

AGENDA ITEM SUMMARY

DATE: 03/20/2014 DEPARTMENT: Finance/PW DEPT. HEAD SIGNATURE: HD

SUBJECT:

Wastewater Solids Handling Improvement Project

- Financial Discussion from Piper Jaffrey, Financial Advisor and Heather Dawson
 - Discussion of Ordinance calling bond election and Reimbursement Resolution – Hawley Troxell
-

AUTHORITY: ID Code _____ IAR _____ City Ordinance/Code _____
(IF APPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

Hailey's financial advisors were directed to add bond financing costs and debt reserve to the Engineer's project estimate of \$6,027,000. have been working with an estimate of \$6 million for the bond, which is not a final figure. They will be present at the meeting to lead the city council through a discussion of the attached memorandum about.

Hailey's bond attorney has prepared two sets of bond ordinances calling for bond election, one at 20 years and the second at 24 years. The council will focus its discussion on which of these options to choose in calling for a bond election.

Also prepared is a reimbursement resolution, which, if adopted, will allow the city to reimburse itself from bond proceeds for capital costs incurred before the bond was passed. It is good practice to adopt this resolution even if the city does not plan on reimbursing itself at this time.

Attached are two rate calculation sheets which I will use to discuss rates on the two potential bond terms. As you can see by the rate calculations in the second attachment, we should raise rates \$3.00 for the 20 year measure and at least \$1.40 for the 24 year measure (I will recommend rounding up to \$1.50 under this option, to give a modest cushion, as our rate structure is quite lean. The first attachment was done by Tom Hellen last May, to calculate rates on a \$4M bond measure using a 3% interest rate. He used the old rate structure, and since we changed the rate structure in November 2013, the calculations done in the second attachment are on \$6.5M, at the newly projected interest rate, using the new (conservation) rate structure.

Scenario 1:

Term: 20 years	Project Fund:	6,027,000
Par Amount: \$6,545,000	D.S. Reserve:	398,750
Interest Cost: \$3,653,350	Issuance Costs & UW:	120,000
Total Repayment: \$10,198,350	Rounding:	-750
True Interest Cost: 4.12%	Total:	6,545,000

Combined (existing & new) Average Annual Payment: \$605,000

Scenario 2:

Term: 24 years	Project Fund:	6,027,000
Par Amount: \$6,490,000	D.S. Reserve:	340,250
Interest Cost: \$4,808,950	Issuance Costs & UW:	120,000
Total Repayment: 11,298,950	Rounding:	2,750
True Interest Cost: 4.42%	Total:	6,490,000

Combined (existing & new) Average Annual Payment: \$558,000

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

Council action will include discussing the financial options presented and making decision whether to call bond election and at what term.

ACTION OF THE CITY COUNCIL:

Date _____

City Clerk _____

FOLLOW-UP:

*Ord./Res./Agrmt./Order Originals: Record

Copies (all info.):

Instrument # _____

*Additional/Exceptional Originals to: _____

Copies (AIS only)

Fee	Current	5/1/13 - 9/30/13	FYE 14	FYE 15	FYE 16	FYE 17	FYE 18
Current Bond Fee	\$6.43	\$7.31	\$7.29	\$7.26	\$7.24	\$7.22	\$7.19

New Rate Structure: \$7.78/1000 Gals/Month
 Cost for 6,000 Gals/Month \$46.68 \$39.58 \$39.60 \$39.62 \$39.54

New Biosolids Facility 6M Bond (20 yr at 4.12%)
 \$0.00 \$0.00 \$8.78 \$8.74 \$8.84 \$8.80

TOTAL Monthly sewer bill under new rate structure \$58.97 \$55.62 \$55.58 \$55.68 \$55.53
 (Based on average 6,000 gals/month winter water use)

TOTAL Monthly sewer bill under old rate structure \$52.76 \$52.58 52.99 \$53.40

20 Yr Bond Measure Increase in Rates \$2.86 \$3.00 \$2.69 \$2.13
 24 Year Measure estimated to cost \$1.60 less than 20 yr (\$1.60) (\$1.60) (\$1.60)
 24 Year Bond Measure Increase in Rates \$1.26 \$1.40 \$1.09 \$0.53

City of Hailey Estimated Sewer Fee Schedule

Based on Final Design complete Feb, 2014 and bond election May, 2014

Fee	Current	5/1/13 - 9/30/13	FYE 14	FYE 15	FYE 16	FYE 17	FYE 18
Current Bond Fee	\$6.43	\$7.31	\$7.29	\$7.26	\$7.24	\$7.22	\$7.19
Fixed Base Rate	\$13.59	\$13.59	\$14.68	\$14.10	\$14.62	\$14.77	\$14.99
Rate/1,000 Gals	\$3.94	\$5.97	\$5.06	\$4.05	\$3.94	\$3.99	\$4.03
Cost for 6,000 Gals/Month	\$23.64	\$35.82	\$30.36	\$24.30	\$23.64	\$23.94	\$24.18
New Biosolids Facility Bond (Based on \$4million @3% & 20 years)	\$0.00	\$0.00	\$0.00	\$7.10	\$7.08	\$7.06	\$7.04
Monthly sewer bill	\$43.66	\$56.72	\$52.33	\$52.76	\$52.58	\$52.99	\$53.40

(Based on average 6,000
gals/month winter water use)

20 year

CITY OF HAILEY, BLAINE COUNTY, IDAHO

**RESOLUTION - REIMBURSEMENT OF COSTS
Official Intent pursuant to Section 1.150-2, CFR**

WHEREAS, the CITY OF HAILEY, BLAINE COUNTY, IDAHO (the "City"), will pay, on and after the date hereof, certain expenditures related to the following improvements: up to \$6,545,000 for capital improvements to the City's wastewater treatment plant (the "Project"), plus costs of issuance and amounts required to establish necessary reserves; and

WHEREAS, the City intends to issue revenue bonds to finance the design, acquisition and construction of the Project (collectively, the "Bonds"); and

WHEREAS, upon issuance of the Bonds, the City reasonably intends to reimburse itself for certain expenditures on the Project (the "Reimbursable Expenditures") incurred (i) within 60 days prior to the date hereof, or (ii) after the date hereof but prior to the issuance of the Bonds; and

WHEREAS, the City expects such reimbursement to occur not later than 18 months after the later of (i) the date of the Reimbursable Expenditures, or (ii) the date the Project is placed in service but no later than three years after the date of the Reimbursable Expenditures.

NOW, THEREFORE, IT IS RESOLVED as follows:

Section 1. The purpose of this Resolution is to permit the City to reimburse itself from the proceeds of the Bonds for Reimbursable Expenditures not exceeding \$6,545,000 relating to the Project incurred up to sixty days prior to the date of this Resolution, and ending on the date of reimbursement.

Section 2. The City intends to incur and pay for Reimbursable Expenditures with its available funds, and hereby declares its intent and reasonably expects to reimburse itself for those Reimbursable Expenditures from the proceeds of the issuance of the Bonds not later than 18 months after the later of (i) the date of the expenditure, or (ii) the date the Project is placed in service but no later than three years after the date of the expenditure.

Section 3. The maximum principal amount of the Bonds expected to be issued to finance the Project is \$6,545,000.

Section 4. This declaration of official intention is made pursuant to Section 1.150-2, Code of Federal Regulations.

Section 5. The officials of the City are hereby authorized and directed, for and in the name and on behalf of the City to take any and all actions and execute, acknowledge and deliver any and all agreements, instruments or other documents and revisions or corrections

thereof and amendments thereto, as may in their discretion be deemed necessary or desirable to carry out the terms, provisions and intent of this Resolution.

PASSED AND ADOPTED by the City of Hailey, Blaine County, Idaho, on _____, 2014.

By: _____
Mayor

ATTEST:

By: _____
City Clerk

BOND ELECTION ORDINANCE NO. 1148

AN ORDINANCE CALLING A SPECIAL MUNICIPAL REVENUE BOND ELECTION TO BE HELD FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, THE PROPOSITION OF THE ISSUANCE OF UP TO \$6,545,000 NEGOTIABLE REVENUE BONDS OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, TO FINANCE CERTAIN IMPROVEMENTS TO ITS WASTEWATER TREATMENT SYSTEM, AND PROVIDING FOR THE ISSUANCE AND PAYMENT OF SUCH BONDS AND DESIGN AND CONSTRUCTION OF SAID IMPROVEMENTS.

WHEREAS, the City of Hailey, Blaine County, Idaho (the "City"), owns and operates a wastewater treatment facility system for the treatment of its citizens' wastewater (the "System"); and

WHEREAS, the System was originally built as a small "all-in-one" plant in 1974 and was improved by the addition of a new treatment plant alongside the original plant in 2000; and

WHEREAS, the System, as constructed in 1974 and 2000, is near or past the end of its useful life and was not designed to manage and treat biosolids, which poses a safety concern for City operations staff; and

WHEREAS, the City intends to streamline its biosolids handling, which is currently hauled to the Ohio Gulch Landfill, by renovating its existing facilities to provide additional dewatering and biosolids handling facilities and related improvements (the "Improvements"), which will enable the System to provide treatment and operation facilities that meet current codes and are safe for City staff, as well as reduce time and enhance the safety of System operations; and

WHEREAS, the design and construction of the Improvements is hereby deemed by the Mayor and members of the City Council of the City (the "City Council") to be required for the public good and welfare, and for the improvement of the health, safety, comfort and convenience of the inhabitants of the City; and

WHEREAS, the System, as improved by the Improvements, shall be operated as a single revenue producing public utility of and for the City; and

WHEREAS, the City does not have funds available to pay the costs of the Improvements; and

WHEREAS, the City Council has determined that there exists a public necessity and it is advisable to finance the cost of the Improvements through the issuance of revenue bonds of the City pursuant to the provisions of Sections 50-1027 through 50-1042, Idaho Code, as amended

(the "Revenue Bond Act"), and applicable provisions of chapter 4, Title 50, Idaho Code, chapter 2 of Title 57, Idaho Code, chapter 9 of Title 57, Idaho Code, and chapter 14 of Title 34, Idaho Code, and in order to do so desires to provide for the holding of a special election as required by said statutes.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Hailey, Blaine County, Idaho, as follows:

Section 1. The Improvements shall be designed and constructed pursuant to the Preliminary Solids Handling Improvement Project Plan dated March 17, 2014, prepared by HDR Engineer, Inc., as the same is expected to be finalized in the near future (the "Plan"), which Plan provides that the estimated cost of the Improvements, with ninety percent of the design completed, is \$6,000,000, plus the expenses properly incident thereto, for a total amount not to exceed \$6,545,000, consisting of, but not limited to, administrative, engineering and other related costs, and the costs of issuance of the revenue bonds and any amounts necessary to establish bond reserve funds, if any, and the Mayor and the City Council hereby approve the Plan.

Section 2. The design and construction of the Improvements is hereby ordered.

Section 3. It is necessary and desirable to finance the costs of the Improvements by authorization of the issuance of revenue bonds in an amount not exceeding \$6,545,000 pursuant to a revenue bond election, as provided by the Revenue Bond Act.

Section 4. That a Special Municipal Revenue Bond Election (the "Bond Election") is hereby called to be held in the City on Tuesday, May 20, 2014, for the purpose of submitting to the qualified electors of the City the proposition set forth in the form of ballot appearing in Section 7 hereof.

Section 5. That pursuant to Sections 34-1401 and 50-403, Idaho Code, the Clerk of Blaine County, Idaho (the "County Clerk") shall administer the Bond Election, including scheduling the polling times; preparing and printing the ballots; publishing notice of the Bond Election and the sample ballot as required by Section 34-1406, Idaho Code; and conducting the Bond Election.

Section 6. The City Clerk shall notify the County Clerk that the City Council has called the Bond Election on behalf of the City by delivering to the County Clerk a copy of this Ordinance, including the forms of the notice of the Bond Election set forth in Section 8 hereof and the ballot for the Bond Election set forth in Section 7 hereof.

Section 7. That the City Council hereby approves the following form of ballot for the purposes of the Bond Election:

OFFICIAL BALLOT

SPECIAL MUNICIPAL REVENUE BOND ELECTION

CITY OF HAILEY, BLAINE COUNTY, IDAHO
TUESDAY, MAY 20, 2014

QUESTION: Shall the City of Hailey, Blaine County, Idaho (the "City") issue and sell its negotiable revenue bonds in the amount of up to \$6,545,000 for the purpose of financing the design and construction of certain improvements to the City's wastewater treatment facility system (the "System"), the System constituting and being operated as a revenue-producing public utility, and to pay expenses properly incident thereto including costs of issuance of such bonds, said bonds due in such installments as fixed by the City Council of the City, the last installment due and payable not more than twenty (20) years from the date of the bonds, as more fully provided in Ordinance No. 1148 adopted by the City Council of the City on March 20, 2014 (such revenue bonds shall be payable from the revenues of the System, as improved, and not from ad valorem property taxes)?

IN FAVOR OF ISSUING REVENUE BONDS IN THE AMOUNT OF UP TO \$6,545,000 FOR THE PURPOSES PROVIDED BY ORDINANCE NO. 1148	→	<input type="checkbox"/>
AGAINST ISSUING REVENUE BONDS IN THE AMOUNT OF UP TO \$6,545,000 FOR THE PURPOSES PROVIDED BY ORDINANCE NO. 1148	→	<input type="checkbox"/>

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

The project to be financed by the sale of the proposed bonds includes improvements to the City's wastewater treatment system required to ensure the safe and continued operation of the System. The date of the City's special municipal revenue bond election is May 20, 2014. The principal amount of the proposed bonds to be issued is up to \$6,545,000.

The interest rate anticipated on the proposed bond issue, based upon current market rates, is four and twelve hundredths percent (4.12%). The total amount to be repaid over the life of the bonds,

based on the anticipated interest, is \$10,198,350, consisting of \$6,545,000 in principal and \$3,653,350 of interest, to be repaid not later than twenty (20) years from the date of the bonds.

As of May 20, 2014, the total existing bonded indebtedness of the City, including interest accrued, is \$6,028,666.

(End of form of Official Ballot for the Bond Election)

Section 8. That the Notice of Bond Election shall be in substantially the following form:

NOTICE OF SPECIAL MUNICIPAL REVENUE BOND ELECTION

Pursuant to the laws of the State of Idaho and Ordinance No. 1148 of the City Council of the City of Hailey, Blaine County, Idaho (the "City"), adopted on March 20, 2014, notice is hereby given that a Special Municipal Revenue Bond Election will be held in the City on Tuesday, May 20, 2014, beginning at the hour of 8:00 A.M. and closing at the hour of 8:00 P.M. on said date, on the question whether the City shall be empowered to issue special revenue bonds of the City in the principal amount of up to \$6,545,000 to be repaid not later than twenty (20) years from the date of issuance of such bonds, to finance certain improvements to the City's wastewater treatment facility system, which system constitutes and is being operated as a revenue-producing public utility, and to pay expenses properly incident thereto including costs of issuance of such bonds.

Notice is further given that only qualified electors of the City, being United States citizens eighteen (18) years of age or older, who have resided in the City for thirty (30) days preceding the election, who are registered or who register at the polls on the day of the election, as provided by law, are entitled to vote at said election.

Said election shall be held at the regular polling places for elections in Blaine County, Idaho, or by mail, as indicated below:

**[County Clerk to insert Precincts applicable to City
and Absentee Voting Material]**

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

The project to be financed by the sale of the proposed bonds includes improvements to the City's wastewater treatment system required to ensure the safe and continued operation of the System. The date of the City's special municipal revenue bond election is May 20, 2014. The principal amount of the proposed bonds to be issued is up to \$6,545,000.

The interest rate anticipated on the proposed bond issue, based upon current market rates, is four and twelve hundredths percent (4.12%). The total amount to be repaid over the life of the bonds, based on the anticipated interest, is \$10,198,350, consisting of

\$6,545,000 in principal and \$3,653,350 of interest, to be repaid not later than twenty (20) years from the date of the bonds.

As of May 20, 2014, the total existing bonded indebtedness of the City, including interest accrued, is \$6,028,666.

(End Form of Notice of Special Municipal Revenue Bond Election)

Section 9. That if at the Bond Election a majority of the qualified registered electors of the City, eighteen (18) years of age or older who have resided in the City for thirty (30) days, voting thereat assent to the issuance of said bonds, as verified by the County Clerk's certified election results, the negotiable bonds of the City shall be issued as hereinabove provided and shall mature within twenty (20) years from their date and the annual bond maturities thereof shall be payable in accordance with the provisions of the Revenue Bond Act. Such issue will create a new debt to finance the design and construction of the Improvements, fund a reserve fund and to pay the costs of issuance of the bonds, in accordance with the provisions of the Revenue Bond Act.

Section 10. That said negotiable revenue bonds shall be issued if carried as aforesaid and payment shall be made from available sources of revenue of the System, as improved, until principal and interest on the bonds shall have been fully paid, all as to be more fully and particularly provided and set forth in an ordinance or ordinances hereafter passed by the City Council. Such bonds shall not be a debt of the City and the City shall not be liable thereon, nor shall the bonds be payable out of any funds other than the revenue above specified. Such bonds shall not be payable from ad valorem property taxes.

Section 11. The proper officer or officers of said City are hereby authorized and directed to do all things requisite and necessary to carry out the provisions of this Ordinance.

[The remainder of this page has been left blank intentionally.]

Section 12. This Ordinance shall take effect from and after its passage and publication of the summary substantially in the form attached hereto as Exhibit A, in the manner as required by law.

PASSED by the Council of the City this 20th day of March, 2014.

CITY OF HAILEY, BLAINE COUNTY,
IDAHO

By: _____
Council President

By: _____
Mayor

(SEAL)

ATTEST:

By: _____
City Clerk

EXHIBIT A

Summary of Bond Election Ordinance No. 1148, passed March 20, 2014

AN ORDINANCE CALLING A SPECIAL MUNICIPAL REVENUE BOND ELECTION TO BE HELD FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, THE PROPOSITION OF THE ISSUANCE OF UP TO \$6,545,000 NEGOTIABLE REVENUE BONDS OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, TO FINANCE CERTAIN IMPROVEMENTS TO ITS WASTEWATER TREATMENT FACILITY SYSTEM, AND PROVIDING FOR THE ISSUANCE AND PAYMENT OF SUCH BONDS AND DESIGN AND CONSTRUCTION OF SAID IMPROVEMENTS.

Section 1. Provides that certain Improvements (including the renovating of existing facilities to provide additional dewatering and biosolids handling facilities and all related improvements) to the wastewater treatment facility system (the "System") for the citizens of the City of Hailey, Blaine County, Idaho (the "City") shall be designed and constructed pursuant to the Preliminary Solids Handling Improvement Project Plan dated March 17, 2014, prepared by HDR Engineer, Inc., as the same is expected to be finalized in the near future (the "Plan"), which Plan provides that the estimated cost of the Improvements, with ninety percent of the design completed, is \$6,000,000, plus the expenses properly incident thereto, for a total amount not to exceed \$6,545,000, including related costs and costs of issuance of the proposed revenue bonds and cost of funding of reserve funds, if any, to ensure the safe and continued operation of the System.

Section 2. Orders the design and construction of the Improvements to the System.

Section 3. Deems it necessary and desirable to finance the Improvements by authorizing the revenue bonds in an amount not exceeding \$6,545,000 pursuant to Sections 50-1027 through 50-1042, Idaho Code, as amended (the "Revenue Bond Act").

Section 4. Calls a Special Municipal Revenue Bond Election to be held in the City on Tuesday, May 20, 2014 (the "Bond Election"), to submit to the qualified electors of the City the proposition whether the City shall issue and sell its revenue bonds to finance the Improvements and related costs and expenses, as set forth in the form of ballot approved therein.

Section 5. Provides that the Clerk of Blaine County, Idaho (the "County Clerk"), shall administer the Bond Election pursuant to Sections 34-1401 and 50-403, Idaho Code.

Section 6. Provides that the City's Clerk shall deliver to the County Clerk a copy of the Ordinance with the forms of the notice of the Bond Election and ballot for the Bond Election.

Section 7. Approves the form of ballot for the Bond Election.

Section 8. Sets forth the substantial form of the Notice of Special Municipal Revenue Bond Election.

Section 9. Sets forth that if a majority of the qualified registered electors of the City assent to the issuance of the bonds, the bonds of the City shall be issued, which bonds shall mature within twenty (20) years of their date with annual bond maturities payable in accordance with the Revenue Bond Act.

Section 10. Provides that payment of the revenue bonds shall be made from available sources of revenue of the System, as improved, until fully paid, as more fully provided in an ordinance to be passed by the City Council. Such bonds shall not be payable from ad valorem property taxes.

Section 11. Authorizes the proper officers of the City to do all things requisite and necessary to carry out the provisions of the Ordinance.

Section 12. Provides that the Ordinance shall take effect from and after its passage and publication of this summary as required by law.

Exhibit A: Sets forth this summary for publication.

The full text of Bond Election Ordinance No. 1148 is available at the office of the City Clerk of the City of Hailey, Idaho, and will be provided to any citizen upon personal request during normal business hours.

Approved this ___ day of March, 2014.

CITY OF HAILEY, BLAINE COUNTY,
IDAHO

Mayor

ATTEST:

City Clerk

CERTIFICATION OF COUNSEL

I, the undersigned, the legal advisor to the City of Hailey, Idaho, hereby certify that I have read the attached Summary of Bond Election Ordinance No. ___ of the City, and that the same is true and complete and provides adequate notice to the public of the contents of said ordinance.

Dated as of this ___ day of March, 2014.

By: _____

24 year

CITY OF HAILEY, BLAINE COUNTY, IDAHO

**RESOLUTION - REIMBURSEMENT OF COSTS
Official Intent pursuant to Section 1.150-2, CFR**

WHEREAS, the CITY OF HAILEY, BLAINE COUNTY, IDAHO (the "City"), will pay, on and after the date hereof, certain expenditures related to the following improvements: up to \$6,490,000 for capital improvements to the City's wastewater treatment plant (the "Project"), plus costs of issuance and amounts required to establish necessary reserves; and

WHEREAS, the City intends to issue revenue bonds to finance the design, acquisition and construction of the Project (collectively, the "Bonds"); and

WHEREAS, upon issuance of the Bonds, the City reasonably intends to reimburse itself for certain expenditures on the Project (the "Reimbursable Expenditures") incurred (i) within 60 days prior to the date hereof, or (ii) after the date hereof but prior to the issuance of the Bonds; and

WHEREAS, the City expects such reimbursement to occur not later than 18 months after the later of (i) the date of the Reimbursable Expenditures, or (ii) the date the Project is placed in service but no later than three years after the date of the Reimbursable Expenditures.

NOW, THEREFORE, IT IS RESOLVED as follows:

Section 1. The purpose of this Resolution is to permit the City to reimburse itself from the proceeds of the Bonds for Reimbursable Expenditures not exceeding \$6,490,000 relating to the Project incurred up to sixty days prior to the date of this Resolution, and ending on the date of reimbursement.

Section 2. The City intends to incur and pay for Reimbursable Expenditures with its available funds, and hereby declares its intent and reasonably expects to reimburse itself for those Reimbursable Expenditures from the proceeds of the issuance of the Bonds not later than 18 months after the later of (i) the date of the expenditure, or (ii) the date the Project is placed in service but no later than three years after the date of the expenditure.

Section 3. The maximum principal amount of the Bonds expected to be issued to finance the Project is \$6,490,000.

Section 4. This declaration of official intention is made pursuant to Section 1.150-2, Code of Federal Regulations.

Section 5. The officials of the City are hereby authorized and directed, for and in the name and on behalf of the City to take any and all actions and execute, acknowledge and deliver any and all agreements, instruments or other documents and revisions or corrections

thereof and amendments thereto, as may in their discretion be deemed necessary or desirable to carry out the terms, provisions and intent of this Resolution.

PASSED AND ADOPTED by the City of Hailey, Blaine County, Idaho, on _____, 2014.

By: _____
Mayor

ATTEST:

By: _____
City Clerk

BOND ELECTION ORDINANCE NO. 1148

AN ORDINANCE CALLING A SPECIAL MUNICIPAL REVENUE BOND ELECTION TO BE HELD FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, THE PROPOSITION OF THE ISSUANCE OF UP TO \$6,490,000 NEGOTIABLE REVENUE BONDS OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, TO FINANCE CERTAIN IMPROVEMENTS TO ITS WASTEWATER TREATMENT SYSTEM, AND PROVIDING FOR THE ISSUANCE AND PAYMENT OF SUCH BONDS AND DESIGN AND CONSTRUCTION OF SAID IMPROVEMENTS.

WHEREAS, the City of Hailey, Blaine County, Idaho (the "City"), owns and operates a wastewater treatment facility system for the treatment of its citizens' wastewater (the "System"); and

WHEREAS, the System was originally built as a small "all-in-one" plant in 1974 and was improved by the addition of a new treatment plant alongside the original plant in 2000; and

WHEREAS, the System, as constructed in 1974 and 2000, is near or past the end of its useful life and was not designed to manage and treat biosolids, which poses a safety concern for City operations staff; and

WHEREAS, the City intends to streamline its biosolids handling, which is currently hauled to the Ohio Gulch Landfill, by renovating its existing facilities to provide additional dewatering and biosolids handling facilities and related improvements (the "Improvements"), which will enable the System to provide treatment and operation facilities that meet current codes and are safe for City staff, as well as reduce time and enhance the safety of System operations; and

WHEREAS, the design and construction of the Improvements is hereby deemed by the Mayor and members of the City Council of the City (the "City Council") to be required for the public good and welfare, and for the improvement of the health, safety, comfort and convenience of the inhabitants of the City; and

WHEREAS, the System, as improved by the Improvements, shall be operated as a single revenue producing public utility of and for the City; and

WHEREAS, the City does not have funds available to pay the costs of the Improvements; and

WHEREAS, the City Council has determined that there exists a public necessity and it is advisable to finance the cost of the Improvements through the issuance of revenue bonds of the City pursuant to the provisions of Sections 50-1027 through 50-1042, Idaho Code, as amended

(the "Revenue Bond Act"), and applicable provisions of chapter 4, Title 50, Idaho Code, chapter 2 of Title 57, Idaho Code, chapter 9 of Title 57, Idaho Code, and chapter 14 of Title 34, Idaho Code, and in order to do so desires to provide for the holding of a special election as required by said statutes.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Hailey, Blaine County, Idaho, as follows:

Section 1. The Improvements shall be designed and constructed pursuant to the Preliminary Solids Handling Improvement Project Plan dated March 17, 2014, prepared by HDR Engineer, Inc., as the same is expected to be finalized in the near future (the "Plan"), which Plan provides that the estimated cost of the Improvements, with ninety percent of the design completed, is \$6,000,000, plus the expenses properly incident thereto, for a total amount not to exceed \$6,490,000, consisting of, but not limited to, administrative, engineering and other related costs, and the costs of issuance of the revenue bonds and any amounts necessary to establish bond reserve funds, if any, and the Mayor and the City Council hereby approve the Plan.

Section 2. The design and construction of the Improvements is hereby ordered.

Section 3. It is necessary and desirable to finance the costs of the Improvements by authorization of the issuance of revenue bonds in an amount not exceeding \$6,490,000 pursuant to a revenue bond election, as provided by the Revenue Bond Act.

Section 4. That a Special Municipal Revenue Bond Election (the "Bond Election") is hereby called to be held in the City on Tuesday, May 20, 2014, for the purpose of submitting to the qualified electors of the City the proposition set forth in the form of ballot appearing in Section 7 hereof.

Section 5. That pursuant to Sections 34-1401 and 50-403, Idaho Code, the Clerk of Blaine County, Idaho (the "County Clerk") shall administer the Bond Election, including scheduling the polling times; preparing and printing the ballots; publishing notice of the Bond Election and the sample ballot as required by Section 34-1406, Idaho Code; and conducting the Bond Election.

Section 6. The City Clerk shall notify the County Clerk that the City Council has called the Bond Election on behalf of the City by delivering to the County Clerk a copy of this Ordinance, including the forms of the notice of the Bond Election set forth in Section 8 hereof and the ballot for the Bond Election set forth in Section 7 hereof.

Section 7. That the City Council hereby approves the following form of ballot for the purposes of the Bond Election:

OFFICIAL BALLOT

SPECIAL MUNICIPAL REVENUE BOND ELECTION

**CITY OF HAILEY, BLAINE COUNTY, IDAHO
TUESDAY, MAY 20, 2014**

QUESTION: Shall the City of Hailey, Blaine County, Idaho (the "City") issue and sell its negotiable revenue bonds in the amount of up to \$6,490,000 for the purpose of financing the design and construction of certain improvements to the City's wastewater treatment facility system (the "System"), the System constituting and being operated as a revenue-producing public utility, and to pay expenses properly incident thereto including costs of issuance of such bonds, said bonds due in such installments as fixed by the City Council of the City, the last installment due and payable not more than twenty-four (24) years from the date of the bonds, as more fully provided in Ordinance No. 1148 adopted by the City Council of the City on March 20, 2014 (such revenue bonds shall be payable from the revenues of the System, as improved, and not from ad valorem property taxes)?

IN FAVOR OF ISSUING REVENUE BONDS IN THE AMOUNT OF UP TO \$6,490,000 FOR THE PURPOSES PROVIDED BY ORDINANCE NO. 1148	→	<input type="checkbox"/>
AGAINST ISSUING REVENUE BONDS IN THE AMOUNT OF UP TO \$6,490,000 FOR THE PURPOSES PROVIDED BY ORDINANCE NO. 1148	→	<input type="checkbox"/>

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

The project to be financed by the sale of the proposed bonds includes improvements to the City's wastewater treatment system required to ensure the safe and continued operation of the System. The date of the City's special municipal revenue bond election is May 20, 2014. The principal amount of the proposed bonds to be issued is up to \$6,490,000.

The interest rate anticipated on the proposed bond issue, based upon current market rates, is four and forty-two hundredths percent (4.42%). The total amount to be repaid over the life of the bonds, based on the anticipated interest, is \$11,298,950, consisting of \$6,490,000 in principal and \$4,808,950 of interest, to be repaid not later than twenty-four (24) years from the date of the bonds.

As of May 20, 2014, the total existing bonded indebtedness of the City, including interest accrued, is \$6,028,666.

(End of form of Official Ballot for the Bond Election)

Section 8. That the Notice of Bond Election shall be in substantially the following form:

NOTICE OF SPECIAL MUNICIPAL REVENUE BOND ELECTION

Pursuant to the laws of the State of Idaho and Ordinance No. 1148 of the City Council of the City of Hailey, Blaine County, Idaho (the "City"), adopted on March 20, 2014, notice is hereby given that a Special Municipal Revenue Bond Election will be held in the City on Tuesday, May 20, 2014, beginning at the hour of 8:00 A.M. and closing at the hour of 8:00 P.M. on said date, on the question whether the City shall be empowered to issue special revenue bonds of the City in the principal amount of up to \$6,490,000 to be repaid not later than twenty-four (24) years from the date of issuance of such bonds, to finance certain improvements to the City's wastewater treatment facility system, which system constitutes and is being operated as a revenue-producing public utility, and to pay expenses properly incident thereto including costs of issuance of such bonds.

Notice is further given that only qualified electors of the City, being United States citizens eighteen (18) years of age or older, who have resided in the City for thirty (30) days preceding the election, who are registered or who register at the polls on the day of the election, as provided by law, are entitled to vote at said election.

Said election shall be held at the regular polling places for elections in Blaine County, Idaho, or by mail, as indicated below:

**[County Clerk to insert Precincts applicable to City
and Absentee Voting Material]**

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

The project to be financed by the sale of the proposed bonds includes improvements to the City's wastewater treatment system required to ensure the safe and continued operation of the System. The date of the City's special municipal revenue bond election is May 20, 2014. The principal amount of the proposed bonds to be issued is up to \$6,490,000.

The interest rate anticipated on the proposed bond issue, based upon current market rates, is four and forty-two hundredths percent (4.42%). The total amount to be repaid over the life of the bonds, based on the anticipated interest, is \$11,298,950 consisting of \$6,490,000 in principal and \$4,808,950 of interest, to be repaid not later than twenty-four (24) years from the date of the bonds.

As of May 20, 2014, the total existing bonded indebtedness of the City, including interest accrued, is \$6,028,666.

(End Form of Notice of Special Municipal Revenue Bond Election)

Section 9. That if at the Bond Election a majority of the qualified registered electors of the City, eighteen (18) years of age or older who have resided in the City for thirty (30) days, voting thereat assent to the issuance of said bonds, as verified by the County Clerk's certified election results, the negotiable bonds of the City shall be issued as hereinabove provided and shall mature within twenty-four (24) years from their date and the annual bond maturities thereof shall be payable in accordance with the provisions of the Revenue Bond Act. Such issue will create a new debt to finance the design and construction of the Improvements, fund a reserve fund and to pay the costs of issuance of the bonds, in accordance with the provisions of the Revenue Bond Act.

Section 10. That said negotiable revenue bonds shall be issued if carried as aforesaid and payment shall be made from available sources of revenue of the System, as improved, until principal and interest on the bonds shall have been fully paid, all as to be more fully and particularly provided and set forth in an ordinance or ordinances hereafter passed by the City Council. Such bonds shall not be a debt of the City and the City shall not be liable thereon, nor shall the bonds be payable out of any funds other than the revenue above specified. Such bonds shall not be payable from ad valorem property taxes.

Section 11. The proper officer or officers of said City are hereby authorized and directed to do all things requisite and necessary to carry out the provisions of this Ordinance.

[The remainder of this page has been left blank intentionally.]

Section 12. This Ordinance shall take effect from and after its passage and publication of the summary substantially in the form attached hereto as Exhibit A, in the manner as required by law.

PASSED by the Council of the City this 20th day of March, 2014.

CITY OF HAILEY, BLAINE COUNTY,
IDAHO

By: _____
Council President

By: _____
Mayor

(SEAL)

ATTEST:

By: _____
City Clerk

EXHIBIT A

Summary of Bond Election Ordinance No. 1148, passed March 20, 2014

AN ORDINANCE CALLING A SPECIAL MUNICIPAL REVENUE BOND ELECTION TO BE HELD FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, THE PROPOSITION OF THE ISSUANCE OF UP TO \$6,490,000 NEGOTIABLE REVENUE BONDS OF THE CITY OF HAILEY, BLAINE COUNTY, IDAHO, TO FINANCE CERTAIN IMPROVEMENTS TO ITS WASTEWATER TREATMENT FACILITY SYSTEM, AND PROVIDING FOR THE ISSUANCE AND PAYMENT OF SUCH BONDS AND DESIGN AND CONSTRUCTION OF SAID IMPROVEMENTS.

Section 1. Provides that certain Improvements (including the renovating of existing facilities to provide additional dewatering and biosolids handling facilities and all related improvements) to the wastewater treatment facility system (the "System") for the citizens of the City of Hailey, Blaine County, Idaho (the "City") shall be designed and constructed pursuant to the Preliminary Solids Handling Improvement Project Plan dated March 17, 2014, prepared by HDR Engineer, Inc., as the same is expected to be finalized in the near future (the "Plan"), which Plan provides that the estimated cost of the Improvements, with ninety percent of the design completed, is \$6,000,000, plus the expenses properly incident thereto, for a total amount not to exceed \$6,490,000, including related costs and costs of issuance of the proposed revenue bonds and cost of funding of reserve funds, if any, to ensure the safe and continued operation of the System.

Section 2. Orders the design and construction of the Improvements to the System.

Section 3. Deems it necessary and desirable to finance the Improvements by authorizing the revenue bonds in an amount not exceeding \$6,490,000 pursuant to Sections 50-1027 through 50-1042, Idaho Code, as amended (the "Revenue Bond Act").

Section 4. Calls a Special Municipal Revenue Bond Election to be held in the City on Tuesday, May 20, 2014 (the "Bond Election"), to submit to the qualified electors of the City the proposition whether the City shall issue and sell its revenue bonds to finance the Improvements and related costs and expenses, as set forth in the form of ballot approved therein.

Section 5. Provides that the Clerk of Blaine County, Idaho (the "County Clerk"), shall administer the Bond Election pursuant to Sections 34-1401 and 50-403, Idaho Code.

Section 6. Provides that the City's Clerk shall deliver to the County Clerk a copy of the Ordinance with the forms of the notice of the Bond Election and ballot for the Bond Election.

Section 7. Approves the form of ballot for the Bond Election.

Section 8. Sets forth the substantial form of the Notice of Special Municipal Revenue Bond Election.

Section 9. Sets forth that if a majority of the qualified registered electors of the City assent to the issuance of the bonds, the bonds of the City shall be issued, which bonds shall mature within twenty-four (24) years of their date with annual bond maturities payable in accordance with the Revenue Bond Act.

Section 10. Provides that payment of the revenue bonds shall be made from available sources of revenue of the System, as improved, until fully paid, as more fully provided in an ordinance to be passed by the City Council. Such bonds shall not be payable from ad valorem property taxes.

Section 11. Authorizes the proper officers of the City to do all things requisite and necessary to carry out the provisions of the Ordinance.

Section 12. Provides that the Ordinance shall take effect from and after its passage and publication of this summary as required by law.

Exhibit A: Sets forth this summary for publication.

The full text of Bond Election Ordinance No. 1148 is available at the office of the City Clerk of the City of Hailey, Idaho, and will be provided to any citizen upon personal request during normal business hours.

Approved this ___ day of March, 2014.

CITY OF HAILEY, BLAINE COUNTY,
IDAHO

Mayor

ATTEST:

City Clerk

CERTIFICATION OF COUNSEL

I, the undersigned, the legal advisor to the City of Hailey, Idaho, hereby certify that I have read the attached Summary of Bond Election Ordinance No. ___ of the City, and that the same is true and complete and provides adequate notice to the public of the contents of said ordinance.

Dated as of this ___ day of March, 2014.

By: _____