

**CITY OF KUNA  
CITY COUNCIL WORKSHOP  
PUBLIC MEETING  
MINUTES**

**TUESDAY, APRIL 7, 2015**

**Kuna City Hall Council Chamber, 763 W. Avalon Street, Kuna, Idaho**

**1:00 P.M. CITY COUNCIL WORKSHOP AND PUBLIC MEETING**

**1. Call to Order and Roll Call**

**COUNCIL MEMBERS PRESENT:** Mayor W. Greg Nelson  
Council President Richard Cardoza  
Council Member Pat Jones  
Council Member Joe Stear

Council Member Briana Buban-Vonder Haar - Absent

**CITY STAFF PRESENT:** Gordon Law, City Engineer  
Richard Roats, City Attorney  
Wendy Howell, P & Z Director  
John Marsh, City Treasurer  
Chris Engels, City Clerk

**2. Workshop and Public Meeting:** Kuna Bonds and Urban Renewal Agency Informational Presentation from Cameron Arial, Vice President, Zions Public Finance

- A. Introduction (*Timestamp 00:01:35*)
- B. General Obligation Bonds (*Timestamp 00:03:50*)
- C. Revenue Bonds (*Timestamp 00:06:57*)
- D. LID's/BID's/CID's Bonds (*Timestamp 00:13:32*)
- E. Urban Renewal Tax Increment Bonds (*Timestamp 00:15:58*)
- F. Chobani/Twin Falls URA (*Timestamp 00:29:42*)
- G. Finance Process (*Timestamp 00:47:33*)
- H. Municipal Advisor (*Timestamp 00:48:37*)
- I. Market Update (*Timestamp 00:49:32*)
- J. Q & A (*Timestamp 00:54:09*)

## Idaho Public Finance Bonds and Urban Renewal 101

CITY OF KUNA

Cameron Aral, Vice President  
ZIONS BANK Public Finance  
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April 7, 2015

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### Introduction

- City and URA Finance
- Chobani / Twin Falls URA Case Study
- Finance Process
- Financial Participants – Role of a Municipal Advisor
- Market Update

1

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## City and Urban Renewal Finance

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### General Obligation Bonds

- Security – The unlimited taxing authority of the issuer.
- Source of Repayment – Property tax levy.
- Credit – Least risky, lowest interest rates.
- Authorization – Super majority (66.7%) vote of citizens.
- Example – City of Pocatello \$2.755MM GO Bond  
<http://www.youtube.com/watch?v=J4UYprVRJZw>

3

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## City of Pocatello Competitive Sale Results

### Bid Results

**Pocatello**  
**\$2,800,000 General Obligation Bonds, Series 2013**

The following bids were submitted using PARITY<sup>SM</sup> and displayed ranked by lowest TIC.  
Click on the name of each bidder to see the respective bids.

Bid Award*	Reoffering	Bidder Name	TIC
<input checked="" type="checkbox"/>	<a href="#">Reoffering</a>	<a href="#">Raymond James &amp; Associates, Inc.</a>	1.790000
<input type="checkbox"/>		<a href="#">Robert W. Baird &amp; Co., Inc.</a>	1.842835
<input type="checkbox"/>		<a href="#">FTN Financial Capital Markets</a>	1.919037
<input type="checkbox"/>		<a href="#">Piper Jaffray</a>	1.920000
<input type="checkbox"/>		<a href="#">UBS Bank N.A.</a>	1.963250

\*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

4

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### Revenue Bonds

- Security/Source of Repayment – Water and Sewer other revenues from generating facility. No collateral pledge.
- Credit – Based on number, diversification, and historical/ projected revenues. Coverage and reserve requirements.
- Authorization – Simple majority vote (50%) or Judicial Confirmation for "ordinary and necessary" projects.
- Example – Cities of Twin Falls and Jerome 2014 \$51.6MM IBBA Sewer Revenue Bond.

5

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## City of Twin Falls and City of Jerome IBBA Competitive Sale Results

### Bid Results

**Idaho Bond Bank Auth**  
**\$51,600,000 Revenue Bonds, Series 2014A**

The following bids were submitted using PARITY<sup>SM</sup> and displayed ranked by lowest TIC.  
Click on the name of each bidder to see the respective bids.

Bid Award*	Reoffering	Bidder Name	TIC
<input checked="" type="checkbox"/>	<a href="#">Reoffering</a>	<a href="#">Morgan Stanley, Stephens, Etkin &amp; Co.</a>	3.471540
<input type="checkbox"/>		<a href="#">BMO Capital Markets</a>	3.520814
<input type="checkbox"/>		<a href="#">Ray James Capital Markets</a>	3.524725
<input type="checkbox"/>		<a href="#">Morgan Stanley &amp; Co. LLC</a>	3.559979
<input type="checkbox"/>		<a href="#">Robert W. Baird &amp; Co., Inc.</a>	3.564140
<input type="checkbox"/>		<a href="#">Citigroup Global Markets Inc.</a>	3.612645
<input type="checkbox"/>		<a href="#">Piper Jaffray</a>	3.620343
<input type="checkbox"/>		<a href="#">J.P. Morgan Securities LLC</a>	3.662114
<input type="checkbox"/>		<a href="#">Bank of America Merrill Lynch</a>	3.692000
<input type="checkbox"/>		<a href="#">Wells Fargo Bank, National Association</a>	3.701100
<input type="checkbox"/>		<a href="#">Wells Fargo Bank, National Association</a>	3.754445

6

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### LIDs / BIDs/ CIDs Bonds

- Security – Properties within the district boundaries.
- Source of Repayment – Special assessment on district properties.
- Credit – Based on number and diversification of properties. Coverage and reserve requirements.
- Authorization – Majority vote (60%) of property owners.
- Example – Homedale \$343K LID Bonds.

7

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## Twin Falls URA Revenue Allocation Area 4-3



## Taxing District Rates

Taxing District	Current Revenue to Each Taxing District	
	2011 Property Tax Levy Rate	Original 2010 Levy Rates
Twin Falls County	0.004190567	0.00404587
City of Twin Falls	0.006922194	0.00680007
Twin Falls School District No. 411*	0.002755100	0.00272663
College of Southern Idaho	0.000904474	0.00087281
Twin Falls Highway District	0.001077720	0.00103813
Twin Falls Ambulance District	0.000187362	0.00018090
Twin Falls Abatement District	0.000115022	0.00010796
<b>Combined:</b>	<b>0.016152439</b>	<b>0.015772360</b>

\*Subtracts school district bond levy rate of: 0.001268059

## Tax Increment Collection Analysis

### Tax Increment Analysis

2013 Taxable Value	\$300,000,000
2011 Base Value	\$642,163
Total Taxable Value for Tax Increment Collection	\$299,357,837
2011 Property Tax Rate	0.01615244
URA Annual Tax Increment	\$4,835,359

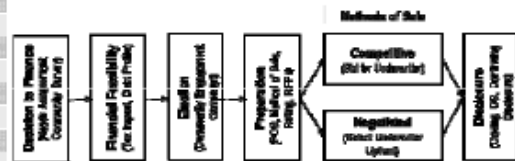
## Financing Cash Flows

- URA payments act as a credit against LID payments and LID payments act as a credit against URA payments.
- Bonds representing \$52 million are issued, representing two however only \$26 million of proceeds are lent and repaid.

Date	Financing Cash Flows - \$26,000,000 Financing for 20 years		
	URA Revenue Collections	URA Bonds	LID Bonds
February 1	\$2,437,600		
March 1		\$1,060,000	
June 1			\$1,060,000
August 1	\$2,437,600		
September 1		\$1,060,000	
December 1			\$1,060,000
<b>Annual Total</b>	<b>\$4,835,359</b>	<b>\$2,136,000</b>	<b>\$2,136,000</b>

## Finance Process

## Finance Process



## Participants in Issuing Municipal Bonds



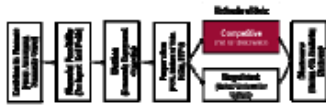
## Role of a Municipal Advisor – Your Advocate throughout the Financing Process

- Municipal Consulting\*
- Financial Feasibility\*
- Bond Elections\*
  - Community Involvement\*
  - Needs Assessment Advice\*
- Tax Impact Analysis
- Official Statements
- Rating Advice and Presentations
- Bond Sales
- Continuing Disclosure\*
- Ongoing Advice and Debt Management

Municipal Advisor Video:  
<https://www.youtube.com/watch?v=wa0aQa1a7c0>

\* For our knowledge Zions Bank Public Finance is the only firm in Idaho that provides these services.

## City of Pocatello Competitive Sale



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## Competitive Sale Results

\$22,315,000 Pocatello / IBBA Series 2015A Revenue Bonds

### Competitive Bid Comparison

Bidder	Bid TIC	Final TIC	Total PBI	vs. Winning Bid
1 Robert W. Baird & Co., Inc.	2.930%	2.935%	\$1,705,793.42	-
2 Jannay Montgomery Scott LLC	3.049%	3.092%	\$2,236,511.49	\$30,718.07
3 JP Morgan Securities LLC	3.073%	3.349%	\$3,106,867.36	1,401,073.94
4 Hutchinson, Schockley, Erley & Co.	3.100%	3.106%	\$2,281,662.50	\$75,869.08
5 Citigroup Global Markets, Inc.	3.179%	3.222%	\$2,658,347.22	952,553.80
6 UBS Financial Services, Inc.	3.200%	3.213%	\$2,638,050.35	932,256.93

Source: www.ill.funds.ill.gov



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## Idaho Bond Bank Overview

- The Idaho Bond Bank Authority (IBBA) is a pooled borrowing program managed through the Idaho State Treasurer's Office.
- Video: <http://www.youtube.com/watch?v=Sp2RnDfQkx0>
  - Lower up-front issuance costs – Pooled issue
  - Lower interest rates – Backed by the State's sales tax rated "Aa1"
  - Streamlined process - Reduce staff time
  - Increased Marketability - Size, Competitive sale
- The IBBA is currently on hiatus and will be available again for an August issuance (May 31 Application Deadline).

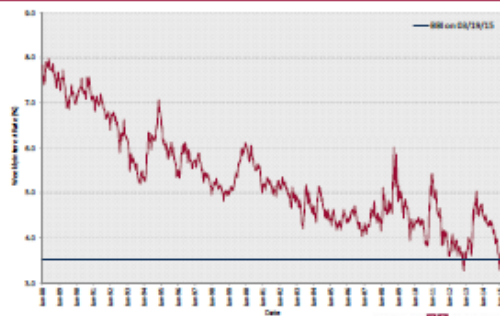
20

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## Market Update

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## Market Update – 20 Year Bond Buyer Index



20

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## Market Outlook

### Municipal Market Outlook

MARKET DATA				
	Today	Week Prior	Month Prior	Year Prior
<b>IBB DATA</b>				
3 Year	0.76	0.81	0.74	0.82
5 Year	1.21	1.33	1.18	1.13
10 Year	1.87	2.14	2.08	2.40
15 Year	2.42	2.88	2.82	3.08
20 Year	2.84	2.78	2.73	3.48
30 Year	3.77	3.84	3.88	3.74
<b>US Treasury</b>				
3 Year	0.62	0.67	0.62	0.67
5 Year	1.48	1.69	1.62	1.75
10 Year	1.88	2.10	2.07	2.75
15 Year	2.34	2.89	2.7	3.06
20 Year	2.84	2.88	2.82	3.48
30 Year	3.77	3.84	3.88	3.74
<b>SPREADS AND RISKY TERM BONDS</b>				
20 Year 10Y	3.02	3.02	3.00	4.01
20 Year 10YF	4.18	4.21	4.23	5.30
10Y 10YF	0.22	0.22	0.23	0.28

100 basis points = 1.00 percent, e.g., being quoted in basis points is 1.00% or 100 bps.  
 \*Basis points meaning in 10 years, e.g., being quoted in basis points is 1.00% or 100 bps.  
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20

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## Thank You



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20

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3. **Adjournment:**

**Council Member Stear moved to adjourn the meeting at 2:12 p.m. Seconded by Council Member Jones, all voting aye. Motion carried 3-0. Council Member Buban – Vonder Haar absent.**

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W. Greg Nelson, Mayor

ATTEST:

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Chris Engels, City Clerk

*Minutes prepared by Chris Engels  
Date Approved: CCM 04.21.2015*