



CITY OF KUNA

**P. O. BOX 13
KUNA, ID 83634**

Telephone (208) 922-5546 Fax (208) 922-5989
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TUESDAY, APRIL 7, 2015

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

**KUNA CITY COUNCIL CHAMBER
763 W. AVALON ST.
KUNA, IDAHO**

CITY OFFICIALS

**W. Greg Nelson, Mayor
Richard Cardoza, Council President
Briana Buban-Vonder Haar, Council Member
Pat Jones, Council Member
Joe Stear, Council Member**

NOTICE: Copies of all agenda materials are available for public review in the Office of the City Clerk. Persons who have questions concerning any agenda item may call the City Clerk's Office at 922-5546 to make inquiry concerning the nature of the item described on the agenda.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at 922-5546 at least forty-eight (48) hours prior to the meeting to allow the City to make reasonable arrangements to ensure accessibility to this meeting.

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

AGENDA

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:

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

3. Adjournment:

Idaho Public Finance Bonds and Urban Renewal 101

CITY OF KUNA

Cameron Arial, Vice President

ZIONS BANK Public Finance

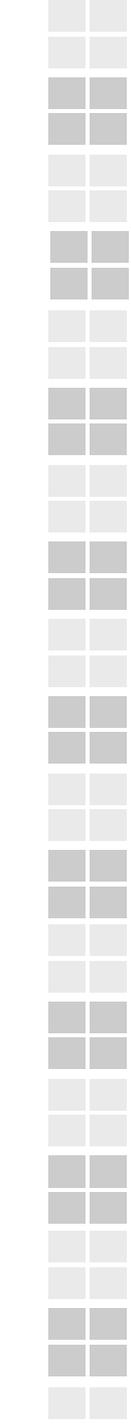
208.501.7481

Cameron.Arial@zionsbank.com

April 7, 2015

Introduction

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



City and Urban Renewal Finance

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=J4UYprVRJ7w>

City of Pocatello

Competitive Sale Results

Bid Results

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

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> Reoffering	Raymond James & Associates, Inc.	1.789009
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	1.840835
<input type="checkbox"/>	FTN Financial Capital Markets	1.919637
<input type="checkbox"/>	Piper Jaffray	1.928086
<input type="checkbox"/>	UMB Bank N.A.	1.983254

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

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.

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*[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> Reoffering	Hutchinson, Shockey, Erley & Co.	3.471549
<input type="checkbox"/>	BMO Capital Markets	3.520818
<input type="checkbox"/>	KeyBanc Capital Markets	3.534725
<input type="checkbox"/>	Morgan Stanley & Co, LLC	3.559976
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	3.564142
<input type="checkbox"/>	Citigroup Global Markets Inc.	3.612645
<input type="checkbox"/>	Piper Jaffray	3.626343
<input type="checkbox"/>	Jefferies LLC	3.669214
<input type="checkbox"/>	J.P. Morgan Securities LLC	3.690038
<input type="checkbox"/>	Bank of America Merrill Lynch	3.696130
<input type="checkbox"/>	Guggenheim Securities, LLC	3.710156
<input type="checkbox"/>	Wells Fargo Bank, National Association	3.734445

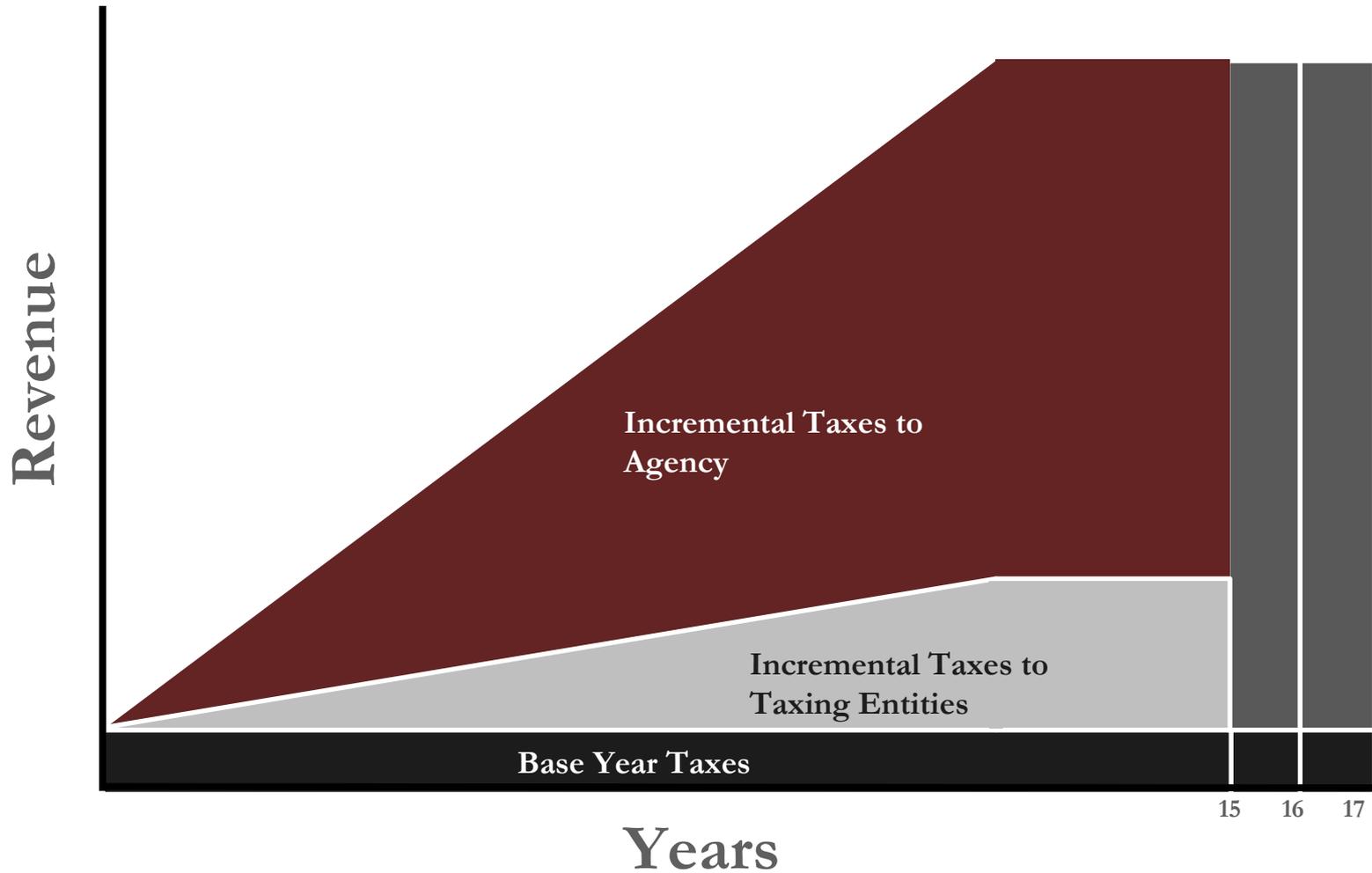
LIDs / BIDs/ CIDs Bonds

- 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.

Urban Renewal Tax Increment Bonds

- Security/Source of Repayment – Incremental property taxes collected over a base assessment over time within the district boundaries. No collateral pledge.
- Credit – Based on number, diversification, and projected values of properties. Coverage and reserve requirements.
- Authorization – No vote required.

How Tax Increment Works



Urban Renewal - Most Common “Purposes”

- Job creation
- Remove blight; reclaim areas with changed uses (i.e., gravel pits)
- Renovate historic downtowns; create town centers and walkable urban villages
- Renovate older malls and vacant buildings
- Develop business/industrial parks
- Attract manufacturing and high tech companies
- Conference/convention centers; recreation facilities; art center; hospital campus
- Increase tax base

Urban Renewal – Uses of Tax Increment

- INFRASTRUCTURE
 - Utilities, roads, telecommunications
- Demolition of buildings
- Renovation of buildings (downtown)
- Tenant improvements, facades
- Land acquisitions
- Environmental cleanup
- Trails, trees, gateways, lighting, signage
- Parking
- Relocation expenses

Urban Renewal – Identifying TIF Districts

- Limited to 10% of taxable value in City
- Maintain flexibility so can respond to opportunities as they arise
- Boundaries - GIS Mapping
 - Areas with vacant land (i.e., low base value)
 - Timing of development is critical
 - Track percentage of total taxable value with various scenarios

Caldwell URA: RFP for Direct Purchase

Caldwell East Urban Renewal Agency \$8,500,000 Revenue Allocation (Tax Increment) Bonds 2012 Summary of Bid Results

Offer	Method of Sale	Proceeds	Capitalized Interest	Debt Service Reserve Fund	Costs of Issuance	Additional Fees	Underwriter's Fees	Total Interest	True Interest Cost	All Inclusive Costs	Average Annual Debt Service	Call Provision
Banner Bank (Option 1)	Direct Purchase	\$ 7,587,891	\$ 452,334	377,275	\$ 80,000	\$ 2,500	\$ -	\$ 1,521,434	2.802%	2.972%	\$ 1,204,416	15-Sep
Banner Bank (Option 2)	Direct Purchase - Draw Down Scenario	7,718,225	314,500	377,275	80,000	10,000	-	1,377,111	2.890%	3.160%	\$ 1,195,326	15-Sep
Seattle-Northwest (Option 1)	Market Underwriting	7,512,019	433,456	377,275	80,000	25,000	72,250	1,490,155	2.890%	3.110%	1,202,527	Any Interest Date
Seattle-Northwest (Option 2)	Market Underwriting	7,423,491	521,984	377,275	80,000	25,000	72,250	1,777,309	3.410%	3.630%	1,228,958	Non-callable
Seattle-Northwest (Option 3)	Market Underwriting	7,416,638	528,837	377,275	80,000	25,000	72,250	1,843,208	3.449%	3.665%	1,189,319	Non-callable
Washington Trust Bank (Option 1)	Direct Purchase	7,235,818	779,507	377,275	80,000	27,400	-	2,500,142	4.544%	4.777%	1,291,845	Anytime
Washington Trust Bank (Option 2)	Direct Purchase	7,100,772	914,553	377,275	80,000	27,400	-	2,951,203	5.328%	5.566%	1,333,819	Anytime
Western Alliance Bank	Direct Purchase	7,573,675	461,550	377,275	80,000	7,500	-	1,458,855	2.695%	2.875%	1,195,610	Anytime





Twin Falls and Chobani Yogurt Plant Tax Increment and LID Assessment Bonds

Urban Renewal Areas – Can They Make a Difference?

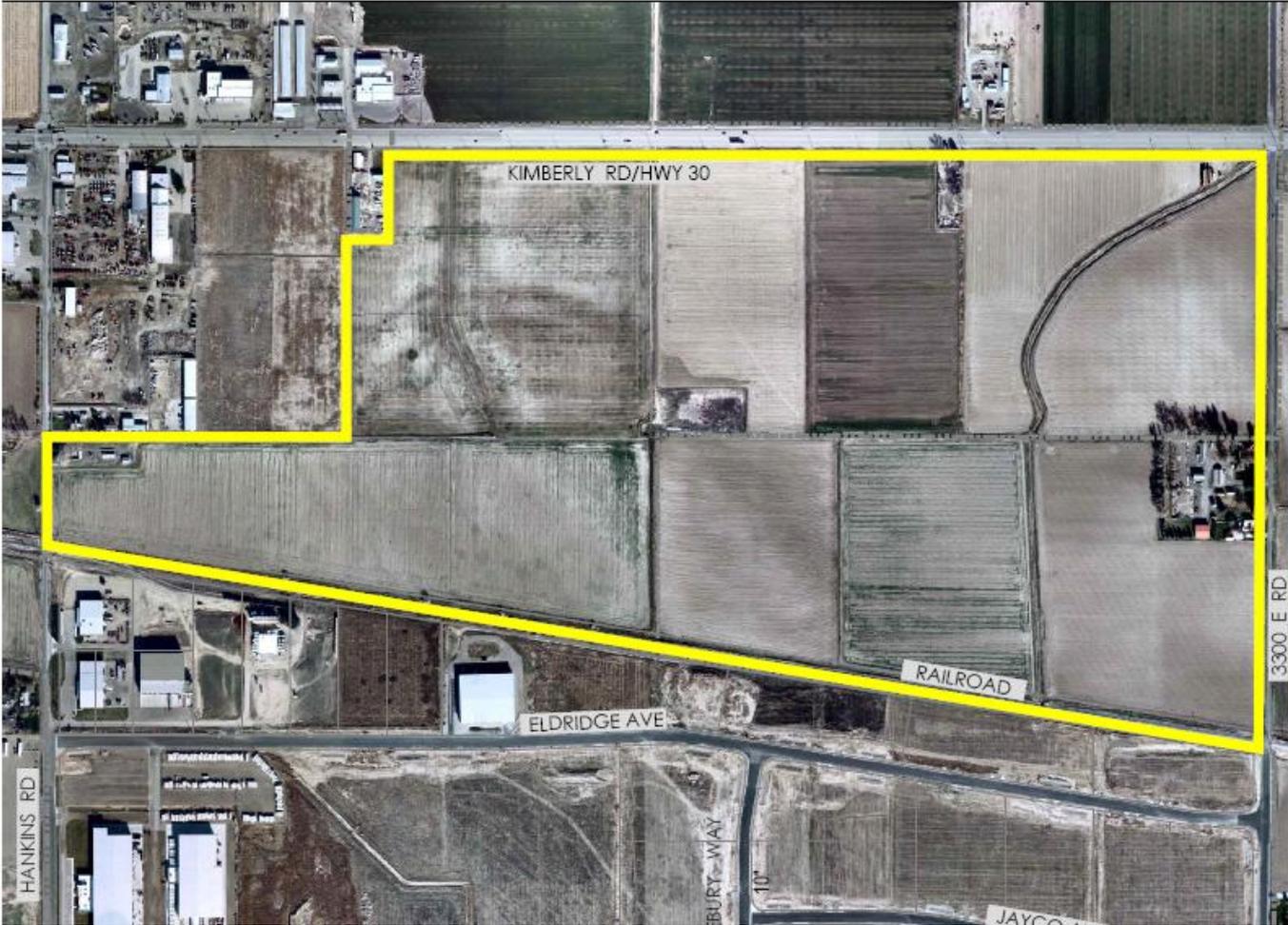
Chobani Yogurt

❑ Video Link -

<http://www.youtube.com/watch?v=fSUH9BDdRtw>



Twin Falls URA Revenue Allocation Area 4-3



LEGEND

 PROPERTY BOUNDARY

Taxing District Rates

Current Revenue to Each Taxing District		
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
Tiwn Falls Highway District	0.001077720	0.00103813
Twin Falls Ambulance District	0.000187362	0.00018090
Twin Falls Abatement District	0.000115022	0.00010796
Combined:	0.016152439	0.015772360

*Subtracts school district bond levy rate of: 0.001268059

Tax Increment Collection Analysis

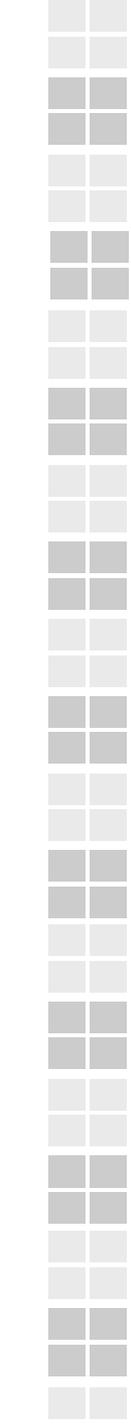
Tax Increment Analysis

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

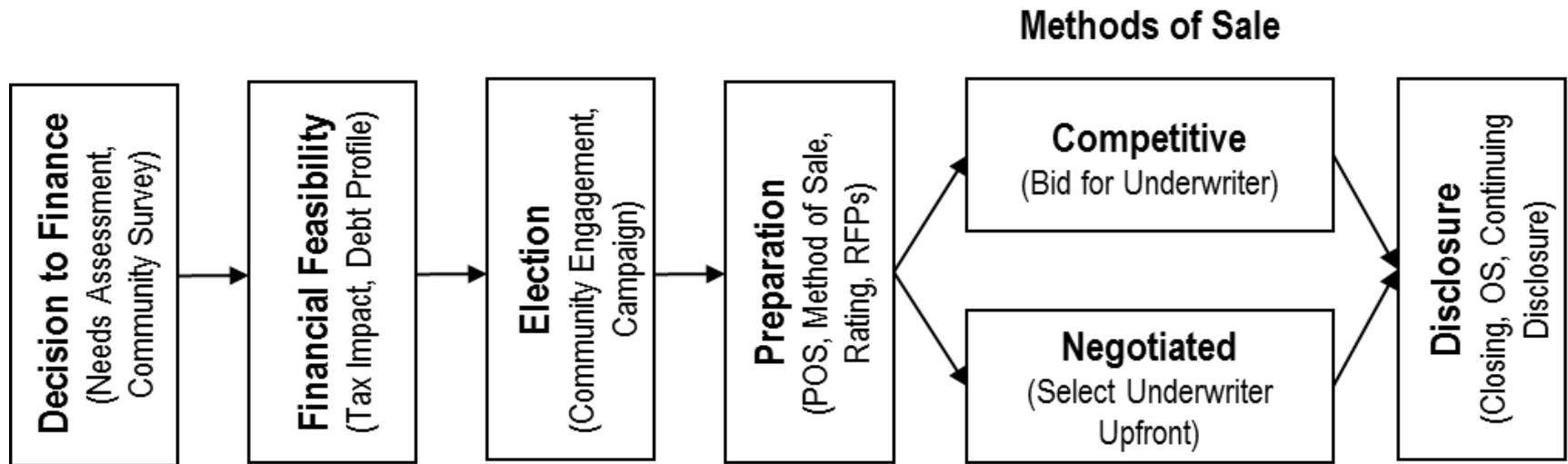
- URA payments act as a credit against LID payments and LID payments act as a credit against URA payments.
- Bonds representing \$52 million are issued, representing two however only \$26 million of proceeds are leant and repaid.

Financing Cash Flows - \$26,000,000 financing for 20 years			
	URA Revenue Collectons	URA Bonds	LID Bonds
Date	50% of URA Tax Increment Property Taxes Received	Semi-annual principal and interest payment due	Semi-annual principal and interest payment is due (IF NECESARRY)
February 1	\$2,417,680		
March 1		\$1,068,000	
June 1			\$1,068,000
August 1	\$2,417,680		
September 1		\$1,068,000	
December 1			\$1,068,000
Annual Total	\$4,835,359	\$2,136,000	\$2,136,000



Finance Process

Finance Process



Participants in Issuing Municipal Bonds



Source: Zions Bank Public Finance

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

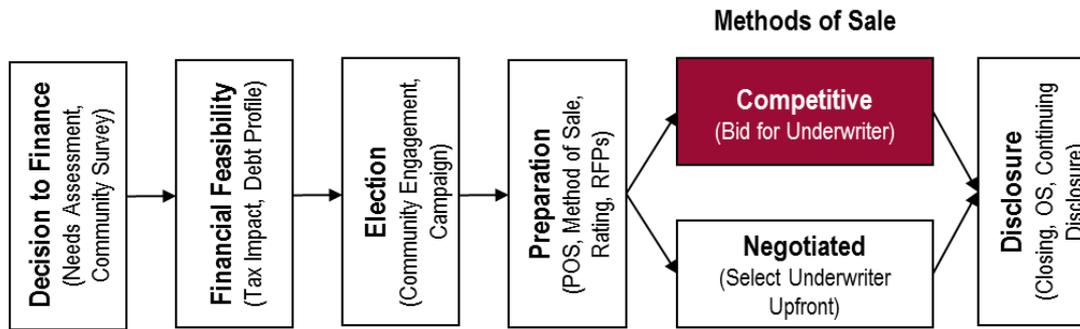
Municipal Advisor Video:

<https://www.youtube.com/watch?v=exu3quq7cOg>

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City of Pocatello

Competitive Sale

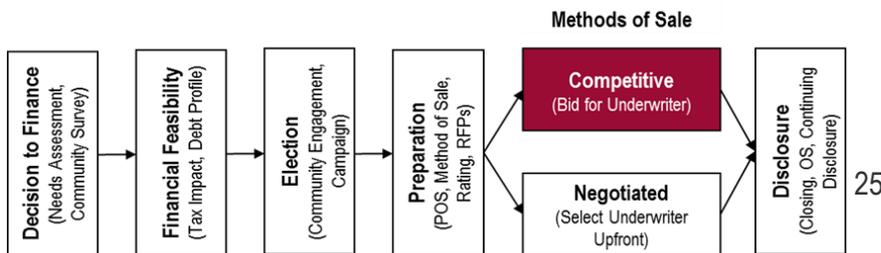


Competitive Sale Results

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

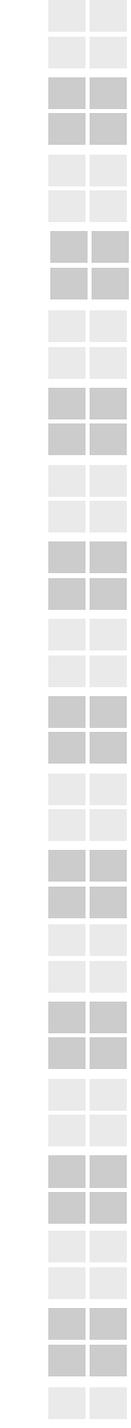
Bidder	Bid TIC	Final TIC	Total P&I	vs. Winning Bid
1 Robert W. Baird & Co., Inc.	2.939%	2.935%	31,705,793.42	-
2 Janney Montgomery Scott LLC	3.049%	3.092%	32,236,511.49	530,718.07
3 JP Morgan Securities LLC	3.073%	3.349%	33,106,867.36	1,401,073.94
4 Hutchinson, Schockey, Erley & Co.	3.100%	3.106%	32,281,662.50	575,869.08
5 Citigroup Global Markets, Inc.	3.179%	3.222%	32,658,347.22	952,553.80
6 UBS Financial Services, Inc.	3.200%	3.213%	32,638,050.35	932,256.93

Source: Ipreo, Bid Results, 2/17/2015



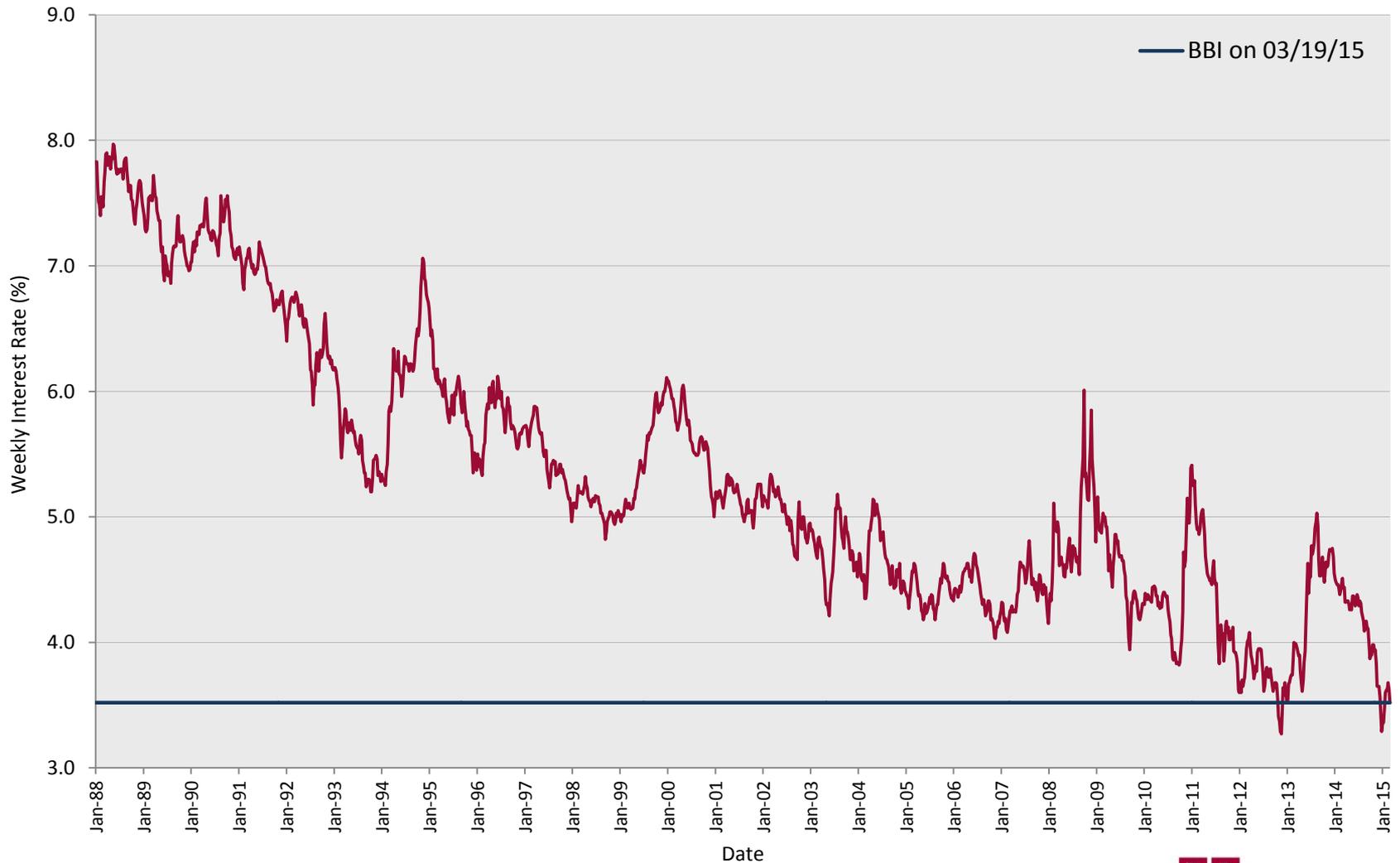
Idaho Bond Bank Overview

- 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=5z2PaDSOkp0>
 - ❑ 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).



Market Update

Market Update – 20 Year Bond Buyer Index



Market Outlook

Municipal Market Outlook

March 19, 2015

RATE DATA				
	Today	Week Prior	Month Prior	Year Prior
MMD AAA GO				
3 Year	0.79	0.91	0.74	0.52
5 Year	1.21	1.38	1.16	1.13
10 Year	1.97	2.14	2.08	2.49
15 Year	2.43	2.58	2.52	3.08
20 Year	2.64	2.78	2.73	3.46
30 Year	2.77	2.94	2.88	3.74
US Treasury				
2 Year	0.63	0.67	0.62	0.47
5 Year	1.48	1.59	1.52	1.75
10 Year	1.98	2.10	2.07	2.78
30 Year	2.54	2.69	2.7	3.66
Federal Funds	0.12	0.11	0.12	0.08
Prime Rate	3.25	3.25	3.25	3.25
SIFMA 7 Day	0.02	0.02	0.02	0.06
BOND BUYER AND SHORT TERM INDEXES				
20 Bond GO ¹	3.52	3.62	3.60	4.51
25 Bond REV ²	4.19	4.31	4.23	5.30
Jefferies ST	0.02	0.02	0.03	0.09

¹GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa2 & S&P's AA

²Revenue bonds maturing in 30 years, avg. rating equivalent to Moody's A1 & S&P A+

Thank You



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