

AGENDA ITEM SUMMARY

DATE: 03/22/2010 **DEPARTMENT:** Administration **DEPT. HEAD SIGNATURE:** HD

SUBJECT: Discussion of funding options for Hailey Rodeo Park, decision whether to go to bond election on May 25, 2010.

AUTHORITY: ID Code 50-1019-50-1026 IAR _____ City Ordinance/Code

(IF APPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

See attached documents

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS:

See attached documents

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IF APPLICABLE)

____ City Attorney ____ Clerk / Finance Director ____ Engineer ____ Mayor
____ P & Z Commission ____ Parks & Lands Board ____ Public Works ____ Other

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

Council take action on the following agenda items:

- Discussion of Hailey Rodeo Park Fundraising campaign successes and decision about amounts and terms of potential May 25th bond measure or levy override for Hailey Rodeo Grounds/Ice Facility Project
1. Memorandum from Mayor
 2. Report from Becki Keefer, fundraising coordinator
 3. Report from city staff regarding funding options considered
 4. Report from Eric Herringer, financial advisor, detailing mayor's recommended option
 5. Public comment followed by council discussion and decision regarding proposed G/O bond ordinance for \$3.5 million (fill-in-blanks)
 6. Motion re: bond ordinance and potential first reading of bond ordinance 1054
 7. Consideration of agreement for bond counsel services
 8. Adoption of Resolution 2010-05 authorizing agreement for bond counsel services.
 9. Calling of special meeting on April 5, 2010 at 5:00 p.m. for 2nd reading of bond ordinance with further public comment.
-

FOLLOW-UP/COMMENTS:

*

115 MAIN STREET SOUTH, SUITE H
HAILEY, IDAHO 83333

Memorandum

(208) 788-4221
Fax: (208) 788-2924

To: Hailey City Council

From: Mayor Rick Davis *RD*

Re: Hailey Rodeo Park Bond Measure

Date: March 16, 2010

The Hailey City Council pledged to assist in the endeavors of the Hailey Rodeo Park fundraising efforts by securing half the project costs with voter-approved funding. With that approach, it is anticipated that Hailey taxpayers will be assisted in the project by community-wide support from the entire Wood River Valley. The result will be a unique recreational facility which celebrates Hailey's history and brings new recreational activities and economic vitality to both Hailey and its surrounding communities.

The fundraising efforts are strong, with Hailey Ice, Inc. having over \$500,000 in hand and strong donor support anticipated. The Hailey Parks Foundation has had nearly \$100,000 pledged for the diverse project components. I anticipate that these fundraising efforts will be strengthened and accelerated by action of the City of Hailey to bring its promised support to Hailey voters for approval.

I have asked the staff involved in this project to agenda and discuss, during my absence, the financial options available to the City of Hailey for this project. Staff has worked through several financial approaches, some focused upon this project alone and some focused on the long-term capital needs of the city. My preferred option focuses on this project alone, but considers how it fits into the long-term capital needs of the city.

In short, my preferred option is a 10-year term General Obligation Bond for \$3.5 million. This amount includes a small contingency above the estimated half-project cost of \$3 million, which will ensure that details of design review, including additional landscaping, water conservation and energy efficiency elements can be paid for to reduce long-term operational costs, and that the historic preservation and public art components of the project are funded. Through this method, the 2/3 majority of voters needed to pass this measure can be assured of a high quality community project which will serve Hailey long into the future, but will leave us positioned to secure other capital needs funding when the economy becomes stronger through the coming years.

The specifics of various financial components are detailed in the attached documents from city staff, financial advisor Eric Herrington, and bond attorney Michael Moore. In my absence, I urge the Hailey City Council to consider these options in public hearing on March 22, and conduct a first reading of a prepared bond ordinance with details filled in by what evolves through the public hearing. Please schedule a special meeting in early April, perhaps on April 5, for a second reading and other city business which may need to be conducted. We shall then be prepared for a third reading of the bond ordinance on April 12, with appropriate publications thereafter leading to an election on May 25, 2010.

Hailey Rodeo Park Fundraising Campaign

Total Contributions January 19 - March 16, 2010

\$ 18,905 Hailey Parks Foundation

220 City of Hailey

\$ 19,125 Total Contributions

127 Total Number of contributors

\$ 150.59 Average contribution

\$ 7,495 Total raised from Hailey postal addresses

61 Number of contributors

\$ 122.26 Average contribution

Total Contributions by postal addresses

\$ 1,725 9.1% Bellevue (inc Gannett)

20 0.1% Carey

7,495 39.6% Hailey

5,175 27.4% Ketchum

3,785 20.0% Sun Valley

925 4.9% Other

\$ 287 Button Sales

\$ 12,000 Total Pledges January 19 - March 16, 2010

\$ 50,000 Total Grants January 19 - March 16, 2010

\$ 81,412 Grand Total Fundraising

Totals by designation by donors

\$ 65,470 80.4% Multi-use Event Arena

107 0.1% Skate Plaza

1,962 2.4% Hailey Ice

- 0.0% Visitors Center

275 0.3% Historic Display

255 0.3% Green Space

342 0.4% Public Art

13,002 16.0% Unrestricted

STAFF REPORT ON FUNDING OPTIONS

Measure and Term	Amount	Cost to Taxpayer per \$100,000 valuation	Votes Needed	Explanations with Pros & Cons
20 Yr Bond	\$6 million	\$ 36	2/3 majority	\$3 million in interest
15 Yr Bond	\$4.5 million	\$ 32	2/3 majority	\$1.6 million in interest
10 Yr Bond	\$3.5 million	\$ 33	2/3 majority	\$ 726,000 in interest
20 Yr Bond	\$3.5 million	\$ 21	2/3 majority	\$ 1.9 million in interest Lower annual cost to taxpayers
Capital Fund Levy Override (permanent) *	\$500,000/yr	\$40	60% voters**	Phase project to match cash flow, which would delay completion of arena until 2012 and other components to 2013. Would permanently fund all capital needs, at nearly same cost to voters as this one project. Would incur no interest or debt service.
Use of existing capital fund	\$1 million	-0-	-0-	Partial solution. Would deplete capital fund. Capital fund currently used to leverage grants with grant matches.
Combination- 10 Yr bond with capital fund used to pay off bond if voters approve levy override for long-term capital needs.	\$3.5 million \$425,000/yr last 5-years of bond	\$ 33 \$ 40	2/3 now 60% in 4-5 years	Bond for project now to get project launched and meet 2011 construction goals. In 4-5 years, with improved economy, ask voters for permanent levy override to fund capital needs in perpetuity, at nearly same cost per year as this project. Use capital fund holdings to pay last 5 years of debt service on 10-year bond (425,000/yr) instead of billing taxpayers for both bond and override, so that taxpayers won't ever pay more than \$40/yr. If economy and interest rates strengthen, capital fund interest earnings of 4% to 5.5% could be used to pay off bond borrowed at only 3.5%

*

*50-236.CAPITAL IMPROVEMENT FUND LEVY -- LIMITATIONS. Cities are hereby empowered to establish a "Capital Improvements Fund", by ordinance, and levy a special tax not to exceed in the aggregate four-hundredths per cent (.04%) of market value for assessment purposes in any one (1) year. Said fund shall never exceed in the aggregate four-tenths per cent (.4%) of the market value for assessment purposes of the city. Such funds shall not be subject to the provisions of section 50-1014, Idaho Code. Said ordinance shall identify the specific purpose

**63-802.LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES -- EXCEPTIONS.[EFFECTIVE UNTIL JANUARY 1, 2011] (1) Except as provided in subsection (3) of this section for tax year 1995, and each year thereafter, no taxing district shall certify a budget request for an amount of property tax revenues to finance an annual budget that exceeds the greater of:

- (f) In the case of cities, if the immediately preceding year's levy subject to the limitation provided by this section, is less than 0.004, the city may increase its budget by an amount not to exceed the difference between 0.004 and actual prior year's levy multiplied by the prior year's market value for assessment purposes. The additional amount must be approved by sixty percent (60%) of the voters voting on the question at an election called for that purpose and held on the date in May or November provided by law, and may be included in the annual budget of the city for purposes of this section;

Staff Note –

Hailey's current levy is only .001287042. Increasing the levy, with voter approval, by the .04% (.0004) allowed for capital improvement funds (IC 50-236) would increase the levy to .001687042, which is still less than half the maximum .004 allowed by law.

Hailey paid off a 15-year G/O bond for the Fox Building purchase in 2008, and property taxes dropped in the following years (2009 and 2010) by \$13.37 per 100,000 valuation. In addition, water rates were decreased in the fall of 2009 by \$60/year for low-water users.

Hailey has applied for over \$4 million in grants during the past year, and has so far been awarded over \$700,000, with decision still pending on \$3.2 million in grants.

MOORE SMITH BUXTON & TURCKE, CHARTERED

ATTORNEYS AND COUNSELORS AT LAW
950 W. BANNOCK STREET, SUITE 520; BOISE, ID 83702
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JOHN J. MCFADDEN *Of Counsel*
MICHAEL C. MOORE *Of Counsel*

» Also admitted in California
* Also admitted in Oregon
° Also admitted in South Dakota
≈ Also admitted in Utah
‡ Also admitted in Washington

March 15, 2010

RECEIVED

MAR 16 2010

MHC

Heather Dawson
City Administrator
City of Hailey
115 Main Street South, Suite H
Hailey, Idaho 83333

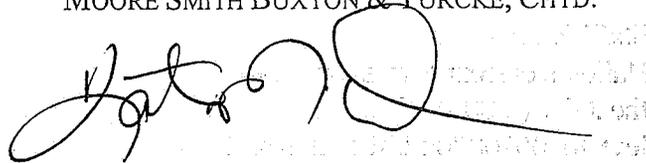
Re: General Obligation Bond Election

Dear Heather:

Enclosed, please find two copies of the Resolution and Contract for Bond Counsel for Hailey's April 12th City Council Meeting.

Sincerely,

MOORE SMITH BUXTON & TURCKE, CHTD.



Kat M. Donovan
Legal Assistant to Michael C. Moore

/kd
Enclosures

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, APPROVING AN AGREEMENT FOR BOND COUNSEL SERVICES; AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE THE SAME; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Hailey, Blaine County, Idaho (the "City"), has determined to conduct a special bond election on May 25, 2010, on the question of authorizing the City to issue its general obligation for the purpose of financing the costs of acquisition and construction of public recreational facilities and related improvements and costs; and

WHEREAS, the City is desirous of retaining the law firm of Moore Smith Buxton & Turcke, Chartered, of Boise, Idaho, as bond counsel to the City for services in connection with the special bond election and the issuance, sale, and delivery of general obligation bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HAILEY, Blaine County, Idaho, as follows:

Section 1: The Agreement for Bond Counsel Services between the City and the law firm of Moore Smith Buxton & Turcke, Chartered, of Boise, Idaho, a copy of which agreement is annexed hereto and by reference made a part hereof, is hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute the same on behalf of the City.

Section 2: This Resolution shall take effect and be in force from and after its passage and approval.

DATED this 12th day of April, 2010.

CITY OF HAILEY
Blaine County, Idaho

By _____
Mayor

ATTEST:

City Clerk

AGREEMENT FOR BOND COUNSEL SERVICES

THIS AGREEMENT, made as of the 12th day of April, 2010, between the City of Hailey, Blaine County, Idaho (the "City") and the law firm of Moore Smith Buxton & Turcke, Chartered, 950 W. Bannock Street, Suite 520, Boise, Idaho 83702 ("Bond Counsel").

Section 1: PURPOSE OF EMPLOYMENT

The City hereby employs Bond Counsel to perform and render legal assistance and advice relative to the authorization, issuance, sale, and delivery of general obligation bonds (the "Bonds") of the City to be issued for purpose of financing the costs of acquisition and construction of public recreational facilities and related improvements and costs.

Section 2: BOND COUNSEL SERVICES

Bond Counsel shall be primarily responsible for rendering the following legal services:

- (a) Advise the City concerning the legal requirements applicable to the issuance and sale of the bonds.
- (b) Provide representation of Bond Counsel, when appropriate, at meetings and hearings held by the City in connection with the issuance and sale of the Bonds.
- (c) Prepare all ordinances, resolutions, notices, and any other legal documents necessary for the proper conduct of proceedings, including election proceedings, for the authorization, issuance, sale, and delivery of the Bonds.
- (d) Provide such legal guidance and assistance, supervision and consultation, conduct such proceedings, and provide such opinions, as may be appropriate.
- (e) Prepare such notices of public sale or such proceedings for the private sale of the Bonds as may be appropriate.
- (f) Provide assistance to the City's financial advisor in the preparation of an official statement, or other disclosure materials for use in connection with the sale of the Bonds, if required.
- (g) Supervise the printing and delivery of the Bonds to purchaser and prepare all necessary closing documents.

- (h) Assemble and examine transcripts concerning all proceedings taken in connection with the issuance and sale of the Bonds.
- (i) Upon completion of the proceedings to Bond Counsel's satisfaction, provide its legal opinion stating that the proceedings had for the authorization and issuance of the Bonds are lawful and valid, that the Bonds are valid and lawful special obligations of the City, and that interest on the Bonds is excluded from gross income for the purposes of federal and State of Idaho income taxation.

Section 3: COMPENSATION

- (a) For rendering the services set forth in Section 2 hereof, Bond Counsel shall receive from the District compensation in the amount of Ten Thousand Five Hundred Dollars (\$10,500). Provided, however, that if the City determines to issue the Bonds in two or more series of Bonds, Bond Counsel shall be compensated in the amount of \$7,500 for the first series of Bonds and \$5,000 for each additional series of Bonds. Said compensation shall be paid solely from the proceeds of such Bonds, when available, and shall be due following delivery of the Bonds.
- (b) Bond Counsel shall also be reimbursed for direct out-of-pocket expenses, including necessary travel and lodging expenses incurred in attending meetings conducted by the District or other meetings relating to the Bond proceedings, as well as long distance telephone, special messenger or air courier service, and photocopying expenses incurred in performance of its duties hereunder.
- (c) In the event that the City determines to issue the Bonds as Build America Bonds or other taxable/tax credit bonds, and Bond Counsel determines that the services of additional tax counsel are necessary in connection with the authorization and issuance of such bonds, the costs and fees of tax counsel shall also be payable by the City from the proceeds of the Bonds.
- (d) Direct out-of-pocket expenses shall be billed following the month said expenses are incurred and shall be due and payable when billed.
- (e) In the event the Bonds are not issued, sold, and delivered, Bond Counsel will be reimbursed only at the hourly rate normally charged by Bond Counsel for services actually rendered (with a maximum of \$1000

total fee), and for direct out-of-pocket expenses incurred.

(f) Payment is due within thirty (30) days of receipt of the bill.

Section 4: TERMINATION

Upon completion of the proceedings set forth in Section 2 and upon the issuance of the Bonds, this agreement shall terminate, except for payment of the fees and costs as set forth in Section 3 above.

IN WITNESS WHEREOF, the parties hereto have executed this contract the day and year first above written.

CITY OF HAILEY
Blaine County, Idaho

Mayor

ATTEST:

City Clerk

MOORE SMITH BUXTON & TURCKE,
CHARTERED

By Michael C. Moore
Michael C. Moore

ORDINANCE NO. 1054

AN ORDINANCE OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, ORDERING A SPECIAL BOND ELECTION TO BE HELD ON THE QUESTION OF THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE CITY IN THE PRINCIPAL AMOUNT OF \$_____ FOR THE PURPOSE OF ACQUIRING AND CONSTRUCTING PUBLIC RECREATIONAL FACILITIES AND RELATED IMPROVEMENTS AND COSTS; ESTABLISHING THE DATE, TIME, AND PLACE OF THE SPECIAL BOND ELECTION; APPROVING A FORM OF BALLOT AND A FORM OF NOTICE OF ELECTION; PROVIDING FOR PUBLICATION OF NOTICE OF ELECTION; PROVIDING FOR REGISTRATION OF VOTERS; PROVIDING FOR RELATED MATTERS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Hailey, Blaine County, Idaho (the "City"), is a municipal corporation duly organized and operating under the laws of the state of Idaho; and

WHEREAS, the Mayor and City Council (the "Council") of the City have determined that the interests of the City and the public interest and necessity require the incurring of an indebtedness of the City in the amount of \$_____ to finance the cost of acquisition and construction of public recreational facilities, together with related improvements and costs; and

WHEREAS, the proposed indebtedness would exceed the City's income and revenue provided for the current fiscal year, and the Council has determined that the necessary funds should be raised through the issuance and sale of general obligation bonds of the City, subject to the approval of two-thirds (2/3) of the qualified electors voting at the election called for that purpose as provided herein below.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF HAILEY, Blaine County, Idaho, as follows:

Section 1: THE PROJECT

A. The Mayor and Council hereby find, determine, and declare that the interest of the City and the public interest and necessity require the incurring of an indebtedness exceeding the income and revenue provided to the City for the current fiscal year in the amount of \$_____ for the purpose of paying the costs of acquisition and construction of public recreational facilities, including an outdoor rodeo arena, indoor skating rink, and related improvements, together with necessary professional services and related costs (the "Project").

B. The costs and expenses of the Project are estimated to be \$6,000,000, including the payment of all preliminary expenses incurred and incident to the Project and properly incident to the issuance of the bonds as such expenses are set forth in Idaho

Code Sections 50-1019 through 50-1026A, all of which shall be payable from the proceeds of the sale of general obligation bonds of the City as provided herein.

C. Subject to the following subparagraph, the construction and installation of the Project as described above are hereby ordered.

D. Subject to the approval thereof by the qualified electors voting at the election for which provision is hereinafter made, general obligation bonds of the City shall be issued pursuant to the provisions of Idaho Code Sections 50-1019 through 50-1026A, inclusive, and Title 57, Chapters 2 and 9, Idaho Code, in the amount of \$_____, to pay the costs of the Project.

Section 2: SPECIAL BOND ELECTION

A special bond election is hereby called to be held within the City of Hailey on Tuesday, May 25, 2010, for the purpose of voting upon the proposition set forth in Section 4 of this Ordinance. The polling place for the special bond election shall be as follows:

The City Clerk shall appoint an election judge and election clerks for the polling place for the special bond election. The election officials shall be qualified City or Blaine County electors. The City Clerk shall notify the election officials of their appointment. If any election official fails to report for duty on the date of election, the City Clerk shall fill such vacancies from among the qualified electors presenting themselves to vote.

Section 3: ADMINISTRATION OF ELECTION

The polls of the special bond election shall open at the hour of 8:00 o'clock A.M. on May 25, 2010, and shall remain open continuously on said day until the hour of 8:00 o'clock P.M., at which time the polls shall be closed. The administration of the election shall be conducted in accordance with Chapter 4 of Title 50, Idaho Code, as amended, except as provided by Section 50-1026, Idaho Code, and in accordance with this Ordinance.

The ballot proposition to be voted upon at the special bond election, as set forth in Section 4 of this Ordinance, shall be separate from any other proposition being voted upon at or in conjunction with any other election being held and conducted on the same date. Only those qualified electors of the City casting valid ballots upon the proposition set forth in Section 4 of this

Ordinance shall be counted in determining the number of qualified electors voting at or participating in the special bond election.

Section 4: BALLOT PROPOSITION

The proposition to be presented to the qualified electors of the City shall be in substantially the following form:

CITY OF HAILEY
Blaine County, Idaho

SPECIAL BOND ELECTION
May 25, 2010

SHALL THE CITY OF HAILEY BE AUTHORIZED TO INCUR AN INDEBTEDNESS AND ISSUE AND SELL ITS GENERAL OBLIGATION BONDS IN THE PRINCIPAL AMOUNT OF \$_____ TO PAY THE COST OF ACQUISITION AND CONSTRUCTION OF PUBLIC RECREATIONAL FACILITIES AND RELATED IMPROVEMENTS AND COSTS, THE BONDS TO MATURE AND TO BE PAYABLE FROM A LEVY OF TAXES FOR A TERM WHICH MAY BE LESS THAN BUT WHICH SHALL NOT EXCEED _____ (___) YEARS, ALL AS MORE FULLY PROVIDED IN ORDINANCE NO. 1054, ADOPTED ON APRIL 12, 2010?

IN FAVOR OF issuing bonds to the amount of \$_____ for the purposes stated in Ordinance No. 1054 []

AGAINST issuing bonds to the amount of \$_____ for the purposes stated in Ordinance No. 1054 []

INSTRUCTIONS TO VOTERS: In order to vote IN FAVOR of the proposed bond issue, please make a cross (X) or other mark in the space to the right of the words "IN FAVOR OF issuing bonds to the amount of \$_____ for the purposes stated in Ordinance No. 1054." In order to vote AGAINST the proposed bond issue, please make a cross (X) or other mark in the space to the right of the words "AGAINST issuing bonds to the amount of \$_____ for the purposes stated in Ordinance No. 1054." If you, by mistake or accident, mark, deface, mutilate, or otherwise spoil this ballot, please return it to an election official and obtain another ballot.

The following information is required by Section 34-439, Idaho Code:

The interest rate anticipated on the proposed bonds is _____% per annum. The range of anticipated rates is from 2.0% to 6.0%. The City has existing indebtedness, in the amount of \$5,322,101. The total amount to be repaid over the life of the proposed bonds, principal

and interest, based on the anticipated interest rate and assuming a _____-year maturity, is estimated to be \$_____.

Section 5: ELECTION EXPENSES

The City Clerk is hereby authorized and directed to procure a sufficient number of ballots and such other supplies and to incur such expenses as shall be appropriate and necessary for the proper conduct of the special bond election.

Section 6: QUALIFIED ELECTORS

Every male or female citizen of the United States, eighteen (18) years old or older, who has been a bona fide resident of the City for at least thirty (30) days immediately prior to the date of election, if registered as provided by law, shall be qualified to vote at the special bond election.

Section 7: REGISTRATION

All electors must be registered to vote at the special bond election. The Blaine County Clerk is the registrar for electors of the City. Voter registration shall be conducted pursuant to the provisions of Section 34-1402, Idaho Code.

No qualified elector who is duly registered as a voter, and who continues to reside at the same address or within the same precinct in which he or she is registered, shall be required to re-register.

Persons may register at the office of the Blaine County Clerk, Blaine County Courthouse, Hailey, Idaho, on any business day during office hours, until April 30, 2010. Persons may also register at the office of the Hailey City Clerk, as Deputy Registrar, until April 30, 2010. Any elector who will complete his or her residence requirement or attain the requisite voting age on or prior to the date of election, but during the period when the register of electors is closed, may register prior to the closing of the register.

Any person who is eligible to vote may register on election day by appearing in person at the polling place established for the election, by completing a registration card, making an oath on the form prescribed by law, and providing proof of residence in the manner provided by Section 34-408A, Idaho Code, as amended.

Section 8: BALLOTS

The City Clerk shall cause the ballots for the special bond election to be prepared not less than thirty-five (35) days before the special bond election and shall, not less than twenty-nine (29) days before the special bond election, cause to be

printed sample ballots containing the question to be submitted, which sample ballots shall be in the same form as the official ballots to be used, except they shall have printed thereon the words "Sample Ballot," shall be on paper of a different color than the official ballots, and shall not be numbered. The City Clerk shall furnish copies of the same on application at her office to anyone applying therefor. The sample ballot shall be published at least twice in the official newspaper of the City, the first publication to be at least twelve (12) days prior to the election, and the last publication to be not less than five (5) days prior to the election.

Section 9: NOTICE

Notice of the special bond election shall be given prior to said election date by publishing notice of the election in the official newspaper of the City, once each week for five (5) successive weeks, prior to the date of the special bond election, which notice shall be in substantially the form of Notice of Special Bond Election which is annexed hereto as Exhibit "A" and by reference made a part hereof.

Section 10: CANVASS

The Mayor and Council shall meet within six (6) days following the special bond election, or at such time to which said meeting is continued, at the regular meeting place of the Council, for the purpose of canvassing the results of the election. Thereupon, the results shall be entered in the minutes of the Council and proclaimed as final.

Section 11: DEBT DISCLOSURE STATEMENT

A brief official statement containing the information required by Idaho Code Section 34-439, as amended, shall be prepared by the City Treasurer.

Section 12: GENERAL OBLIGATION BONDS

If, at the special bond election, two-thirds (2/3) of the qualified electors of the City voting therein vote in favor of the issuance of the bonds for the purposes set forth herein and designated on the aforesaid ballot, fully registered general obligation bonds of the City shall be authorized, issued, sold, and delivered. The full faith and credit of the City will be pledged for the payment of the principal of and interest on the bonds. The bonds will be paid from annual taxes levied upon all taxable property within the City in sufficient amount to constitute a sinking fund for the payment of the principal thereof, together with the interest on the bonds as it falls due, for a term which may be less than but which shall not exceed _____ (___) years.

The officers now or hereafter charged by law with the duty of levying taxes for the payment of the bonds and interest thereon shall, in the manner provided by law, make annual levies upon all taxable property within the City sufficient to meet the annual payments of bond principal and interest accruing and maturing as hereinabove provided.

All bonds shall be issued in the form and manner, and shall be registered, disposed of, and redeemed, in accordance with the provisions of Sections 50-1019 through 50-1026A, Idaho Code, and Title 57, Chapters 2 and 9, Idaho Code.

Section 13: OFFICERS AUTHORIZED

The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance.

Section 14: RATIFICATION

All action heretofore taken, not inconsistent with the provisions of this Ordinance, by the Mayor and Council, and the officers of the City, directed toward acquisition, construction, and installation of the Project and the issuance of general obligation bonds of the City therefor, and for the holding of a special bond election, are hereby ratified, approved, and confirmed.

Section 15: PUBLICATION

This Ordinance, or a summary thereof in compliance with Section 50-901A, Idaho Code, substantially in the form annexed hereto as Exhibit "B," shall be published once in the official newspaper of the City, and shall take effect immediately upon its passage, approval, and publication.

DATED this 12th day of April, 2010.

CITY OF HAILEY
Blaine County, Idaho

ATTEST:

Mayor

City Clerk

(S E A L)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, APPROVING AN AGREEMENT FOR BOND COUNSEL SERVICES; AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE THE SAME; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Hailey, Blaine County, Idaho (the "City"), has determined to conduct a special bond election on May 25, 2010, on the question of authorizing the City to issue its general obligation for the purpose of financing the costs of acquisition and construction of public recreational facilities and related improvements and costs; and

WHEREAS, the City is desirous of retaining the law firm of Moore Smith Buxton & Turcke, Chartered, of Boise, Idaho, as bond counsel to the City for services in connection with the special bond election and the issuance, sale, and delivery of general obligation bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HAILEY, Blaine County, Idaho, as follows:

Section 1: The Agreement for Bond Counsel Services between the City and the law firm of Moore Smith Buxton & Turcke, Chartered, of Boise, Idaho, a copy of which agreement is annexed hereto and by reference made a part hereof, is hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute the same on behalf of the City.

Section 2: This Resolution shall take effect and be in force from and after its passage and approval.

DATED this 12th day of April, 2010.

CITY OF HAILEY
Blaine County, Idaho

By _____
Mayor

ATTEST:

City Clerk

AGREEMENT FOR BOND COUNSEL SERVICES

THIS AGREEMENT, made as of the 12th day of April, 2010, between the City of Hailey, Blaine County, Idaho (the "City"), and the law firm of Moore Smith Buxton & Turcke, Chartered, 950 W. Bannock Street, Suite 520, Boise, Idaho 83702 ("Bond Counsel").

Section 1: PURPOSE OF EMPLOYMENT

The City hereby employs Bond Counsel to perform and render legal assistance and advice relative to the authorization, issuance, sale, and delivery of general obligation bonds (the "Bonds") of the City to be issued for purpose of financing the costs of acquisition and construction of public recreational facilities and related improvements and costs.

Section 2: BOND COUNSEL SERVICES

Bond Counsel shall be primarily responsible for rendering the following legal services:

- (a) Advise the City concerning the legal requirements applicable to the issuance and sale of the bonds.
- (b) Provide representation of Bond Counsel, when appropriate, at meetings and hearings held by the City in connection with the issuance and sale of the Bonds.
- (c) Prepare all ordinances, resolutions, notices, and any other legal documents necessary for the proper conduct of proceedings, including election proceedings, for the authorization, issuance, sale, and delivery of the Bonds.
- (d) Provide such legal guidance and assistance, supervision and consultation, conduct such proceedings, and provide such opinions, as may be appropriate.
- (e) Prepare such notices of public sale or such proceedings for the private sale of the Bonds as may be appropriate.
- (f) Provide assistance to the City's financial advisor in the preparation of an official statement or other disclosure materials for use in connection with the sale of the Bonds, if required.
- (g) Supervise the printing and delivery of the Bonds to purchaser and prepare all necessary closing documents.

- (h) Assemble and examine transcripts concerning all proceedings taken in connection with the issuance and sale of the Bonds.
- (i) Upon completion of the proceedings to Bond Counsel's satisfaction, provide its legal opinion stating that the proceedings had for the authorization and issuance of the Bonds are lawful and valid, that the Bonds are valid and lawful special obligations of the City, and that interest on the Bonds is excluded from gross income for the purposes of federal and State of Idaho income taxation.

Section 3: COMPENSATION

- (a) For rendering the services set forth in Section 2 hereof, Bond Counsel shall receive from the District compensation in the amount of Ten Thousand Five Hundred Dollars (\$10,500). Provided, however, that if the City determines to issue the Bonds in two or more series of Bonds, Bond Counsel shall be compensated in the amount of \$7,500 for the first series of Bonds and \$5,000 for each additional series of Bonds. Said compensation shall be paid solely from the proceeds of such Bonds, when available, and shall be due following delivery of the Bonds.
- (b) Bond Counsel shall also be reimbursed for direct out-of-pocket expenses, including necessary travel and lodging expenses incurred in attending meetings conducted by the District or other meetings relating to the Bond proceedings, as well as long distance telephone, special messenger or air courier service, and photocopying expenses incurred in performance of its duties hereunder.
- (c) In the event that the City determines to issue the Bonds as Build America Bonds or other taxable/tax credit bonds, and Bond Counsel determines that the services of additional tax counsel are necessary in connection with the authorization and issuance of such bonds, the costs and fees of tax counsel shall also be payable by the City from the proceeds of the Bonds.
- (d) Direct out-of-pocket expenses shall be billed following the month said expenses are incurred and shall be due and payable when billed.
- (e) In the event the Bonds are not issued, sold, and delivered, Bond Counsel will be reimbursed only at the hourly rate normally charged by Bond Counsel for services actually rendered (with a maximum of \$1000

total fee), and for direct out-of-pocket expenses incurred.

(f) Payment is due within thirty (30) days of receipt of the bill. (1)

Section 4: TERMINATION

Upon completion of the proceedings set forth in Section 2 and upon the issuance of the Bonds, this agreement shall terminate, except for payment of the fees and costs as set forth in Section 3 above.

IN WITNESS WHEREOF, the parties hereto have executed this contract the day and year first above written.

CITY OF HAILEY
Blaine County, Idaho

Mayor

ATTEST:

City Clerk

MOORE SMITH BUXTON & TURCKE,⁽¹⁾
CHARTERED

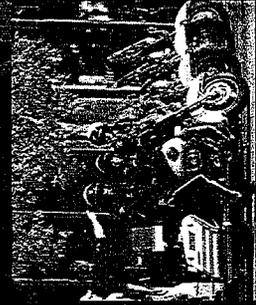
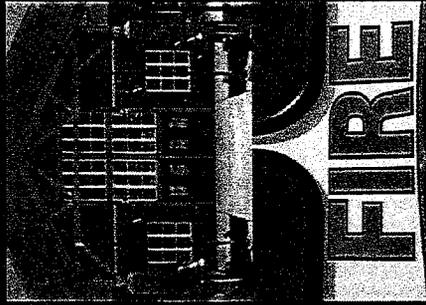
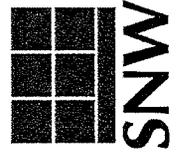
By _____
Michael C. Moore

City of Hailey

Bond Election Planning

Eric Heringer, eheringer@snwsc.com

(208) 344-8577



Bond Market Conditions

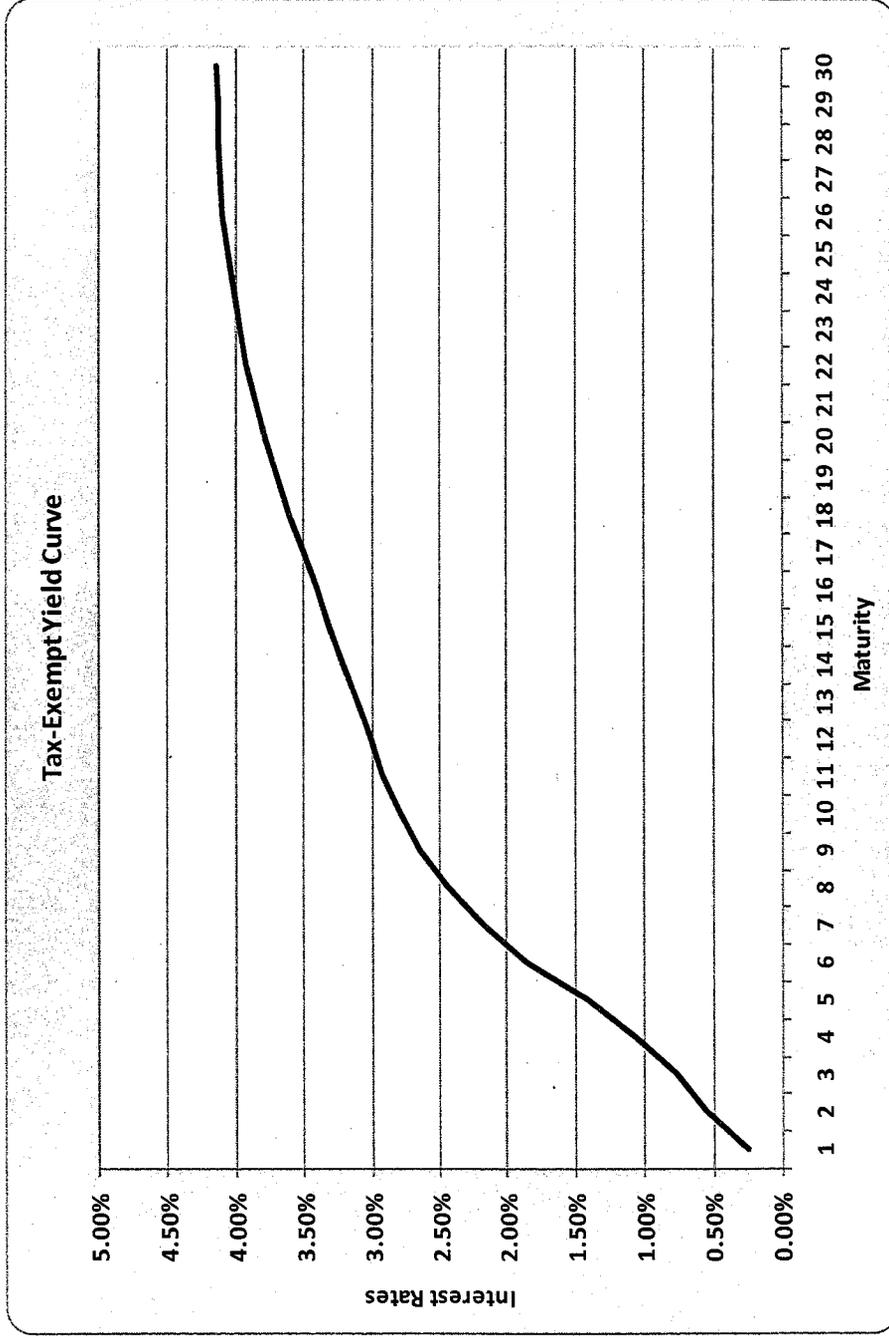
Historical Tax-Exempt Interest Rates
20-Year AAA MMD



20-Year MMD (as of 3/15/10)	
High	5.91%
Low	3.43%
Average	4.55%
Current	3.78%

- Liquidity in the municipal bond market has improved significantly since the autumn of 2008
- Interest rate volatility has decreased
- Municipal bond interest rates have declined significantly

The graph below shows the current yield curve for tax-exempt bonds as of March 15, 2010.



- The yield curve illustrates the increase in borrowing cost (interest rates) associated with longer repayment terms.
- Yield curve is steeper versus a year ago and much steeper than two years ago.
- Borrowing costs are low but so are interest earnings due to the slope of the yield curve.

Assumptions for Analysis

3

The table on the following page summarizes the projected property tax rates and tax impact for an \$3.5 million bond proposal for the City of Hailey. Key data and assumptions used in preparing this analysis include:

Bond Amount: \$3,500,000

Interest Rates: Current (as of 3/15/2010) plus 0.75% cushion

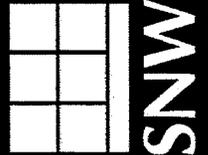
Net Market Value: FY 2010 (Tax Year 2009) = \$1,278,745,835 (September 2009 actual)

Projected Annual Growth: 0.00%

Repayment Structure: Level annual debt service

Expected Bond Ratings: "A2" underlying rating with "Aa3" enhanced rating from Assured Guaranty (bond insurance)

Repayment Term: Evaluate 10-year, 15-year, and 20-year.



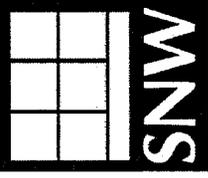
Summary of Projected Tax Rates

Year	Taxable Assessed Value (In Thousands)	\$3,500,000 10 Yr Term		\$3,500,000 15 Yr Term		\$3,500,000 20 Yr Term	
		Annual Debt Service (In Thousands)	Tax Rate Per \$1,000	Annual Debt Service (In Thousands)	Tax Rate Per \$1,000	Annual Debt Service (In Thousands)	Tax Rate Per \$1,000
2011	\$1,278,746	\$424	\$0.33	\$314	\$0.25	\$270	\$0.21
2012	1,278,746	425	0.33	314	0.25	272	0.21
2013	1,278,746	422	0.33	319	0.25	268	0.21
2014	1,278,746	422	0.33	318	0.25	270	0.21
2015	1,278,746	422	0.33	317	0.25	270	0.21
2016	1,278,746	421	0.33	315	0.25	271	0.21
2017	1,278,746	424	0.33	317	0.25	271	0.21
2018	1,278,746	425	0.33	319	0.25	270	0.21
2019	1,278,746	421	0.33	315	0.25	269	0.21
2020	1,278,746	421	0.33	316	0.25	272	0.21
2025	1,278,746			319	0.25	273	0.21
2030	1,278,746					273	0.21

Total Debt Service \$4,226,300 \$4,750,238 \$5,419,450
 Total Interest \$726,300 \$1,250,238 \$1,919,450
 TIC 3.43% 3.97% 4.47%
 Range of Rates 2.75% - 4.00% 2.75% - 4.50% 2.75% - 5.00%

Tax Rate (2011)	\$0.33	\$0.25	\$0.21
	Annual	Annual	Annual
Projected Impact on \$100,000 of taxable value	\$33.00	\$25.00	\$21.00
	Monthly	Monthly	Monthly
	\$2.75	\$2.08	\$1.75

*** Interest rates include 0.75% cushion over current rates (as of 3/15/2010)



Review of Key Data and Assumptions – Net Market Value ⁵

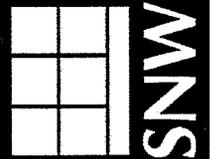
Market Value:

FY 2010 (Tax Year 2009) = \$1,278,745,835

Projected Annual Growth: 0.00%

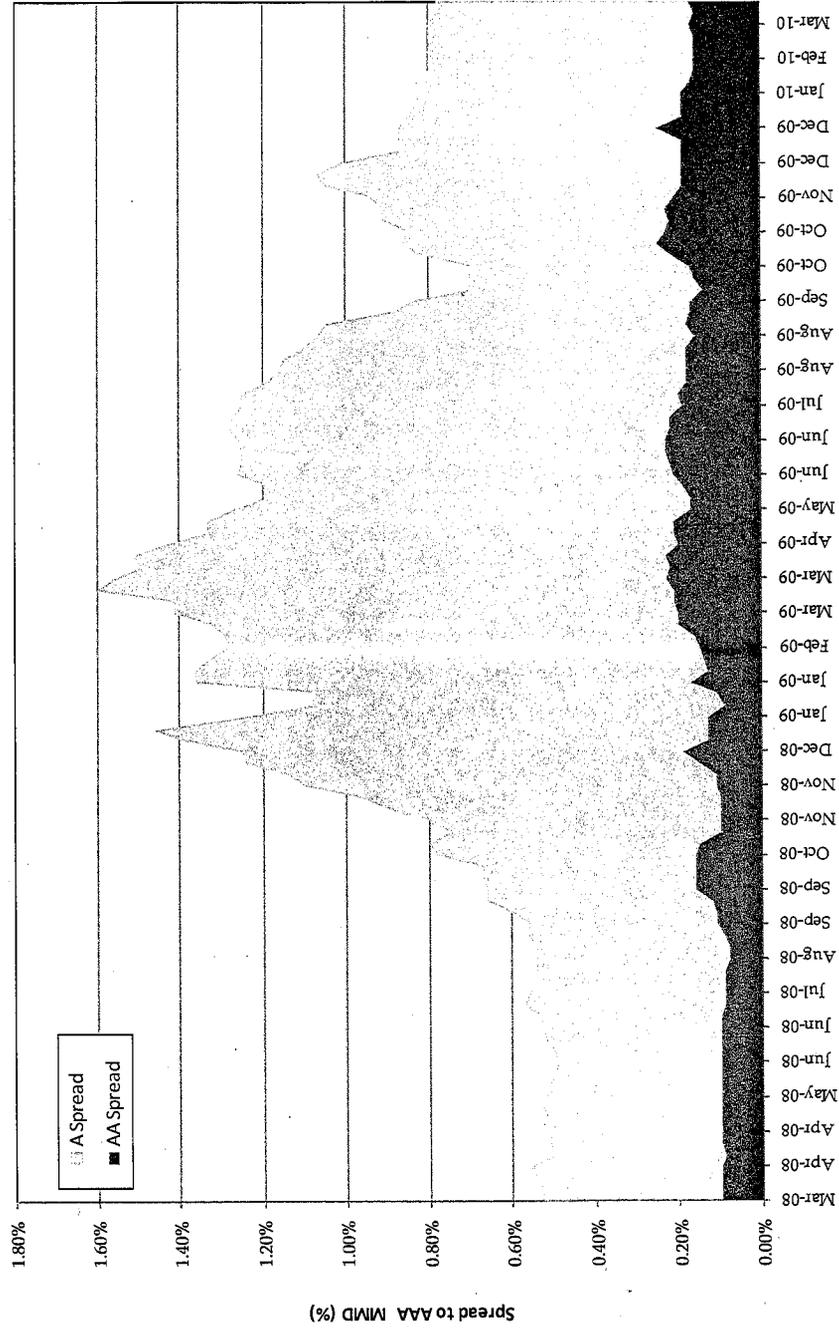
Historical Growth:

Year	Net Taxable Value	Increase in Value
2010	\$ 1,278,745,835	-8.93%
2009	1,404,120,623	-2.16%
2008	1,435,140,979	6.41%
2007	1,348,744,503	5.49%
2006	1,278,527,416	43.79%
2005	889,174,326	38.75%
2004	640,865,370	7.56%
2003	595,811,978	14.03%
2002	522,525,039	7.79%
2001	484,774,715	---



Expected Bond Rating: "A2" underlying rating with "Aa3" enhanced rating from Assured Guaranty (bond insurance)

Credit Spreads for Tax Exempt Bonds 10-Year Maturity



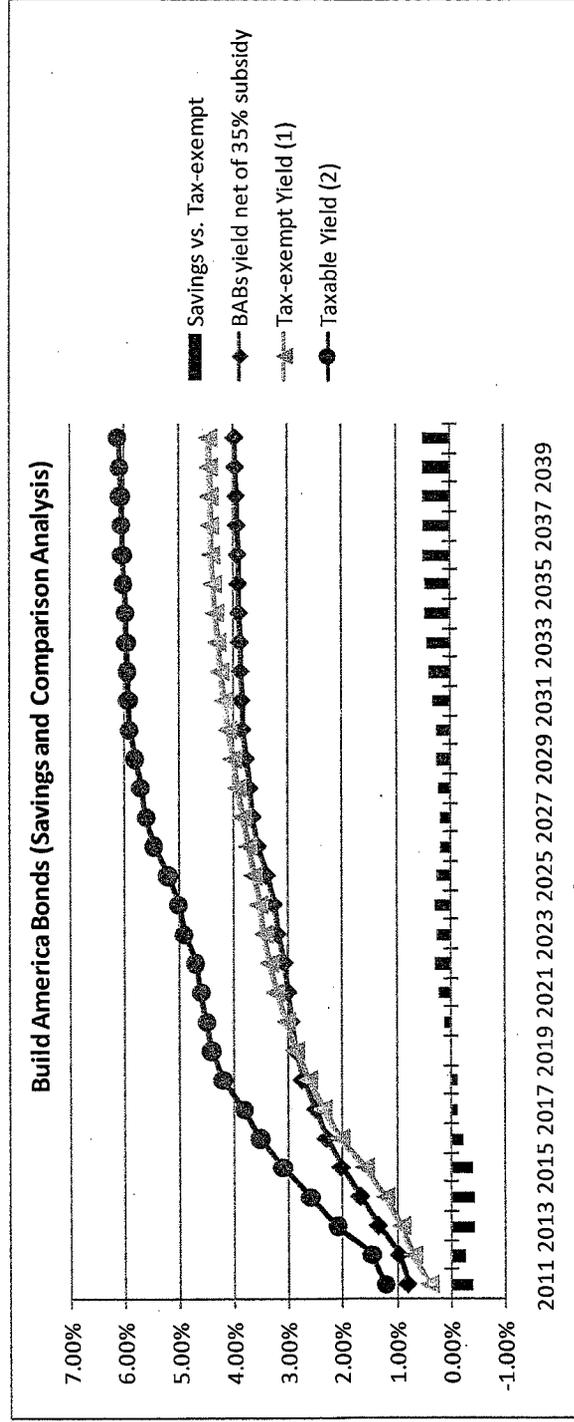


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Build America Bonds (BABs)

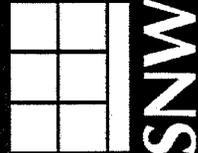
- Issuers of otherwise qualified tax-exempt governmental obligations are entitled to issue taxable obligations in 2009-2010 and receive a direct subsidy payment equal to 35% of the interest cost from federal government. The subsidy payment is used to reduce the interest payment the issuer must make from its own resources.
- Proceeds of BABs are not subject to Davis-Bacon.
- No limit on BABs issuance and no application requirement.
- Provides a different way to sell bonds when determination is made that it will lower the issuers net borrowing cost.

BABs Analysis As of March 9, 2010



(1) Assumes AA-rated GO w/10 year optional call provision @ par

(2) Assumes AA-rated GO, maturities of \$2.5 million or greater and a 10-yr optional call



1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for transparency and accountability, particularly in financial reporting and compliance with regulatory requirements. This section also highlights the role of internal controls in preventing errors and fraud, and the need for regular audits to ensure the integrity of the data.

2. The second part of the document focuses on the implementation of robust risk management strategies. It outlines the process of identifying, assessing, and mitigating various risks that could impact the organization's operations and financial stability. Key areas of focus include market risk, credit risk, and operational risk, with specific recommendations for monitoring and reporting mechanisms. The document stresses the importance of a proactive approach to risk management, involving all levels of the organization.

3. The third part of the document addresses the need for continuous improvement and innovation. It discusses the importance of staying up-to-date with industry trends and technological advancements, and the role of research and development in driving growth and competitive advantage. This section also touches upon the importance of fostering a culture of innovation and collaboration, and the need for ongoing training and development for the workforce.

4. The final part of the document provides a summary of the key findings and recommendations. It reiterates the importance of the measures discussed throughout the document and provides a clear call to action for the organization to implement these strategies effectively. The document concludes by expressing confidence in the organization's ability to achieve its long-term goals through the adoption of these best practices.