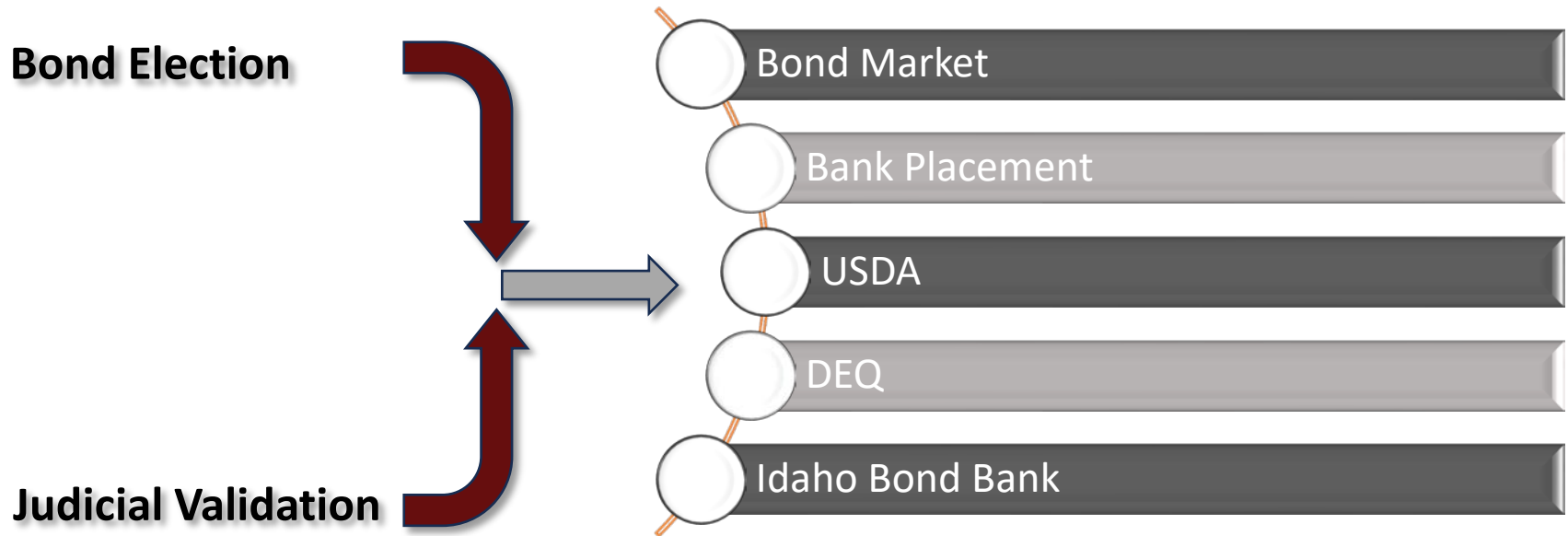


Bond Ratings



Municipal Interest Rates

# About Bonds: Bond Authority



# About Bonds: Bond Authority Comparison

- Requires election resolution to be passed.
- Requires 50 + 1 approval for revenue bond.
- Time and effort to run election campaign
- Risk that you do not receive necessary approval for bonds.



- Four or more months to get to the hearing and there is no guarantee on timing.
- Add significant legal costs to execute JV process.
- Risk that none or only apportion of the project is approved.
- Political risks with voters.

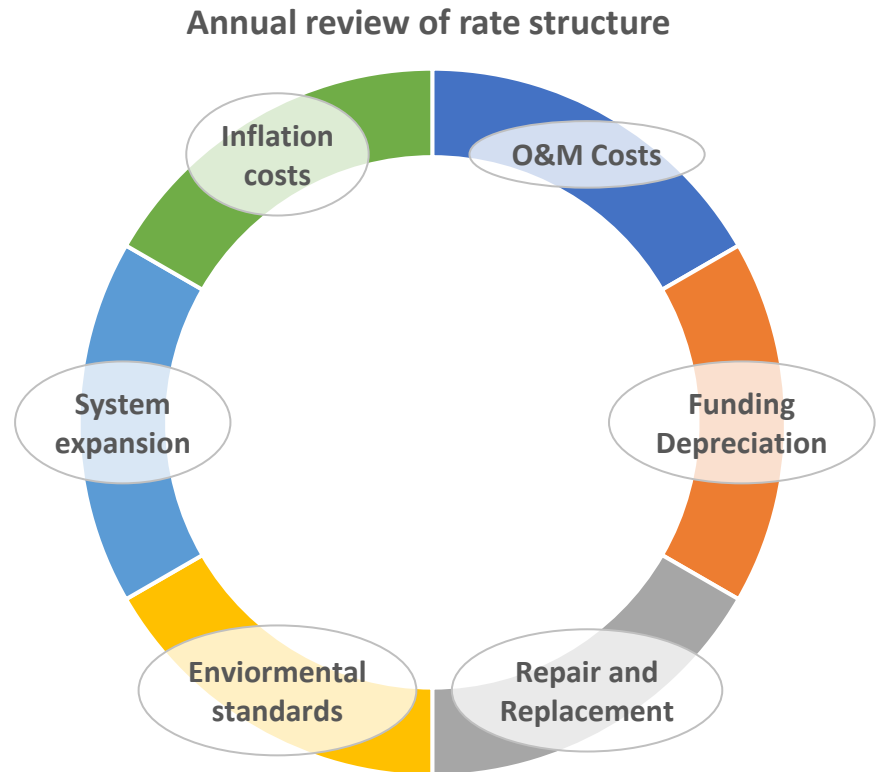




# About Bonds: Fundamentals of Capital Planning

## Before we borrow:

- Identify Projects or needs  
(Typically rolling 5-10 year plans)
- Determine source of funding  
(debt vs pay-as-you-go)
- Will existing user rates structure support long-range plan



# About Bonds: Funding Long-Range Capital Plan with Bonds

## Municipal Revenue Bonds

- Bonds are a certificate of indebtedness between the issuer and the bondholder (investor)
- In Idaho debt longer than one year requires voter approval. Revenue bonds require 50% + 1 to pass.
- Election dates are May or November

## Benefits of Debt Financing

- Used strategically, it can help smooth out user rates as part of a long-term capital plan.
- Matches funding method with useful life of assets so future rate payers pay their portion of the enjoyment of the system
- Bond authorizations should consider long-term capital needs
  - City of Boise
  - City of Nampa

## Bond Terminology

- **Principal** = Amount borrowed and still owed “face value”
- **Interest** = Paid to investor for the use of money expressed as annual percentage rate (common industry term “True Interest Cost” or “TIC”)
- **Term** = Period of time to repay the principal and interest. City revenue bonds can be up to 30 years.

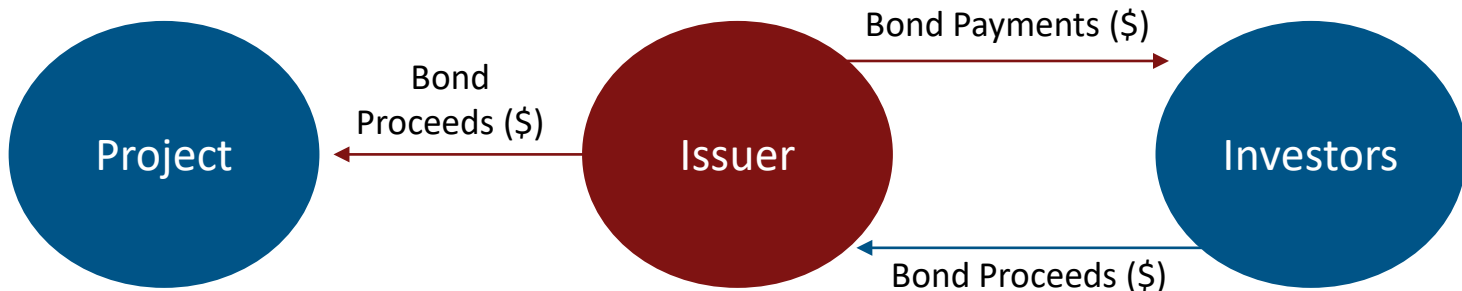
# About Bonds: What are they?

## What are Municipal Bonds?

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


**Election Ordinance** – Legal document that outlines the project and terms that the voters will vote on including a form of the ballot language.


**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: City Bond Elections:

## 2024 Election Dates

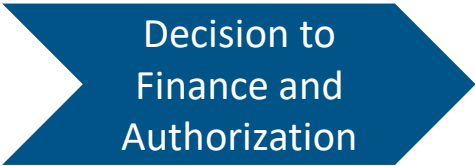
 **May 21** Ballot Question Submission Deadline to County  
**March 22**

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

### Notes:

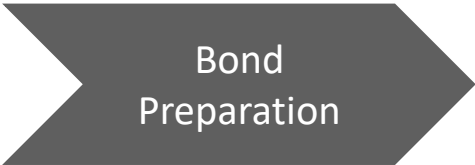
1. Election dates for school district property tax levy questions (bonds, plant, and supplemental levies) are the 3<sup>rd</sup> Tuesday in May and the Tuesday after the 1<sup>st</sup> Monday in November.
2. May and November elections of even number years, require filing more than 60 days prior to the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

# 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

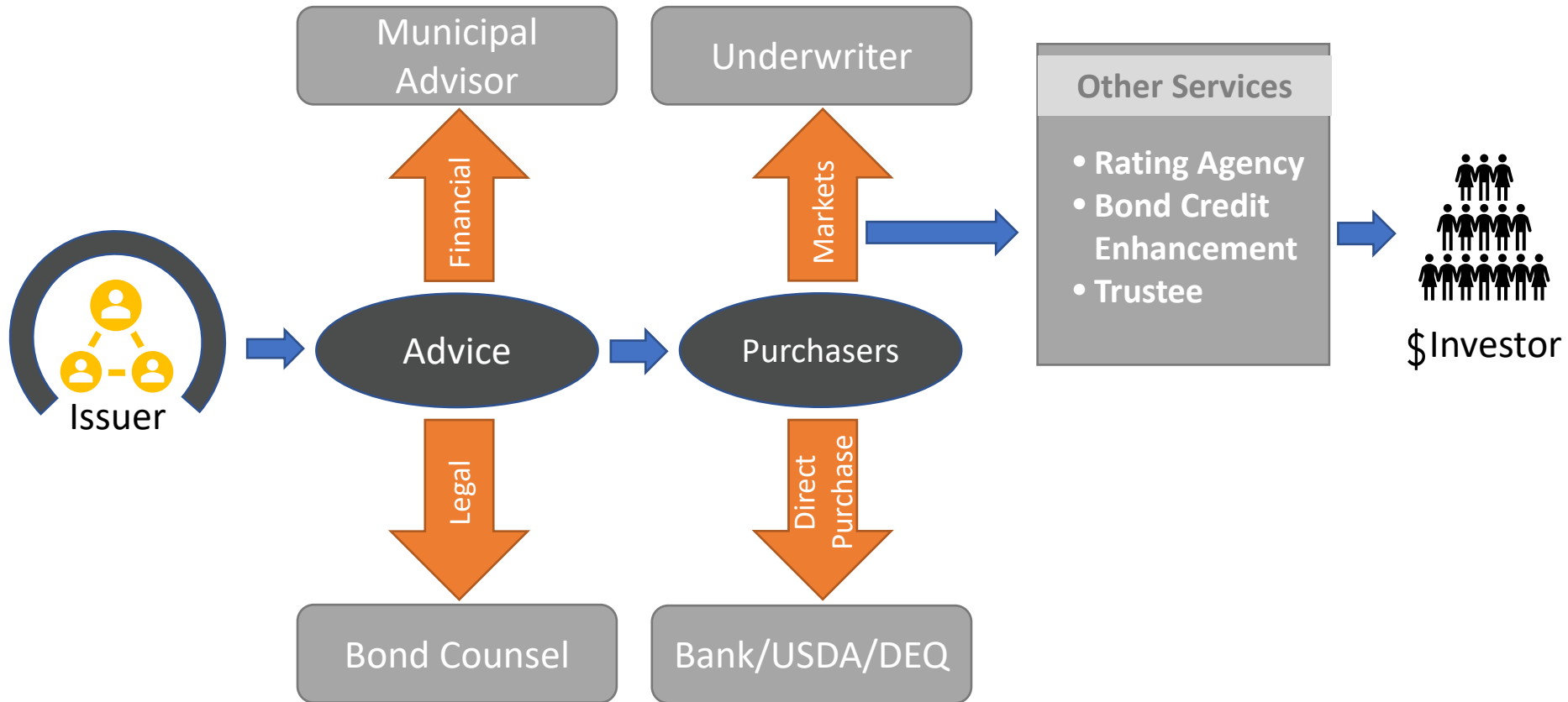


## Closing

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



# Roles and Responsibilities



# About Bonds: What Determines Bond Rates?



# 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

# 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, positioned above the word "MOODY'S" in a blue, serif font.

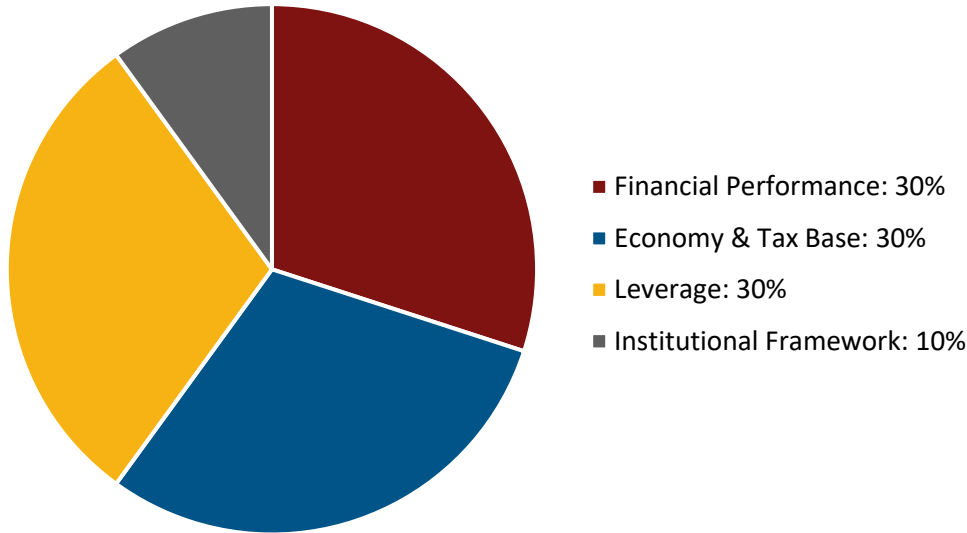
The logo for Fitch Ratings features the word "Fitch" in a red, serif font, followed by "Ratings" in a grey, serif font.

- 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



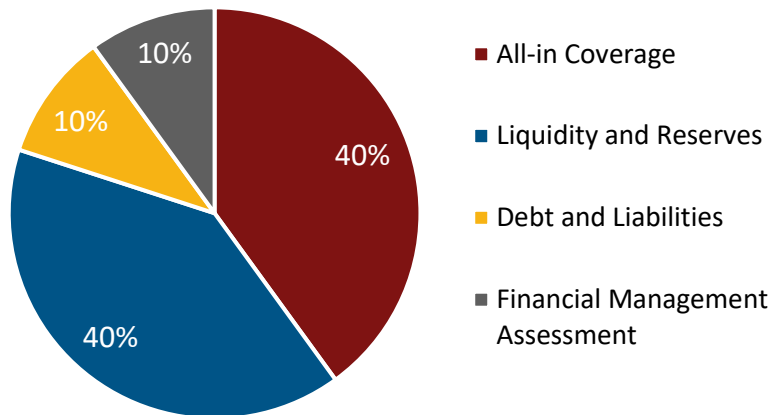
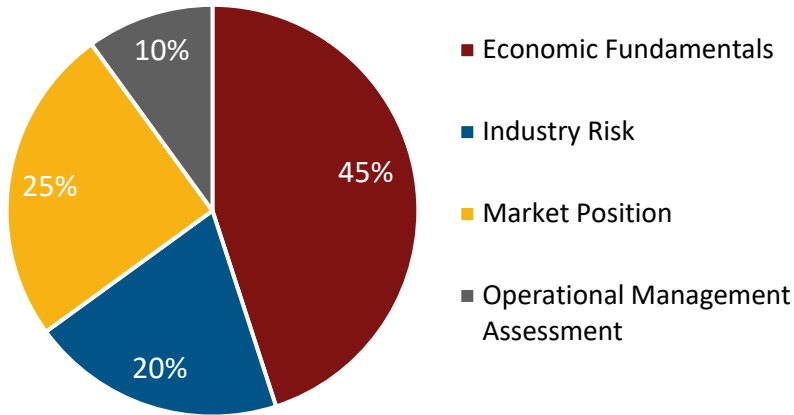
Rating Scales

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



# Proposed Bond Summary

City of McCall  
Proposed Revenue Bond Scenarios



As of January 18, 2024

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<i>Projected Bond Cost</i>	<i>\$16.5MM Project for 20 Years</i>	
	<i>Assumed Rating of A1</i>	
Interest Rate (as of 01/18/2024)		3.83%
Term		20 Years
Bond Proposed Par Amount	\$	16,500,000
Estimated Interest Cost	\$	7,636,750
Total	\$	24,136,750
Average Annual Payment		\$1,206,838

# 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

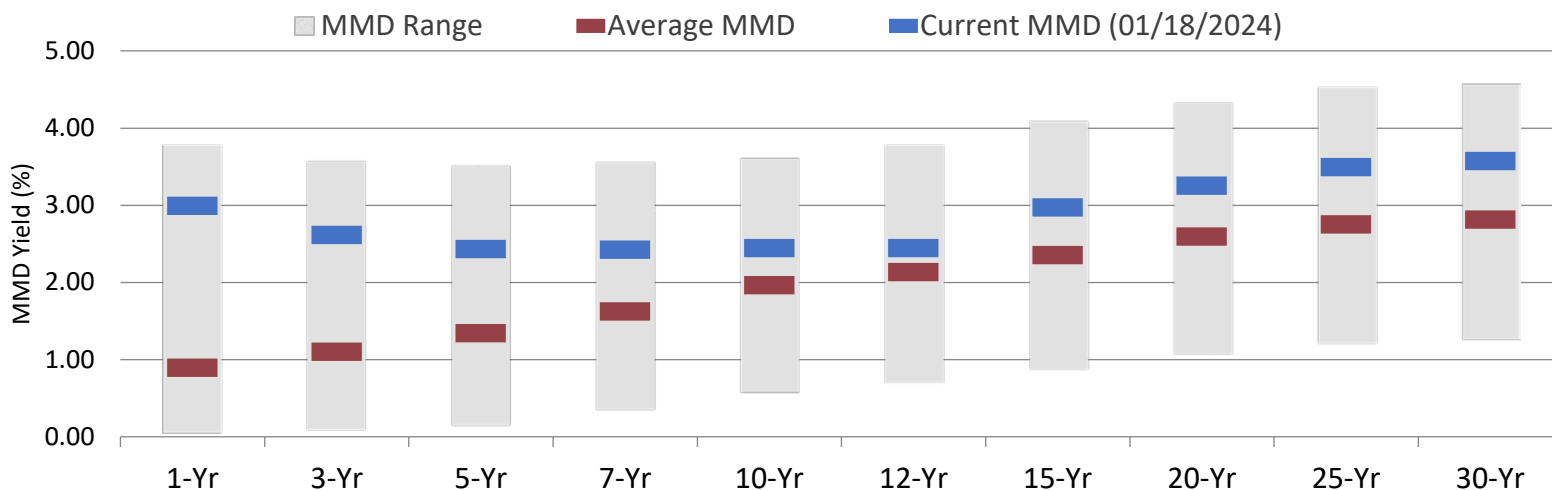
## 10 Year AAA MMD



# Municipal Interest Rates: Market Update

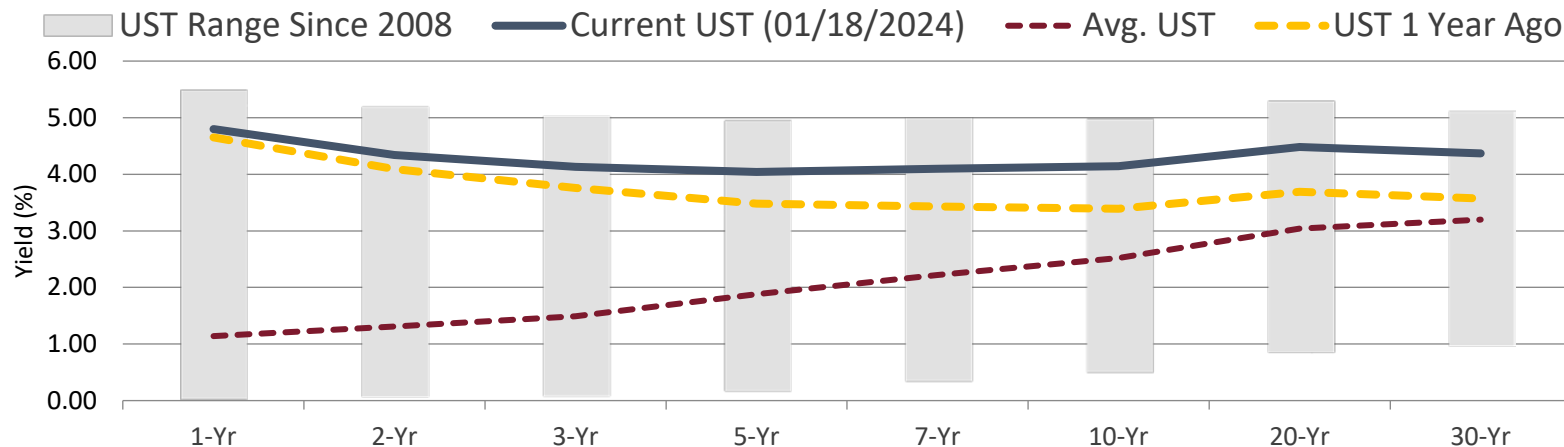
## Daily AAA MMD Interest Rates

(2012 - Present)



## US Treasury Rates

(2008 - Present)



# Supplemental Info

# 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.*

# Roles and Responsibilities



## Municipal Advisor

- Fiduciary role and helps protect client's financial interest
- Advices on long-range planning including structure, timing, term, and levy elections
- When applicable can help evaluate method of sale and selection of additional team members

## Bond Counsel

- Oversees legal process for bond issuance and levy elections
- Prepares legal documents relating to bond issuance, elections, post-issuance compliance, etc.
- Delivers bond opinion for benefit of bondholders

## Underwriter

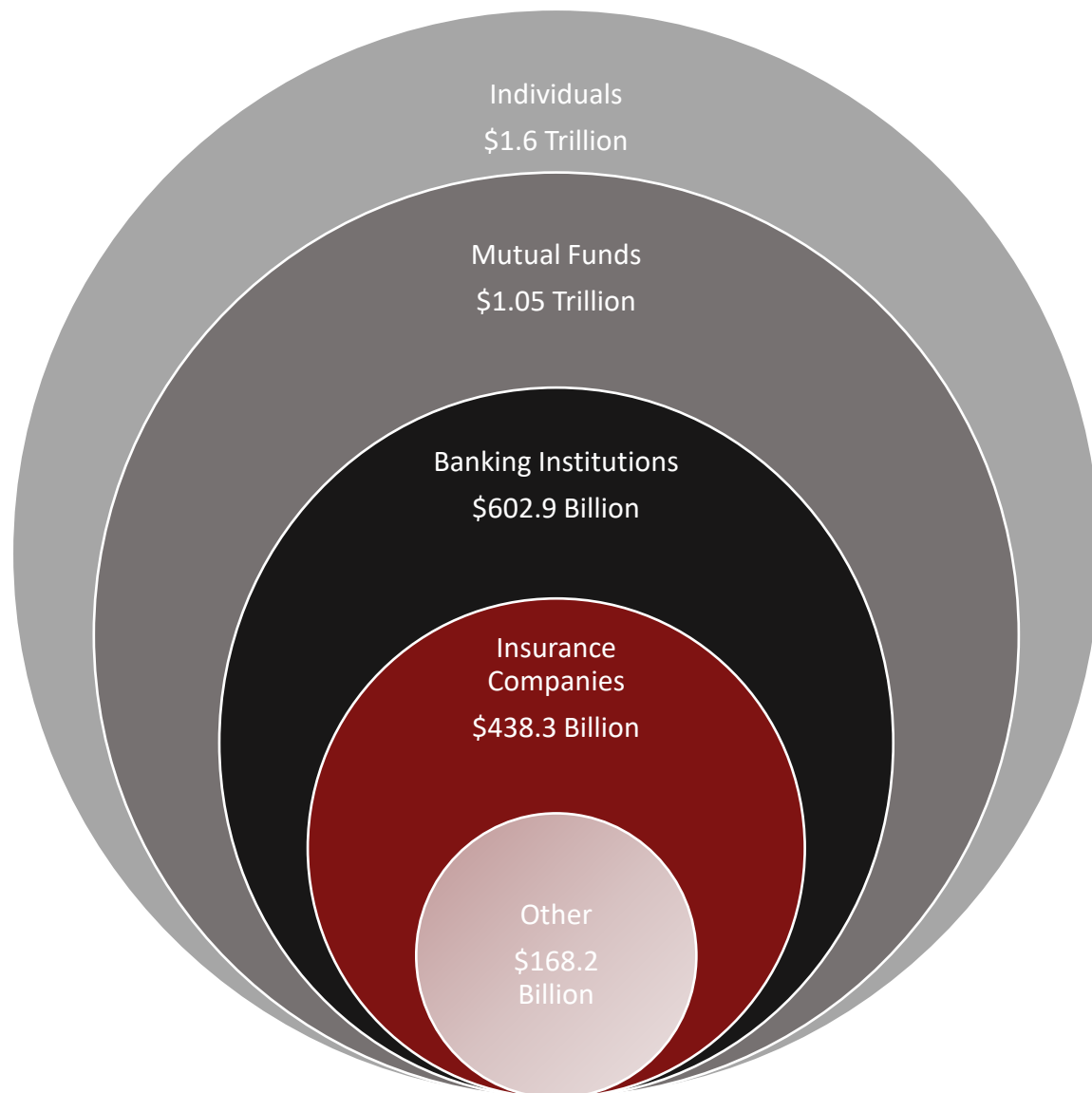
- Markets the bonds for sale to potential investors
- Makes an offer to purchase the issuer's bonds at rates set via competitive sale or negotiation
- Also advises on structure, timing, and terms of bond sale on negotiated sales

## Trustee

- Retained by Issuer, but represents bondholders' interests
- Manages trustee-held bond funds
- Receives interest and principal payments from Issuer and distributes to Bondholders
- Holds liens/security interest and exercises remedies



# 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

(Form of Official Ballot)

OFFICIAL BALLOT

SPECIAL MUNICIPAL BOND ELECTION  
WATER REVENUE BONDS

CITY OF MCCALL  
VALLEY COUNTY, STATE OF IDAHO

May 21, 2024

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INSTRUCTIONS TO VOTERS: To vote on the following proposition, please fill in the oval in the space to the right of the words “YES. I vote IN FAVOR” or “NO. I vote AGAINST” according to the way you desire to vote on the question. If you, by mistake or accident, mark, tear, deface, or otherwise mutilate this ballot, please return it to the election judges and obtain another ballot.

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THE CITY OF MCCALL, VALLEY COUNTY, IDAHO, HAS DETERMINED THAT IT IS IN THE INTEREST OF THE PUBLIC, AND NECESSARY FOR PURPOSES OF IMPROVED WATER QUALITY, TO FINANCE THE RENOVATION, IMPROVEMENT, AND UPGRADE OF THE CITY’S WATER SYSTEM, INCLUDING INCREASED TREATMENT AND STORAGE CAPACITY. IMPROVEMENTS MUST BE MADE AND CAN BE PAID FOR AS FINANCED TO KEEP UPFRONT WATER RATE INCREASES LOWER AND MORE AFFORDABLE OR WITH CASH FROM HIGHER UPFRONT WATER RATE INCREASES (UP TO [ ]%). EACH SERIES OF BONDS SHALL BE PAID SOLELY FROM REVENUES GAINED FROM WATER CUSTOMER FEES AND WILL HAVE NO EFFECT ON PROPERTY TAXES.

SHALL THE CITY OF MCCALL, IDAHO, BE AUTHORIZED TO KEEP UPFRONT WATER RATE INCREASES LOWER AND MORE AFFORDABLE BY ISSUING AND SELLING ONE OR MORE SERIES OF REVENUE BONDS UP TO \$16,500,000, OVER THE 10 YEARS?

The following information is required by § 34-913, Idaho Code:

The purpose for which the proposed bonds are to be used, the date of the special bond election (May 21, 2024), and the principal amount of the bonds are set forth above on the ballot or in the City’s bond election Ordinance No. [ ]. The interest rate anticipated on the proposed bonds based on current market rates is [ ]% per annum but will be fixed at time of each series issuance.

The total amount to be repaid over the life of the proposed bonds based on the anticipated interest rate, is estimated to be \$[ ], consisting of \$16,500,000 in principal and \$[ ] in interest. Principal and interest on the proposed bonds will be paid solely from the net revenues of the City’s wastewater system and no taxes will be levied by the City for such purposes. Accordingly, the estimated average annual cost to the taxpayer on the proposed bonds based on the data above is a tax of \$0.00 per \$100,000 of taxable assessed value, per year, based on current conditions.

Each series of proposed bonds will mature over a period not to exceed [twenty (20)] years.

The total existing indebtedness, including interest accrued as of May 21, 2024, of the City is \$[\_\_\_\_\_]. The total existing indebtedness of the City's Water Fund, including interest accrued as of May 21, 2024, is \$[\_\_\_\_\_], and such existing indebtedness will be paid off by the City not later than [date]].

**O—YES. IN FAVOR of financing water system improvements by issuing revenue bonds for the purposes stated in Ordinance No. [\_\_].**

**O—NO. AGAINST financing water system improvements by issuing revenue bonds for the purposes stated in Ordinance No. [\_\_].**